COPPERMOLY Limited

A.B.N. 54 126 490 855

2019

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

C O N T E N T S

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Coppermoly Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

The following individuals were Directors of Coppermoly Ltd during the whole of the financial year ended 30 June 2019, and up to the date of this report:

Mr Kevin Grice
Mr Jincheng Yao
Dr Wanfu Huang
Mr Zule Lin
Mr Xuan Jian (appointed 28 August 2019)

Please see page 14 of the Directors' Report for further details on each director.

PRINCIPAL ACTIVITIES

The principal activities during the financial year of entities within the consolidated entity were exploration and evaluation of porphyry copper-molybdenum-gold projects in Papua New Guinea.

There were no significant changes in the principal activities during the year.

RESULTS AND DIVIDENDS

The consolidated entity loss from operating activities after income tax for the period was $875,980 (2018: Loss $627,966). No dividend has been paid or recommended during the year ended 30 June 2019.

OPERATING & FINANCIAL REVIEW

Coppermoly Limited is an ASX-listed exploration company targeting porphyry style large scale-low grade projects prospective for copper, gold and molybdenum. The Company's projects are located on New Britain Island in Papua New Guinea (**PNG**).

Operational Review

During the year ended 30 June 2019 the Group's principal activity continued to be the exploration and development of its portfolio of copper-gold projects located in Papua New Guinea. As at 30 June 2019, the consolidated entity had interests in the following exploration licences, all of which are located in Papua New Guinea:

Project	Date first acquired	Location
EL 1043 Mt Nakru (48km²)	Jan 2008	West New Britain
EL 2379 Simuku (123km²)	Jan 2008	West New Britain
EL 2514 Makmak (269km²)	Sep 2017	West New Britain
EL 2578 Kori River	Feb 2019	West New Britain
ELA2638 Metelen River (246km²)	Under application	West New Britain

Two of the exploration licences currently held by the Company, EL 1043 Mt Nakru and EL 2379 Simuku, are together known as the West New Britain Projects (**WNB Projects**).

The WNB Projects were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. The Company has a binding agreement to reacquire Barrick's remaining nominal 28% interest in the WNB Projects, completion of which will be effected on the payment of a further $4.5M to Barrick within 6 months after the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs to exploration or development of the projects nor are they entitled to any profits from the projects. See note 9 in the Notes to the Consolidated Financial Statements for more details.

In addition as at 30 June 2019 had submitted an application for a new Exploration Licence, ELA 2638 Metelen River that covers ground between the existing EL 1043 (Mt Nakru) tenement and EL 2514 (Mak Mak) tenement.

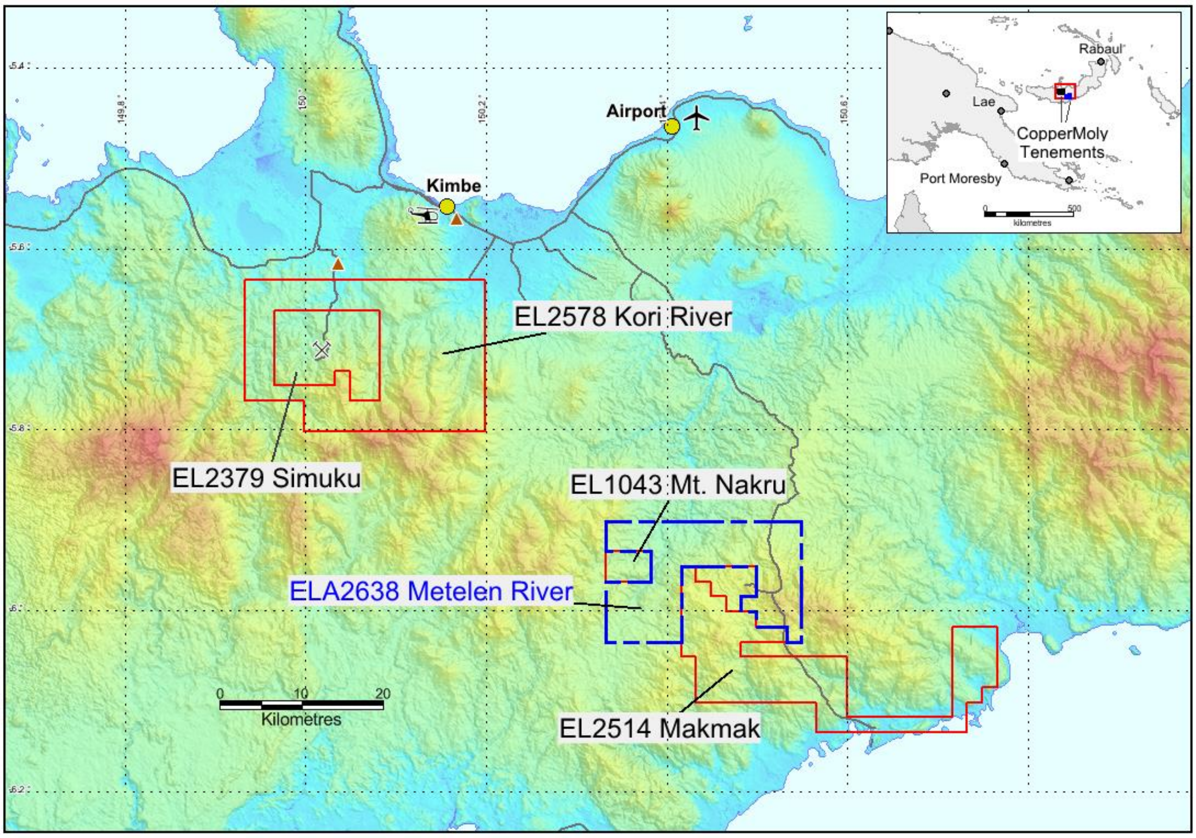


Figure 1: Coppermoly's Exploration Licences on New Britain at 30 June 2018

Project review

EL 1043 Mt Nakru

During the year the Company defined a maiden Indicated Resource Estimate and a 16% increase in the total Indicated and Inferred Mineral Resource at its flagship Mt Nakru Project located in West New Britain, Papua New Guinea.

The maiden Indicated Resource totals 7.03 Mt grading 1.00% Cu, 0.28 g/t Au and 1.81 g/t Ag for 70kt contained Cu, 64 koz Au and 409 Koz Ag.[1]

The total Inferred plus Indicated Resource has been expanded to 41.39 Mt grading 0.75% Cu, 0.23 g/t Au and 1.59 g/t Ag for 309 kt Cu, 300 koz Au and 2,100 Koz Ag at a cut-off grade of 0.3% Cu.

The updated Mineral Resource was estimated by independent mining consultancy Mining Associates Pty Ltd following an in-fill drilling program completed in November 2018.

A break-down of the mineral resources by category is given in Table 1.

Resource Category	Mineralised Tonnes (millions)	Grade Copper	Grade Gold	Grade Silver	Metal Copper (kt)	Metal Gold (koz)	Metal Silver (koz)
Indicated	7.03	1.00	0.28	1.81	70	64	409
Inferred	34.36	0.69	0.21	1.55	239	237	1,707
Total	41.39	0.75	0.23	1.59	309	300	2,116

Table 1. Nakru Project Indicated and Inferred Mineral Resource Estimate, Feb 2019 (> 0.3% cu)

The Nakru Project Resource Estimate is reported to an approximate depth of 200 m below surface and above 0.3% copper (refer **Figure 2**).

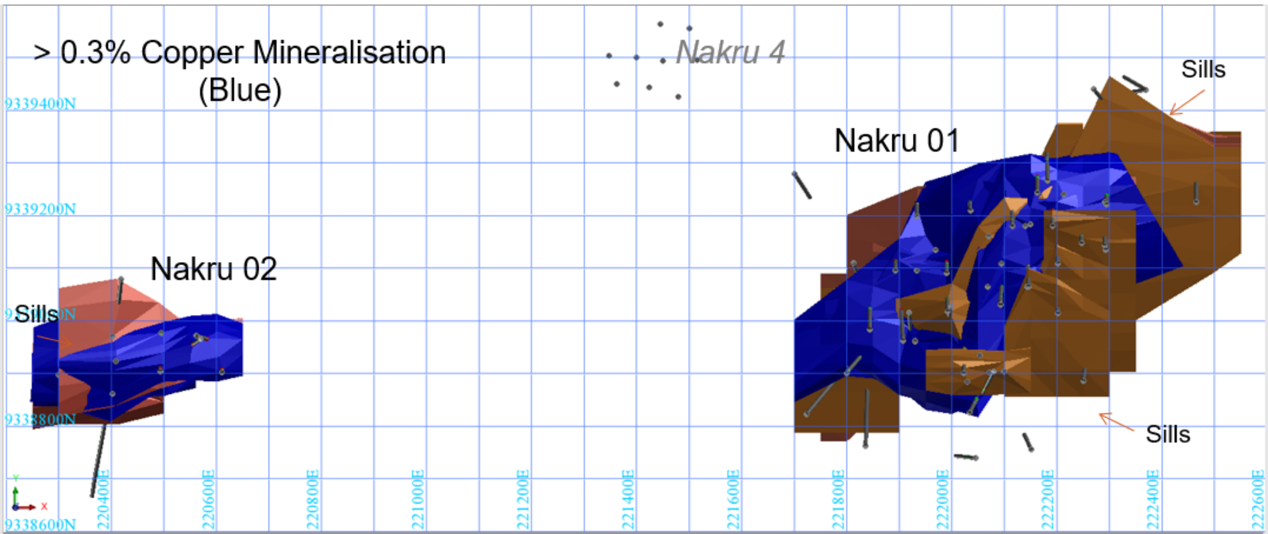
Modelling by Mining Associates confirmed the presence of higher grade (>0.5% Cu) mineralisation lenses at shallow levels (refer to long sections of Nakru 1 and Nakru 2, **Figure 3**), which should be favourable for the project's economics.

Indicated and Inferred Mineral Resources are outlined in **Figure 4** and are reported from blocks less than 200 m depth from surface topography, approximating the likely depth limit of an open pit.

[1] *Refer ASX announcement dated 28 February 2019. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcements and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

In both deposits the higher grades are concentrated in the upper levels and, coupled with the overall shallow depth (<200m), an open-pit mine with conventional copper flotation processing is a foreseeable mining option.

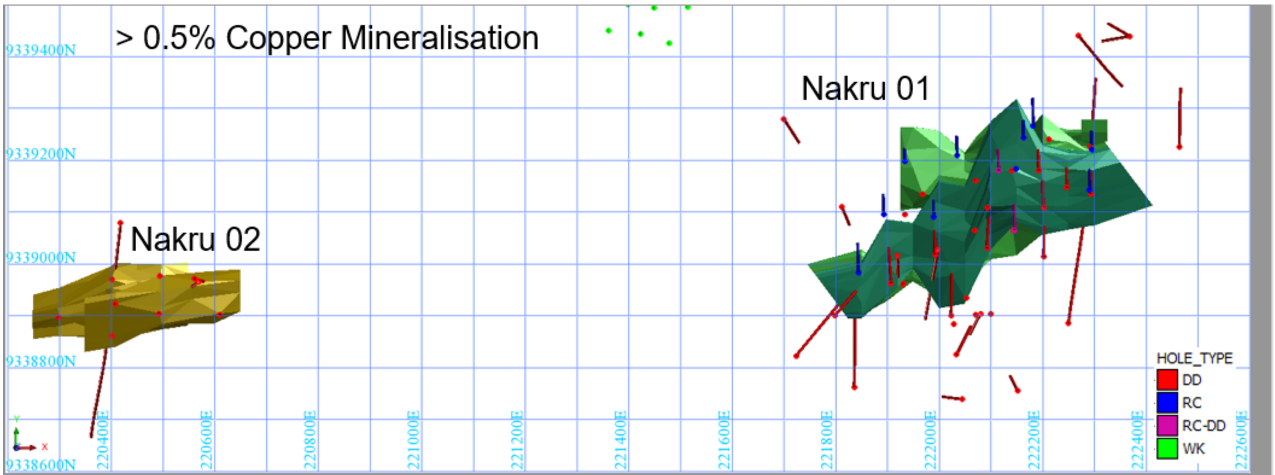
The Mt Nakru Cu-Au project (EL 1043) comprises two known deposits, Nakru 1 and Nakru 2, which are 1.5 km apart. Local geology at Nakru is dominated by a rhyolitic 'flow-dome' complex that overlies Upper Eocene to Upper Oligocene age andesitic and basaltic volcanics. A thin blanket (2-8 m) of Pleistocene to Recent tephra covers the local area. Copper-gold mineralisation occurs within two main centres, Nakru-01 and Nakru-02, and is marked by surface geochemical anomalies and strong chargeability highs in induced polarisation data. Most mineralisation is veinlet and disseminated style hosted by strongly quartz-sericite altered volcanic breccias, with some thin (~30 cm) veins of massive sulphide. Sills of andesitic to dacitic composition cross-cut mineralisation and vary in thickness from less than 1 m to 10 m. Textural evidence indicates that mineralisation was emplaced at a high level in a submarine environment hosted in a rhyolite flow dome.



Deposit	Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (koz)
Nakru-01	35,050,000	0.73	0.26	1.45	255	293	1,639
Nakru-02	6,330,000	0.85	0.04	2.34	54	7	477
Total	41,380,000	0.75	0.23	1.59	309	300	2,116

MININGASSOCIATES

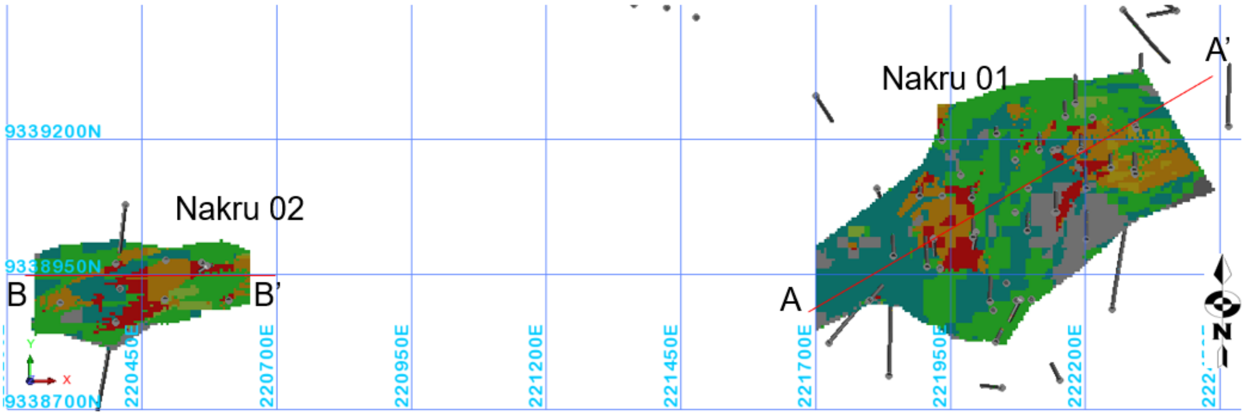
Fig. 2 Nakru Project Showing Block Model Grades and Drillhole Locations for 0.3% grade shells.

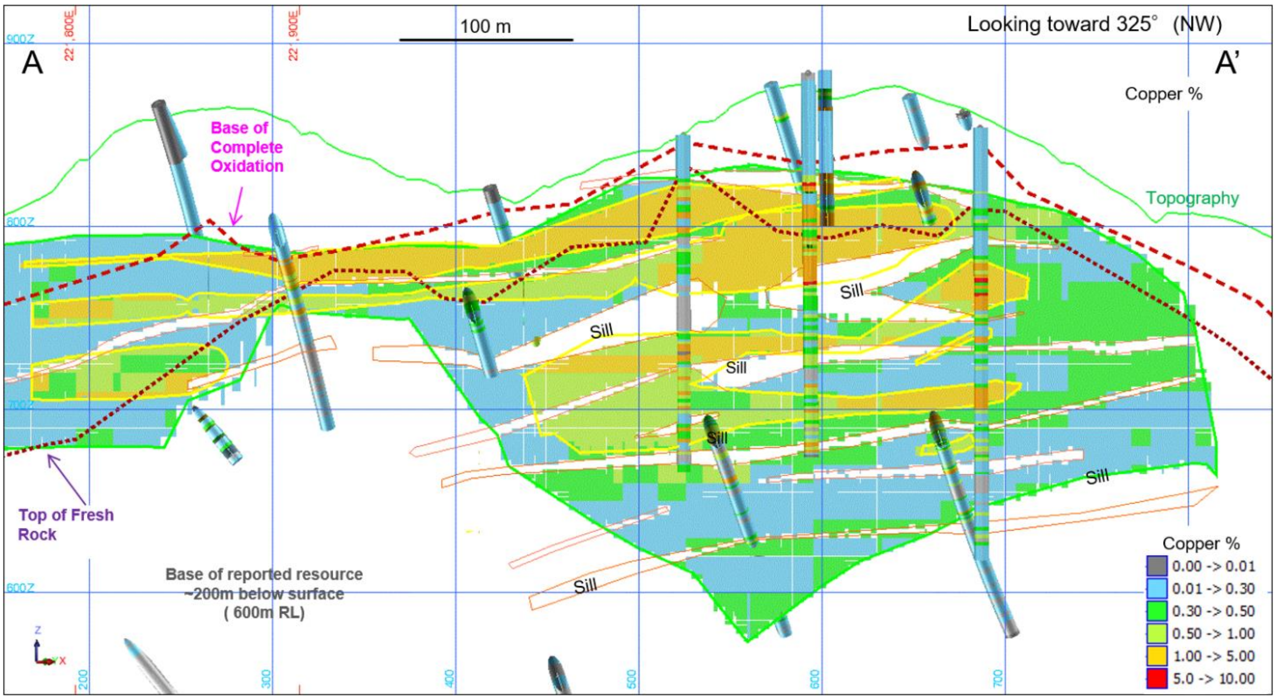


Cut Off %Cu	deposit	t	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (koz)
> 0.5	Nakru 1	17,980,000	1.05	0.38	1.98	189.25	219.57	1143.31
	Nakru 2	3,250,000	1.38	0.05	3.67	44.95	5.39	383.40
Total		21,230,000	1.10	0.33	2.24	234.20	186.79	1026.97

MININGASSOCIATES

Fig. 3 Nakru Project Showing Block Model Grades and Drillhole Locations for 0.5% grade shells.





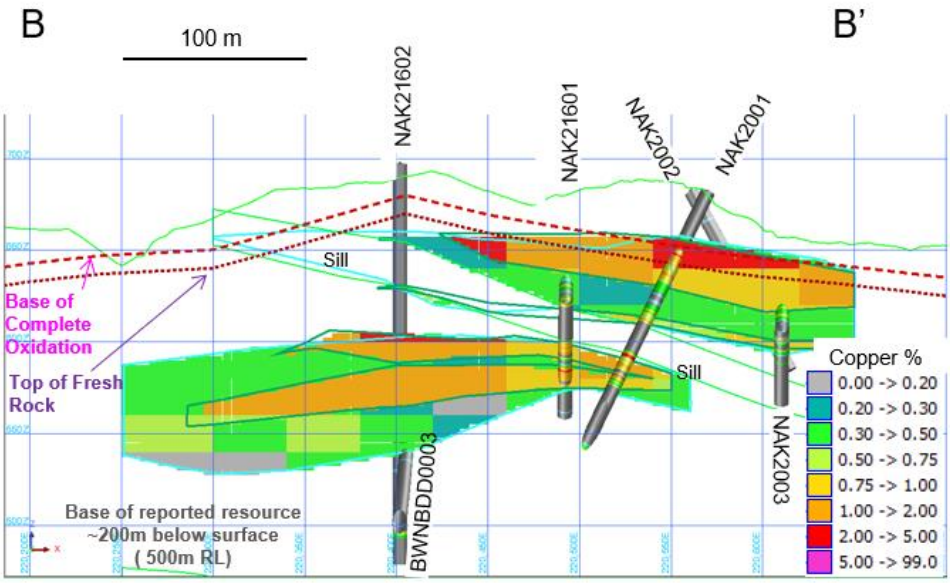


Fig. 4 Plan of Nakru Project Showing Block Model Grades and Drillhole Locations (Location of long sections A-A' and B-B' also shown)

The Nakru 1 Inferred Mineral Resource is open to the north and south west down plunge. The Nakru 2 Inferred Mineral Resource is has been drilled in a small proportion of the total area of the deposit and is open in all directions.

The increase in the size of the total Resource and the establishment of an Indicated category followed the completion in November 2018 of an in-fill and 50m step out extension drilling program at Nakru 1 designed principally to upgrade the resource category.

Drilling was undertaken using a combination of Reverse Circulation ("RC") and Diamond Drilling ("DD"), with 16 holes drilled for a total of 1,997.5 metres (refer **Figure 5**). 10 holes were undertaken for infill resource definition to upgrade the existing resource and 4 holes were step out exploratory holes designed to test the extension of the existing resource area. In addition, 2 RC holes were drilled as twins of previous diamond holes to test the validity of the RC technique for resource definition work.

The next phase of exploration activities will focus on continuing the development of Nakru 1 and extensions to Nakru 2 by drilling more step out holes.

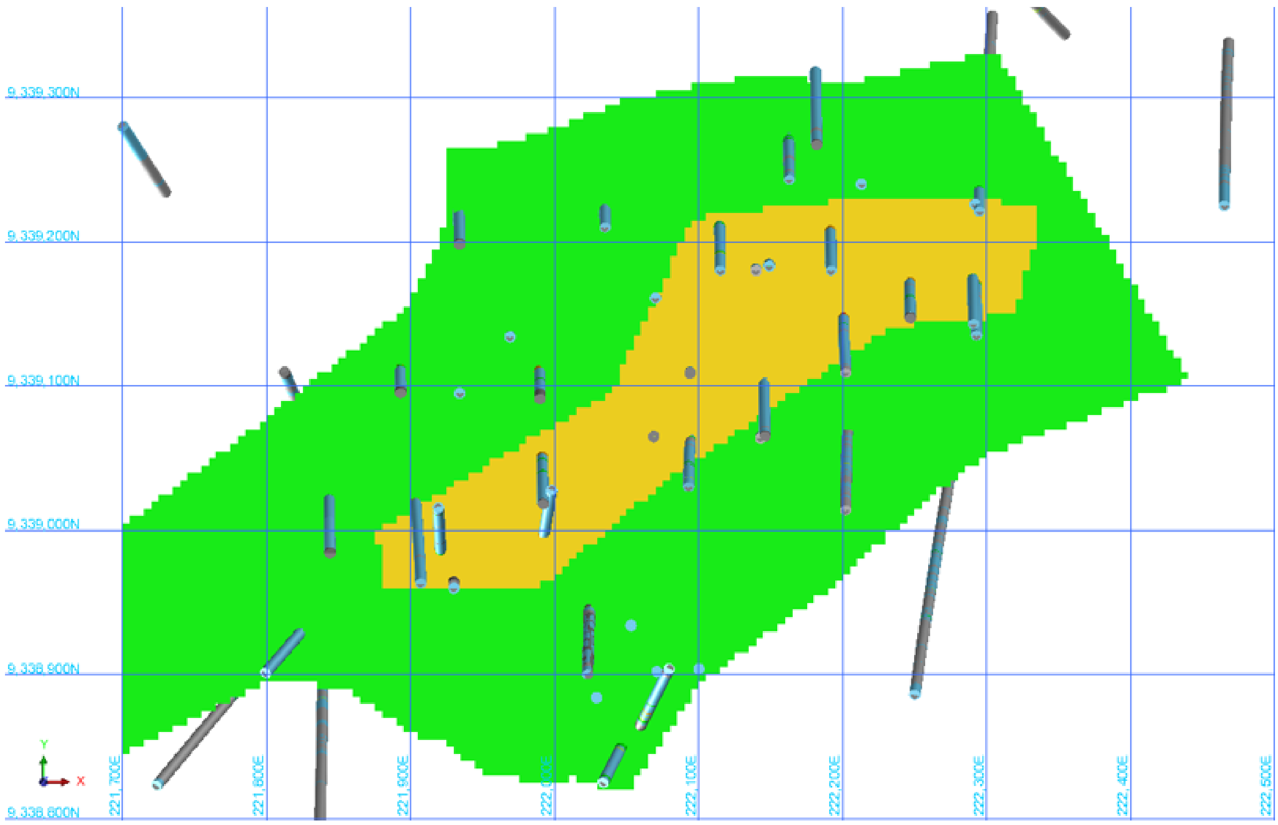


Figure 5. Nakru 1 plan view of the Indicated (yellow) and Inferred (green) resource projected to surface.

<u>EL 2379 Simuku</u>

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.

An induced polarisation (and resistivity) survey was conducted at the Simuku tenement (EL2379) during May and June 2019. The main objective of the survey was to follow up areas where several EM anomalies associated with structural zones and intrusive complexes that were identified in the 2017 VTEM survey[2]. A supplementary objective was to cover the existing mineralised zone at Simuku in order to define the 3D geophysical signature to use as a base model for further exploration proximal to the current mineralisation and also to apply on other target areas.

Five areas were surveyed with 100m pole-dipole configuration after commencing the survey using a 100m dipole-dipole configuration (see **Figure 6** for areas). Eleven east-west lines for a total of 21 kms were surveyed as single, two, or three-line blocks in each area.

[2] Refer ASX announcement dated 1 July 2019 and 29 August 2019. The Company is not aware of any new information or data that materially affects the information contained in the referenced announcements.

The IP data quality is very high, to the maximum N separation of 8. 2D inverse modelling was undertaken on every line and 3D inverse modelling on each of the 5 areas. All modelling incorporated high resolution LiDAR topography information.

The 2019 survey covered the known mineralisation zone at Simuku Central, but also revealed other high potential zones of similar mineralisation.

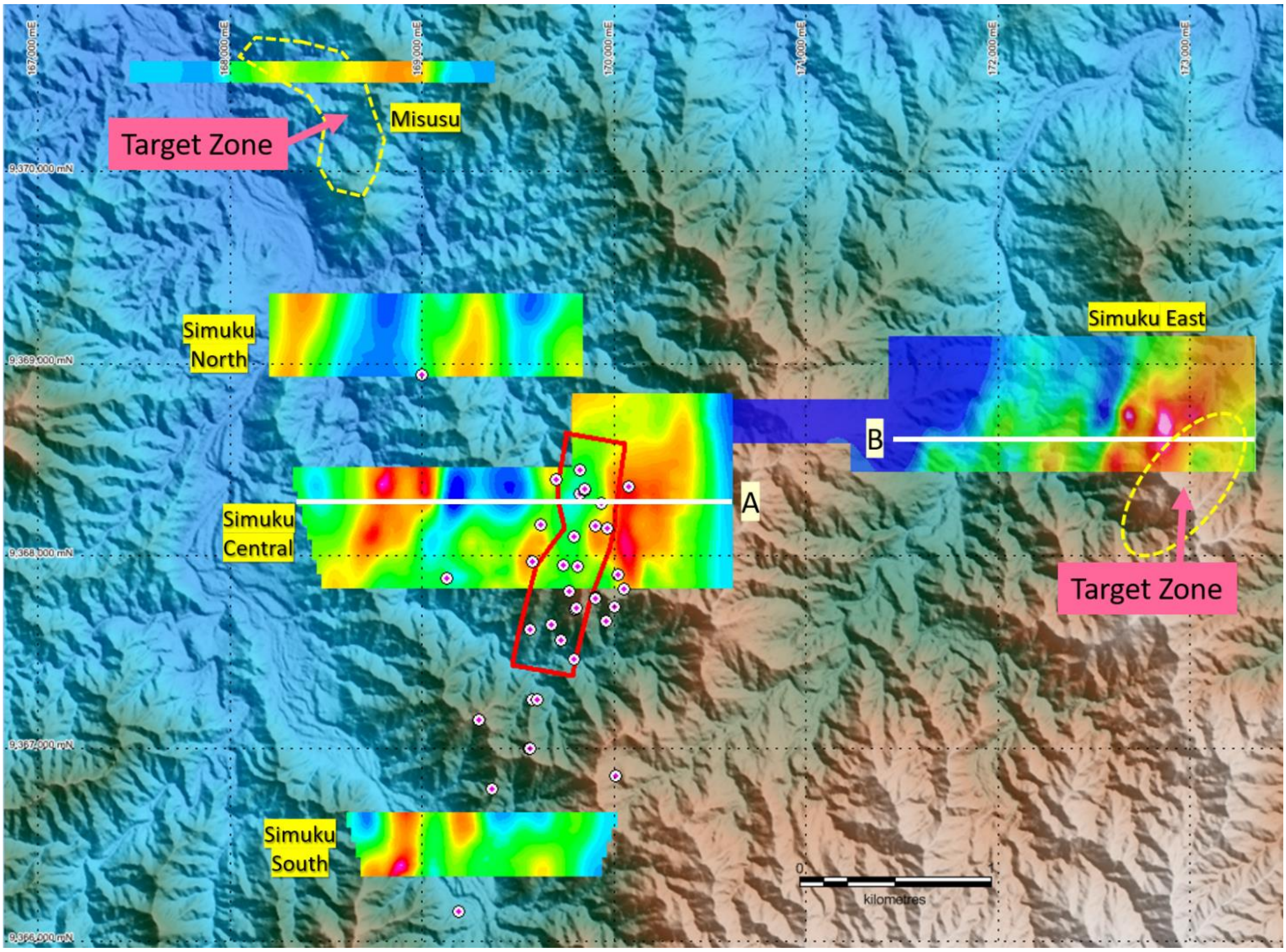


Figure 6. *3DIP 100m depth drape. The bright colours in the image represent anomalous chargeability zones. The yellow dashed outlines represent the high priority targets generated from the new interpretation. The circles represent historical drilling and the red polygon is the outline of known mineralised zone. Note: Depth drape is the sliced plan view image extracted from the 3D model at a constant depth below the topography. The background image is the LiDAR topography. The white line ‘A’ is the location of IP section through Simuku Central (Fig 7a). The white line ‘B’ is the location of the IP section through Simuku East (Fig 7b). UTM co-ordinate zone: WGS84_56S.*

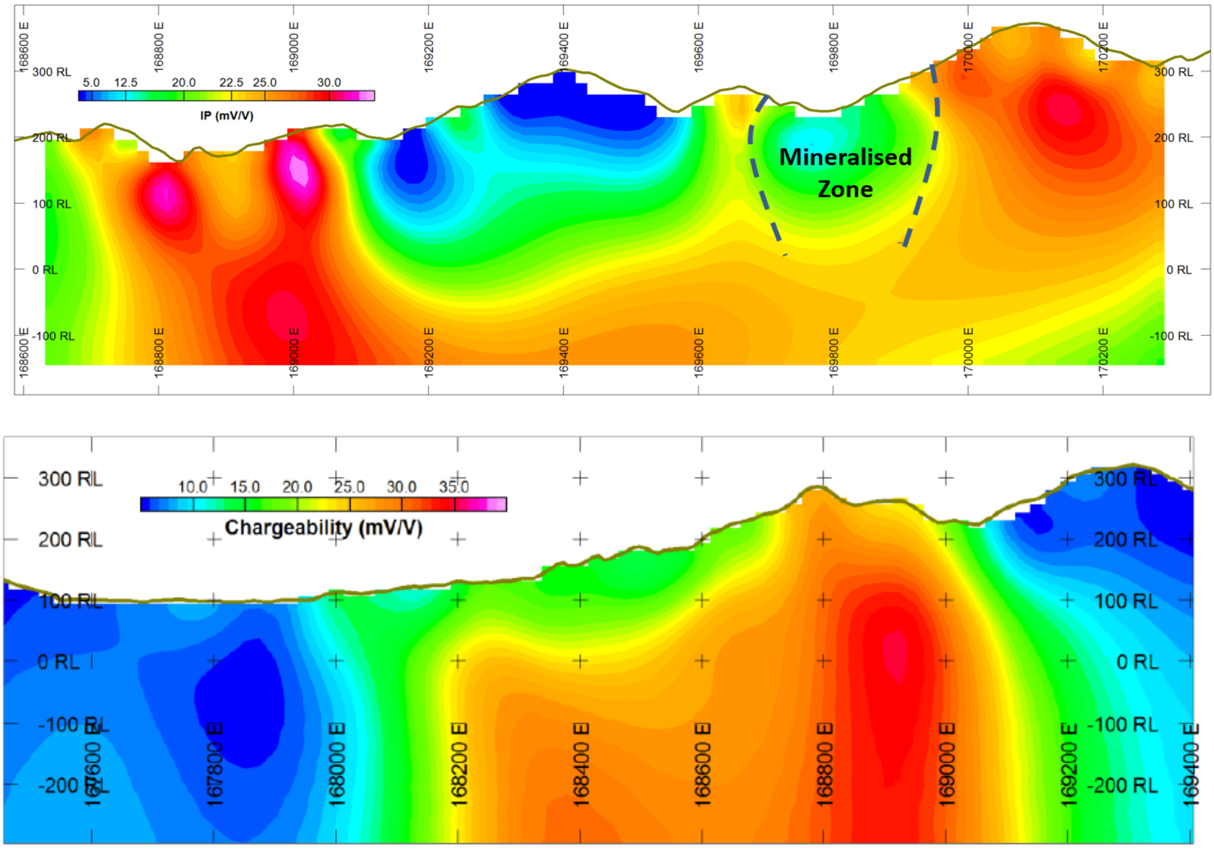


Figure 7a and b. *Sections of 3DIP model west to east along the line SIM19_06 through Simuku Central (a. upper) and SIM19_04 through Simuku East (b.lower) from the 2019 survey (location Line A and B respectively in Figure 1). Note the spatial relationship between the known mineralisation zone at Simuku Central (grey dashed outline) and the comparison to the IP chargeability high at Simuku East.*

Simuku Central

Simuku Central is represented by the 3 IP lines that cross historical drill holes with known Cu mineralisation and the surrounding area.

There are several significant chargeability responses, the most interesting of which is directly juxtaposed with the currently known mineralised drill holes. The IP chargeability response in the mineralised zone is low to moderate compared to the high chargeability response directly to the east (Figure 3). The one drill hole through this chargeability zone shows a spike in pyrite content and consistently low Cu values (Location of BWNBDD0019A on **Figure 8**).

When compared to some type example global porphyry systems, the Simuku deposit appears to fit a classic model where the high chargeability zones represent a pyrite-rich halo next to a mineralised porphyry which correspondingly has a relatively lower chargeability response (one such type example is Batu Hijau deposit in Indonesia).

This interpreted model implies that current known mineralisation at Simuku lies within part of a large circular magnetic feature that is likely to represent a volcanic centre such as a caldera. (**Figure 9**). This caldera feature has a reasonably coherent ring of high magnetic response which associates quite well with high IP chargeability around its margin. The known mineralised zones lie within the magnetic and IP low in the central portions.

Follow up field check on the high chargeability zones around the caldera is considered for the next phase of the Simuku exploration program.

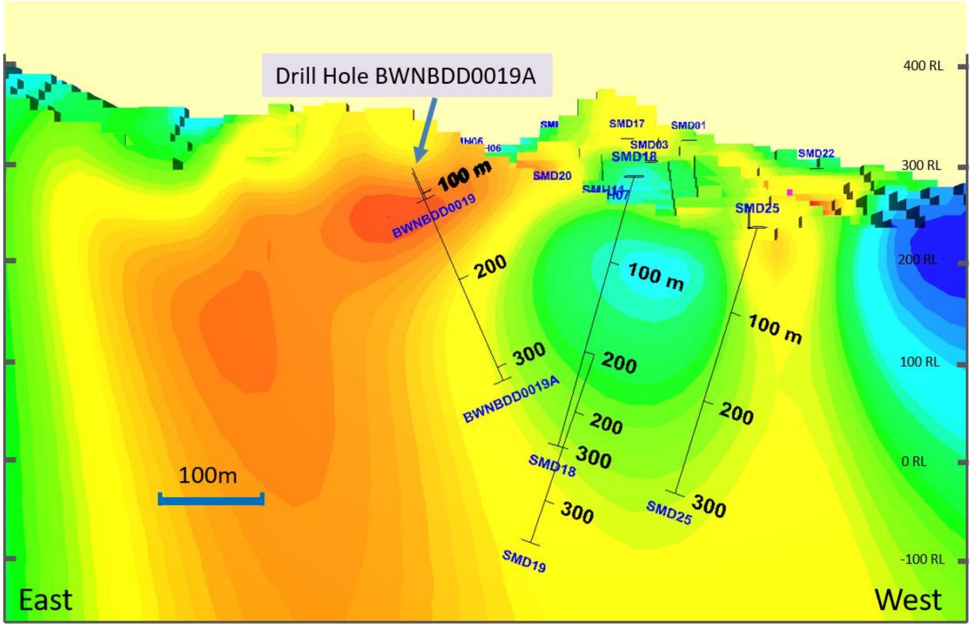


***Figure 8**. East to West section extracted from IP Line SIM19_06 which crosses directly by drill hole BWNBDD0019A that penetrates through the high IP chargeability anomaly (orange). This hole has elevated pyrite content up to 8-10% within the anomalous IP zone whereas the other holes in the lower chargeability zones have pyrite values rarely above 1%. The classic porphyry model has ring of pyrite-rich, Cu-poor sulphide content which corresponds to a high chargeability response with a central Cu-mineralised zone of lower chargeability which has lower overall volume of pyrite.*

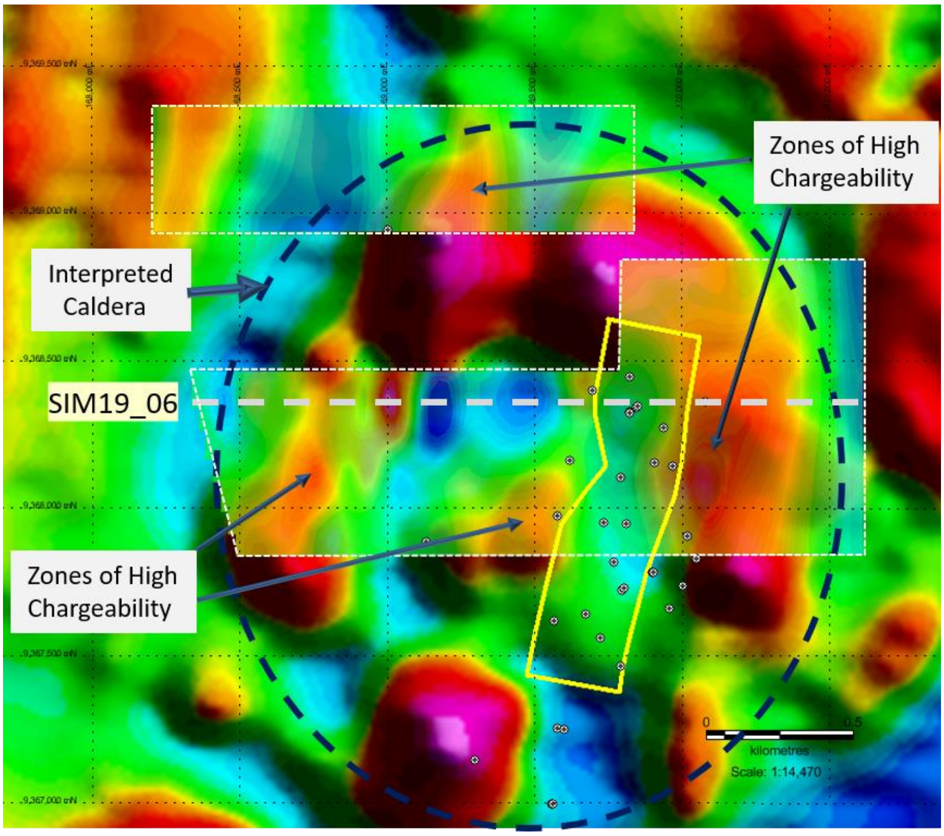


***Figure 9**. Interpretation of an approximately 2km diameter caldera hosting a porphyry intrusive cluster. Modelled magnetic image (RTP 1VD colour) overlain by IP chargeability layer (inside white dashed lines). SIM19_06 is the location of IP section shown in Figures 7 and 8. Black circles are the drill holes. The yellow outline is the area where drill holes have recorded significant Cu intercepts.*

This model can be translated to other similar looking areas within the Simuku tenement that have sufficient IP coverage such as Simuku East and Misusu as explained below.

Simuku East Porphyry Target
Three IP lines went through the Simuku East area, which revealed a zone of very high chargeability sitting on the west margin of a magnetic ring feature (Figure 9)

Historical mapping observed a felsic porphyry intrusive unit surrounded by more dominant dioritic and volcanic units similar to those at Simuku Central. Also, the historical stream sediment data for this area has several occurrences of elevated Cu values draining from the centre of this target zone (Figure 9). A short visit to verify a surface IP zone confirmed that pyrite was the probable source of the chargeability anomaly.

If the model for Simuku Central is applied to this area it may represent a good size target to host a potential mineralised porphyry within the interpreted zone of magnetite destruction (Figure 9)

The follow up work program for this area is to review the historical mapping and geochemistry in order to define drill targets.

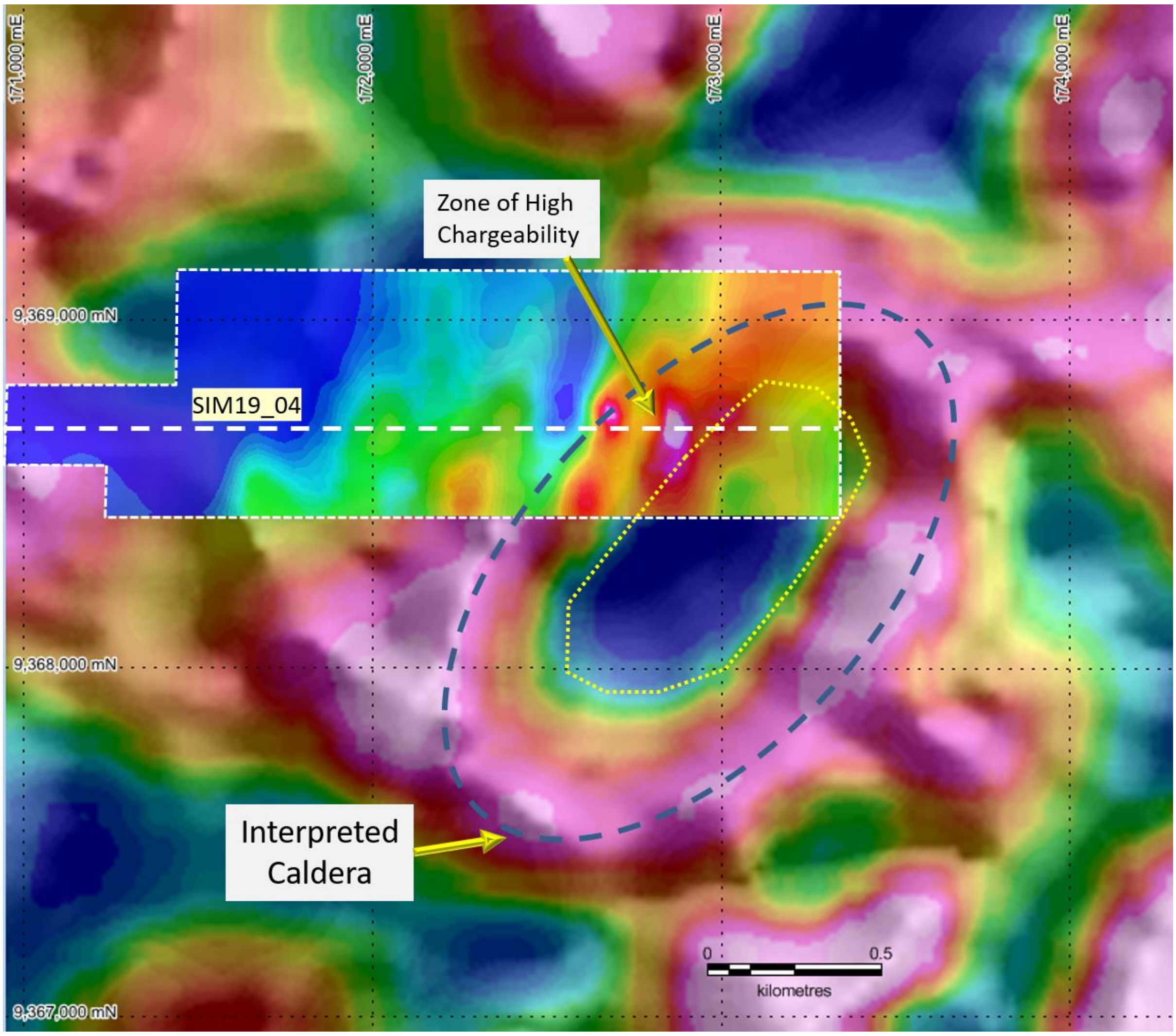


Figure 10*. Simuku East IP survey area. The yellow dashed line defines the interpreted zone of magnetite destruction and represents a target of interest to potentially host a porphyry system. The 3DIP 100m depth chargeability drape overlies the background image of VTEM modelled magnetic susceptibility 200m depth slice. The white dashed line represents the location of the IP section (line SIM19_04) shown in Figure 7.*

Misusu
Only one IP line crossed this area in the 2019 survey. The combination of the 2019 IP survey model with the historical GAIP data and VTEM magnetic model allowed for the interpretation of a semi-circular 'caldera' structure. Once again there is a correlation with the higher IP chargeability and the stronger magnetic zones (**Figure 6**).

Historical mapping has highlighted scattered zones of 'porphyry' stockwork and stream sediment geochemistry recorded irregular elevated Cu values which made this area an attractive prospect. The main target zone of interest lies within the inner part of the caldera feature which could be greater than 1,000 x 500m.

The follow up exploration plan is to confirm and expand on historical mapping and geochemistry to delineate more precise information, especially structural orientation, that could be crucial to define drill targets.

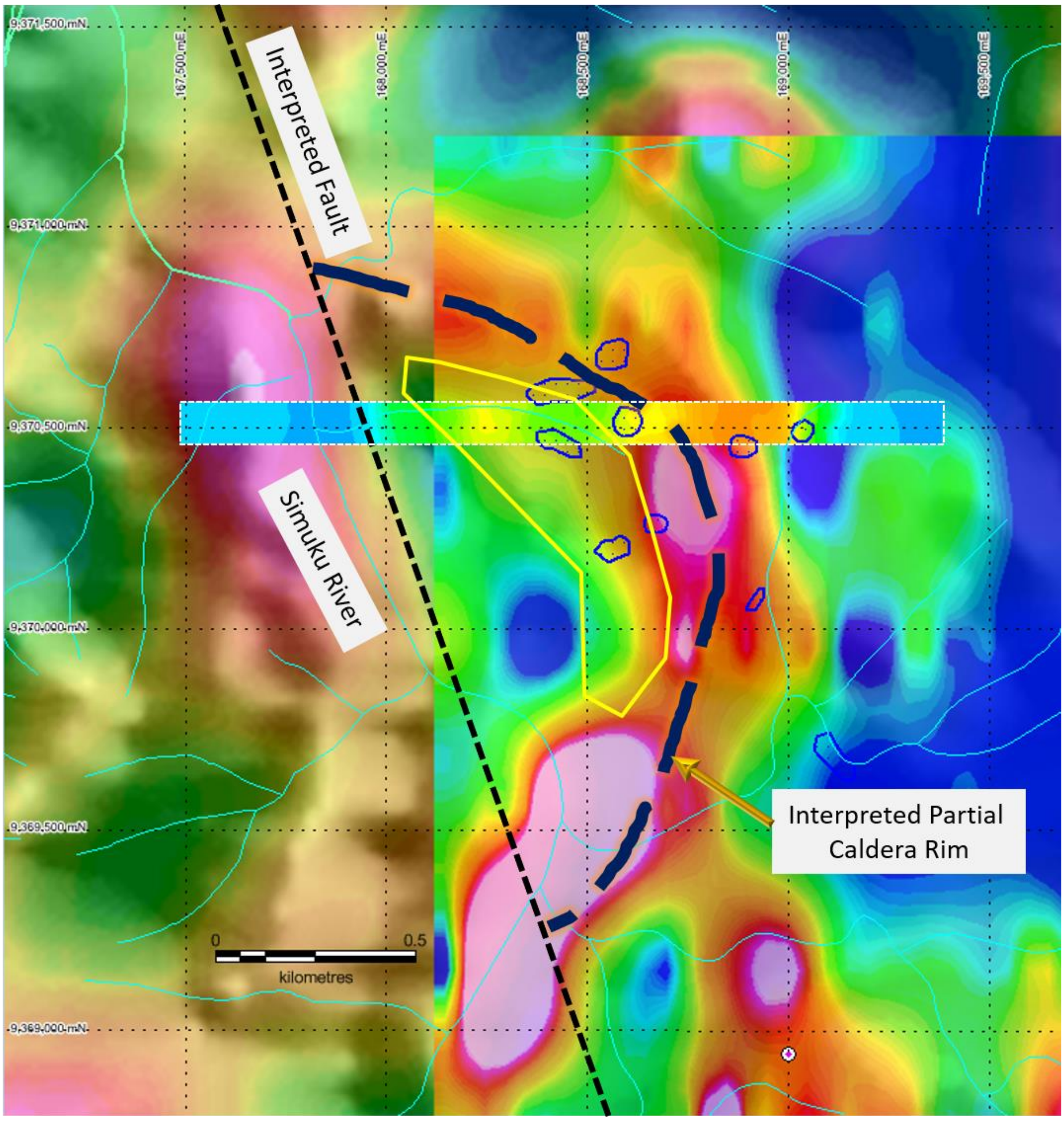


Figure 6. *3DIP 100m depth drape (white dashed line polygon) overlies GAIP image with strong chargeability zone in pink with the interpreted 'caldera' rim outlined by the thick dashed line. It is interpreted to be cut off by a major fault along the Simuku River. The internal zone outlined in yellow is lying within the caldera represents an attractive porphyry target. The background image is the VTEM modelled magnetic susceptibility 200m depth slice*

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 find define a source zone.

Kori River (ELA 2578)

In June 2019, Coppermoly Ltd received notification from the Mineral Resources Authority of Papua New Guinea that the Company's application for exploration licence EL2578 Kori River (EL2578) had been approved.

EL2578 is valid for an initial term of 2 years at which time the Company may apply for a further extension. The Company's minimum expenditure under the exploration is PGK50,000 per annum for the initial two-year term.

Metelen River (ELA2638)

In June 2019, Coppermoly Ltd submitted an application for ELA2638 Metelen River which occupies an area of 246km^2 and is located adjacent to the Company's existing Mt Nakru and Mak Mak exploration licences.

Financial Review

Profit or Loss

For the year ended 30 June 2019 the Group recorded an operating loss after tax of $875,980 (2018: Loss of $627,966). The increase in the operating loss in the current year was attributable to:

(a) A general increase in corporate and administrative expenses as the level operating activities ramped up as the Company's projects, and in particular the Mt Nakru Project become more advanced.

(b) A gain of $115,614 earned in the financial year ended 30 June 2018 representing the difference between the carrying amount of accrued director fees and the fair value of the Shares issued in settlement of those accrued directors fees. No such gain was recognised in the current financial year.

Statement of Financial Position

Total assets increased by $2,253,523 over the year due primarily to exploration and evaluation expenditure incurred by the Company in relation to the Mt Nakru drilling program and the Simuku IP survey.

This exploration and evaluation expenditure was principally financed through the $2,367,087 in net proceeds received pursuant to the 1 for 3 Non-Renounceable Entitlement Offer undertaken by the Company in December 2018.

Corporate

Appointment of Dr Wanfu Huang as Managing Director

Dr Wanfu Huang who has been a Non-Executive Director of the Company since 11 March 2015, has been appointed Managing Director of the Company effective 1 May 2019.

Capital Raising and Debt Financing

On 14 November 2018 the Company announced that Jade Triumph International Limited has agreed to further extend the maturity date for the convertible note held by Jade Triumph by twenty -four months to 19 December 2020. All other terms of the convertible notes were unchanged.

On 23 November 2018, the Company announced that it was undertaking a one for three non-renounceable pro-rate entitlement offer ("Offer") at an exercise price of $0.007. The Offer closed on 21 December 2018 with the Company having received acceptances from eligible shareholders for a total of 345,381,843 shares to raise a total of $2,417,673 before costs.

On 30 May 2019 the Company entered into a Placement Agreement with Shanghai Fuyuan Investment Co Limited (**SFIL**) pursuant to which SFIL subscribed for up to 404,170,658 fully paid ordinary shares (**Placement Shares**) in the Company to raise up to $6,062,560. The issue price for the Placement Shares was $0.015. The placement proceeds were received from SFIL and the 404,170,658 fully paid ordinary shares were issued to SFIL by the Company on 31 July 2019.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matters disclosed in this Annual Report, there were no significant changes in the state of affairs of the Company during the reporting period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Except as noted below, no matter or circumstance has arisen since the end of the year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs:

- On 31 July 2019, the Company received funds of $6,062,560 and issued 404,170,658 fully paid ordinary shares pursuant to the Placement Agreement entered into with SFIL on 30 May 2019.
- On 28 August 2019, the Company appointed Mr Xuan Jian as a Non-Executive Director.

ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation in respect of its mineral exploration and mining activities.

The entity has exploration tenements in Papua New Guinea. The entity is not aware of any breach of environmental regulations during or since the end of the financial year.

INFORMATION ON DIRECTORS

Director and Experience	Special Responsibilities	Particulars of Directors' interest in shares and options of Coppermoly Ltd: Ordinary Shares	Listed Options
Kevin Grice			
Non-Executive Director since 15 July 2014. Age 69. Mr Grice, BComm CPA MAICD, is a successful finance executive with significant experience with listed and unlisted exploration companies and general management experience, including as acting Chief Executive and Chief Financial Officer of Renison Consolidated Mines NL (now Laneway Resources Ltd), Chief Financial Officer of ASX Listed Highlands Pacific Limited and various other roles with Ensham Resources, Century Gold Resources Pty Ltd and others. Mr Grice has not served as a Director of any other public listed companies during the last three years.	Member of Audit Committee.	2,767,467	Nil
Jincheng Yao			
Non-Executive Director since 5 March 2015. Age 45. Mr Yao, MBA and Bachelor of Commerce, is a finance professional based in mainland China. He has held various senior executive roles in the Meijin Group and is currently Vice President and Director of Meijin Energy Group Limited. Mr Yao has not served as a Director of any other public listed companies during the last three years.		33,318,356	Nil
Wanfu Huang			
Non-Executive Director since 11 March 2015. Age 56. Dr Huang is a member of the Australian Institute of Geoscientists and holds a PhD, a MSc and a BSc. Dr Huang has more than 20 years' experience in the exploration industry. He has held numerous positions in the industry, covering base metals, gold, iron ore, coal and bauxite in Australia and overseas. Dr Huang has not served as a Director on any other public listed companies during the last three years.	Member of Audit Committee.	79,899,251	Nil
Zule Lin			
Non-Executive Director since 11 April 2016. Age 38. Mr Lin holds a master's degree in finance, and is currently the Chief Financial Officer of Coppermoly investor Ever Leap Services Ltd parent company Shanxi Xierun Investment Limited. Mr Lin has more than 15 years of experience in financial management. Mr Lin has not served as a Director on any other public listed companies during the last three years.		1,554,338	Nil
Xuan Jian (appointed 28 August 2019)		Nil	Nil
Mr Jian is a qualified geophysicist, property valuer and is a certified public accountant (China). Mr Jian has significant international experience in the resources and investment sectors.			

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Stephen Kelly

Stephen Kelly is a qualified Australian Chartered Accountant. He has more than 25 years' international experience in the areas of external and internal audit, risk management and compliance, treasury and corporate finance across a range of industry sectors including mining, infrastructure, property development, and banking and finance. He has served as the Company Secretary and CFO for companies listed on the ASX, TSX and the London Stock Exchange.

Mr Kelly is also a member of the Audit Committee.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Mr K Grice	4	4	2	2
Mr J Yao	1	4	*	*
Dr W Huang	4	4	2	2
Mr Z Lin	2	4	*	*

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
* = Not a member of the relevant committee

REMUNERATION REPORT (Audited)

(a) Principles used to determine the nature and amount of remuneration

The following people were the Directors, Executives and Key Management Personnel (**KMP**) of the Group during the period covered by this report:

Name	Position	Period Position Held
K. Grice	Non-Executive Director	15 July 2014 – Current
J. Yao	Non-Executive Director	5 March 2015 – Current
W. Huang	Non-Executive Director	11 March 2015 – Current
Z. Lin	Non-Executive Director	11 April 2016 – Current
X. Jian	Non-Executive Director	28 August 2019 – Current

Apart from the above there were no other executives of the Company and the Group during the current year.

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Director and executive rewards satisfy the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Remuneration consultants have not been engaged by the company.

Relationship between remuneration and Company performance

During the past year, the Group has generated losses because it is still involved in exploration and not production.

Overview of the Company's ordinary share price and other key metrics at year end for the last five years ended 30 June 2019:

	2015	2016	2017	2018	2019
Share price at year end	$0.005	$0.008	$0.020	$0.008	$0.006
Change in share price [1]	($0.011)	$0.003	$0.012	($0.012)	($0.002)
TSR – year on year [2]	(68.8%)	60.0%	150.0%	(60.0%)	(25.0%)
Loss for the year	$798,960	$740,740	$1,395,240	$627,966	$875,980
KMP remuneration	$262,567	$132,658	$163,800	$163,800	$201,446
Market Capitalisation at year end	$1.9M	$6.1M	$21.9M	$11M	$10.4M

1. The change in share price as measured by the share price at the end of the year from opening share price.
2. Total shareholder return (TSR) – measured as the percentage change in the share price over the year.

There were no dividends paid during the year ended 30 June 2019.

The link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company.

Share prices are subject to the influence of international economic factors and market sentiment toward the sector and increases or decreases may occur quite independent of executive performance or remuneration.

Non-Executive Directors
Fees and payments to Non-Executive Directors reflect the responsibilities and the demands made on the Directors. Non-Executive Directors' fees and payments are reviewed periodically by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees
The current base remuneration was last reviewed in March 2014. Directors' fees are inclusive of committee fees.

Retirement allowances for Directors
The Company provides no retirement allowances for Non-Executive Directors under service contracts.

REMUNERATION REPORT (Audited) (continued)

Executive pay
The executive pay and reward framework can have three components:

- base pay and benefits
- long-term incentives through options, and
- other remuneration such as superannuation.

Base pay
This is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executive's discretion and subject to mutual agreement between the executive and the Company. No non-cash benefits were provided by the Company in the current or prior periods.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executive's contracts. Refer to section (b) for further details.

Benefits
Executives receive no benefits outside of the base pay, non-monetary benefits, options and superannuation disclosed in this report.

Retirement benefits
Other than the statutory superannuation contribution and superannuation paid by way of salary sacrifice, no retirement benefits are provided for executives.

Coppermoly Ltd Employee Incentive Option Plan

There are no Employee Options on issue as at the date of this report.

Coppermoly Ltd Directors' & Officers Option Plan

There are no Directors' & Officers Options on issue as at the date of this report.

(b) Service Agreements

Remuneration and other terms of employment for the Executive Directors are formalised in service agreements. None of the Directors are eligible to participate in the Coppermoly Ltd Employee Incentive Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

Non-Executive Directors are not eligible to receive any termination payments.

K. Grice, Non-Executive Director
- Base fees, inclusive of superannuation, as at 30 June 2019 of $43,800 to be reviewed annually.

J. Yao, Non-Executive Director
- Base fees as at 30 June 2019 of $40,000 to be reviewed annually.

W. Huang, Non-Executive Director
- Base fees for the period 1 July 2018 to 30 April 2019 were $40,000.

- Commencing 1 May 2019, Dr Huang was appointed Managing Director of the Company on the following terms:

  i. **Appointment date:** 1 May 2019

  ii. **Term:** No fixed term.

  iii. **Termination:** 3 months' notice by either party

  iv. **Remuneration**: Gross cash salary of $150,000 per annum (excluding statutory superannuation) plus an equity component comprising 14,285,715 shares to be issued on the 12-month anniversary of appointment (equivalent value of $100,000 at date of appointment) subject to shareholder approval.

Z. Lin, Non-Executive Director
- Base Salary as at 30 June 2019 of $40,000 to be reviewed annually.

All Directors are required by the Company's Constitution to retire at the end of the third Annual General Meeting after their appointment and may offer themselves for reappointment.

Directors may give notice of resignation, effective at the time of receipt (which depends upon the means of delivery or transmission). Directors can be suspended from office by a majority of directors at a meeting of the Board called for that purpose.

REMUNERATION REPORT (Audited) (continued)

(c) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel of the Company and the consolidated entity for the years ended 30 June 2019 and 30 June 2018 are set out in the following tables:

2019	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits				Proportion of remuneration that is performance based %
Name	Cash salary & fees	Cash Bonus	Super-annuation	Long Service Leave	Termination Benefits	Share-based payments	Total	
	$	$	$	$	$	$	$	
Directors								
K. Grice [1]	40,000	-	3,800	-	-	-	43,800	-
J. Yao [2]	40,000	-	-	-	-	-	40,000	-
W. Huang [3]	58,330	-	2,313	-	-	17,000 [5]	77,643	-
Z. Lin [4]	40,000	-	-	-	-	-	40,000	-
Total	178,330	-	6,113	-	-	17,000	201,446	

2018	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits		Share-based payments		Proportion of remuneration that is performance based %
Name	Cash salary and fees	Cash Bonus	Super-annuation	Long Service Leave	Termination Benefits	Options	Total	
	$	$	$	$	$	$	$	
Directors								
K. Grice [1]	40,000	-	3,800	-	-	-	43,800	-
J. Yao [2]	40,000	-	-	-	-	-	40,000	-
W. Huang [3]	40,000	-	-	-	-	-	40,000	-
Z. Lin [4]	40,000	-	-	-	-	-	40,000	-
Total	160,000	-	3,800	-	-	-	163,800	

[1] Includes accrued & unpaid Directors fees of $40,000 for y/e 30 June 2019 and $40,000 for y/e 30 June 2018.

[2] Includes accrued & unpaid Directors fees of $40,000 for y/e 30 June 2019 and $40,000 for y/e 30 June 2018.

[3] Includes accrued & unpaid Directors fees of $33,333 for y/e 30 June 2019 and $40,000 for y/e 30 June 2018.

[4] Includes accrued & unpaid Directors fees of $40,000 for y/e 30 June 2019 and $40,000 for y/e 30 June 2018.

[5] Represents equity component of remuneration representing 2 months of value of shares to be issued on the 12-month anniversary of appointment, subject to shareholder approval.

(d) Options and rights granted as remuneration

There were no options granted during the year ended 30 June 2019.

(e) Equity instruments issued on exercise of remuneration options

No equity instruments were issued during the period to KMP as a result of options exercised that had previously been granted as compensation.

REMUNERATION REPORT (Audited) (continued)

(f) Additional disclosures relating to key management personnel

(i) Share holdings

The numbers of shares in the Company held during the financial year by key management personnel of the consolidated entity, including their personally related entities, is set out below.

2019 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
	Number	Number	Number
K. Grice	2,075,600	691,867	2,767,467
J. Yao	33,318,356	-	33,318,356
W. Huang	59,793,188	20,106,063	79,899,251
Z. Lin	1,554,338	-	1,554,338

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by key management personnel of the consolidated entity, including their personally-related entities, is set out below.

2019 Name	Balance at the start of the year	Exercised during the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
	Number	Number	Number	Number	Number	Number
K. Grice	-	-	-	-	-	-
J. Yao	-	-	-	-	-	-
W. Huang	-	-	-	-	-	-
Z. Lin	-	-	-	-	-	-

(iii) Convertible notes

The numbers of convertible notes held during the financial year by key management personnel of the consolidated entity, including their personally related entities, is set out below.

2019 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
	Number	Number	Number
K. Grice	-	-	-
J. Yao [1]	60,000,000	-	60,000,000
W. Huang	-	-	-
Z. Lin	-	-	-

[1] Convertible notes issued to a related party - Jade Triumph International Limited

(iv) Other transactions with Directors and executives

There were no other transactions with Directors and executives.

END OF REMUNERATION REPORT (Audited)

SHARES UNDER OPTION

There were no unissued ordinary shares of Coppermoly Limited under option at the date of this report .

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Coppermoly Ltd were issued during the year ended 30 June 2019 on the exercise of options (2018: nil).

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the consolidated entity paid insurance premiums in respect of Directors' and Officers' legal expenses and liability insurance. The policies prohibit disclosure of details of the policies or the premiums paid. The consolidated entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an Officer of the Company or any of its controlled entities against a liability incurred as such an Officer.

Other than the standard indemnities, the Company has not indemnified or insured the auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditors (BDO Audit Pty Ltd and Sinton Spence Chartered Accountants) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditors;
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

NON-AUDIT SERVICES (continued)

	2019 $	2018 $
During the year the following fees were paid or payable for services provided by the auditors, their related practices and non-related audit firms.		
Assurance Services		
1. Audit Services – audit or review of financial statements		
BDO Audit Pty Ltd Australian firm:	40,250	29,175
Sinton Spence Chartered Accountants PNG firm:	5,000	4,886
Total remuneration for audit services	45,250	34,061
2. Other Assurance Services		
Sinton Spence Chartered Accountants PNG firm	2,366	2,975
Total remuneration for other assurance services	2,366	2,975
Total remuneration for assurance services	47,616	37,036
Taxation Compliance Services		
BDO (QLD) Pty Ltd Australian firm:	7,000	8,215
Sinton Spence Chartered Accountants PNG firm:	2,104	533
Total remuneration for taxation services	9,104	8,748

This report is made in accordance with a resolution of the Directors.

Kevin Grice
Non-executive Director

Brisbane, Queensland
26 September 2019

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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF COPPERMOLY LIMITED

As lead auditor of Coppermoly Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coppermoly Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 26 September 2019

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Revenue and other income	5	32,057	124,433
		32,057	124,433
Depreciation		(5,251)	(7,421)
Employee benefits expense		(443,472)	(372,804)
Exploration expenditure written-off	9	-	(3,603)
Insurances		(25,382)	(34,636)
Corporate compliance and shareholder relations		(143,388)	(115,052)
Office rental, communication and consumables		(79,112)	(48,778)
Finance costs		(167,500)	(155,858)
Other expenses		(43,932)	(14,247)
Loss before income tax		(875,980)	(627,966)
Income tax (expense) / benefit	7	-	-
Net Loss for the year		(875,980)	(627,966)
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		297,815	125,282
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the year		297,815	125,282
Total comprehensive income for the year		(578,165)	(502,684)
		Cents	**Cents**
Basic and diluted loss per share	19	(0.06)	(0.05)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,548,536	1,615,735
Trade and other receivables		66,921	235,228
Total Current Assets		1,615,457	1,850,963
Non-Current Assets			
Receivables		14,765	17,777
Property, plant and equipment		71,913	48,633
Mineral exploration and evaluation assets	9	15,212,895	12,744,134
Total Non-Current Assets		15,299,573	12,810,544
Total Assets		16,915,030	14,661,507
LIABILITIES			
Current Liabilities			
Trade and other payables	10	583,797	289,537
Provisions		34,240	29,500
Borrowings	11	-	1,446,853
Total Current Liabilities		618,037	1,765,890
Non-Current Liabilities			
Borrowings	11	1,444,051	-
Provisions		-	591
Total Non-Current Liabilities		1,444,051	591
Total Liabilities		2,062,088	1,766,481
Net Assets		14,852,942	12,895,026
EQUITY			
Contributed equity	12	24,288,516	21,921,429
Reserves	13	2,608,012	2,141,203
Accumulated losses		(12,043,586)	(11,167,606)
Total Equity		14,852,942	12,895,026

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

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Contributed Equity $	Accumulated Losses $	Reserves $	Total $
Balance at 30 June 2018	21,921,429	(11,167,606)	2,141,203	12,895,026
Comprehensive income for the year				
Loss for the year	-	(875,980)	-	(875,980)
Foreign currency translation difference	-	-	297,815	297,815
Total Comprehensive Income	-	(875,980)	297,815	(578,165)
Transactions with owners in their capacity as owners				
Contributions of equity	2,417,673	-	-	2,417,673
Costs of share issue	(50,586)	-	-	(50,586)
Value of conversion rights on convertible notes	-	-	168,994	168,994
Total transactions with owners In their capacity as owners	2,367,086	-	168,994	2,536,082
Balance at 30 June 2019	24,288,516	(12,043,586)	2,608,012	14,852,942
Balance at 30 June 2017	19,065,353	(10,539,640)	1,927,032	10,452,745
Comprehensive income for the year				
Loss for the year	-	(627,966)	-	(627,966)
Foreign currency translation difference	-	-	125,282	125,282
Total Comprehensive Income	-	(627,966)	125,282	(502,684)
Transactions with owners in their capacity as owners				
Contributions of equity	3,017,145	-	-	3,017,145
Costs of share issue	(161,069)	-	-	(161,069)
Value of conversion rights on convertible notes	-	-	88,889	88,889
Total transactions with owners In their capacity as owners	2,856,076	-	88,889	2,944,965
Balance at 30 June 2018	**21,921,429**	**(11,167,606)**	**2,141,203**	**12,895,026**

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

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations		-	24,032
Interest received		32,057	9,095
Interest paid		(1,308)	(375)
Payments to suppliers and employees		(517,065)	(482,745)
Net cash (outflow) from operating activities	21	(486,316)	(449,993)
Cash Flows From Investing Activities			
Payments for exploration and evaluation activities		(1,901,119)	(1,151,199)
Security deposits recovered / (paid)		-	(2,398)
Payments for property, plant and equipment		(46,600)	(31,612)
Net cash (outflow) from investing activities		(1,947,719)	(1,185,209)
Cash Flows From Financing Activities			
Proceeds from issues of shares and options		2,417,674	2,870,000
Cost of share and option issues		(50,586)	(168,173)
Proceeds from borrowings		-	-
Repayment of borrowings		-	(5,764)
Net cash inflow from financing activities		2,367,088	2,696,063
Net increase/(decrease) in cash and cash equivalents		(66,947)	1,060,861
Cash and cash equivalents at the beginning of the financial year		1,615,735	554,633
Exchange difference on cash		(252)	241
Cash and cash equivalents at the end of the financial year	8	1,548,536	1,615,735

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the period, unless otherwise stated.

The ultimate parent entity Coppermoly Ltd, is a public, listed company, incorporated and domiciled in Australia and having its registered address and principal place of business at 2/42 Morrow Street, Taringa, Queensland.

Coppermoly Limited is an ASX-listed exploration company targeting porphyry style large scale-low grade projects prospective for copper, gold and molybdenum. The Company's projects are located on New Britain Island in Papua New Guinea (**PNG**).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001.* The consolidated entity is a for-profit entity for the purposes of preparing these financial statements.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Coppermoly Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This financial report comprises the consolidated financial statements and notes of Coppermoly Ltd and its controlled entities.

Going concern

The Group incurred a net loss of $875,980 for the year ended 30 June 2019. As at 30 June 2019 the Group had cash reserves of $1,548,536, a working capital surplus of $1,012,154 and net assets of $14,852,942. As at 30 June 2019, the Company had capital and other commitments, including minimum expenditure commitments relating to its mineral exploration tenements totalling $242,049 (refer Note 14).

Subsequent to 30 June 2019, the Company received funds of $6,062,560 pursuant to the Placement Agreement entered into with Shanghai Fuyuan Investment Co Limited (SFIL) on 30 May 2019 (refer Note 15).

Taking into consideration the above factors, the directors believe that the going concern basis of preparation is appropriate as after taking consideration the $6,062,560 received from SFIL on 31 July 2019 the Company has cash reserves that are significantly in excess of its liabilities which fall due for payment within twelve months of the date of these financial statements and the Company's current expenditure commitments.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial report has been prepared on an accruals basis under the historical cost convention.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Coppermoly Ltd (''company'' or ''parent entity'') as at 30 June 2019 and the results of all subsidiaries for the period then ended. Coppermoly Ltd and its subsidiaries together are referred to in this financial report as the Group or the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board which makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Coppermoly Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(iii) Group companies

The results and financial position of Copper Quest PNG Ltd which has a functional currency of PNG Kina are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are reclassified to profit or loss as part of the gain or loss on sale, where applicable.

(e) Revenue recognition

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income tax

Current income tax expense is based on the profit before income tax adjusted for any non-tax deductible or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements and unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, with certain limited exceptions, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Deferred tax assets are only brought to account if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(g) Impairment of non-financial assets

Non-financial Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Fair value

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values. Where applicable, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying values of financial assets and liabilities,excluding convertible notes that are included in borrowings, are assumed to approximate their fair values due to their short term nature. The value of convertible notes included in borrowings has been estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. .

(j) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Items of property, plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required. Expected useful lives are: Plant and Equipment between 4 years and 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of convertible bonds, that do not include a derivative at fair value, is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

(m) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

(iii) Share-based payments

Share-based compensation benefits can be provided to directors and employees.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

Potential ordinary shares as a result of options outstanding at the end of the period are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

(q) Mineral exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Accounting standards issued but not yet effective

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 30 June 2019 have not been applied in preparing these financial statements. The Directors have assessed the potential impact of these new standards, amendments to standards and interpretations and has concluded that their initial application will not have a material effect on the financial statements of the Group and the Company.

At the date of authorisation of these financial statements, the following standards, amendments to standards and interpretations that are relevant to the group and the company were issued but not effective:

Standards/amendment	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 *Leases*	1 January 2019	30 June 2020
AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*	1 January 2019	30 June 2020
AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*	1 January 2020	30 June 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020	30 June 2021

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(t) New Accounting Standards and Interpretations

The Group adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2019. There were no material impacts on the financial statements of the Group as a result of adopting these standards.

NOTE 2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The primary objective of the Company's financial risk management is to ensure that the Company has sufficient liquidity to fund its desired exploration and development programs through raising debt and equity funding as appropriate.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The entity does not have any material exposure to market risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure in the PNG Kina.

The Group currently has no material foreign exchange risk, however such risk may arise in future when mine production begins and product may be sold internationally. The policy of the Group for managing foreign exchange risk is to continuously monitor exchange risk. It is the Group's policy not to use hedging. As at reporting date the Group has not started production activity and accordingly has minimal exposure to this risk.

(ii) Interest rate risk

Refer to (d) below.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the entity.

The objective of the entity is to minimise risk of loss from credit risk exposure.

Credit risk arises principally from cash and cash equivalents.

The entity's maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the statement of financial position.

The Group has no significant concentrations of credit risk other than cash at bank and short-term deposits. The Group has all cash deposits with reputable banks such as Westpac.

(c) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The entity has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring:
  - actual and daily cashflows and longer-term forecasted cashflows
  - the maturity profiles of financial assets and liabilities in order to match inflows and outflows
- Maintaining adequate reserves
- Monitoring liquidity ratios (working capital)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the lack of material revenue, the Group aims to maintain adequate reserves of liquidity. The Group's objective is to obtain maximum investment returns whilst maintaining maximum security.

The Group's practice is to maintain funds, other than those required for working capital, on term deposits with major financial institutions.

Other cash is held in an interest bearing bank account and funds are transferred to operating cheque accounts on the basis of forecast operating requirements.

Summary quantitative data

	2019 $	2018 $
Current assets	1,606,669	1,850,963
Current liabilities	594,515	1,765,890
Surplus	1,012,154	85,073

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturity analysis

Financial liabilities have differing maturity profiles depending on the contractual term. The table shows the period in which recognised financial liabilities balance will be paid based on the remaining period to repayment date assuming contractual repayments are maintained. Contractual cashflows are at undiscounted values (including future interest expected to be paid). Accordingly these values may not agree to carrying amount.

	Carrying amount $	Contractual cashflow $	Within 1 year $	1-2 years $
2019				
Trade and other payables	594,515	594,516	594,516	-
Borrowings	1,444,051	1,572,740	-	1,572,740
2018				
Trade and other payables	289,537	289,537	289,537	-
Borrowings	1,446,853	1,528,094	1,528,094	-

(d) Interest rate risk

At the end of the reporting period the Group had the following financial assets and liabilities exposed to interest rate risk:

	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	1,548,536	1,615,735
Trade and other receivables	-	-
	1,548,536	1,615,735
Financial Liabilities		
Trade and other payables	-	-
Borrowings	-	-
	-	-
Net exposure	1,548,536	1,615,735

Sensitivity Analysis		Interest Rate Risk		Interest Rate Risk	
June 2019		- 1%		+ 1%	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
Cash and cash equivalents	1,548,536	(15,485)	(15,485)	15,485	15,485
Total increase / decrease	-	(15,485)	(15,485)	15,485	15,485

Cash and cash equivalents include deposits at call at floating and short-term interest rates.

Sensitivity Analysis		Interest Rate Risk		Interest Rate Risk	
June 2018		- 1%		+ 1%	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
Cash and cash equivalents	1,615,735	(16,157)	(16,157)	16,157	16,157
Total increase / decrease	-	(16,157)	(16,157)	16,157	16,157

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk (continued)

Cash and cash equivalents include deposits at call at floating and short-term interest rates.

Interest rate risk arises principally for cash and cash equivalents. The Group's borrowings comprise fixed rate borrowings in the form of convertible notes and do not expose the Company to changes in market interest rates.

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future. The policy of the Group is to continuously monitor interest rate risk exposures during the period balances are held and to alter the balance of fixed and floating rate deposits as considered appropriate.

(e) Foreign exchange risk

At the end of the reporting period the Group had the following exposure to foreign currencies:

	2019 Kina	2018 Kina
Financial Assets		
Cash and cash equivalents	92,616	49,921
Trade and other receivables	-	563,816
	92,616	613,737
Financial Liabilities		
Trade and other payables	133,510	100,570
	133,510	100,570
Net exposure	(40,894)	513,167

Sensitivity Analysis		**Foreign Exchange Risk**			
June 2019		**- 10%**		**+ 10%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Financial Assets and Liabilities					
Net exposure – AUD	(40,894)	(4,089)	(4,089)	4,089	4,089

Sensitivity Analysis		**Foreign Exchange Risk**			
June 2018		**- 10%**		**+ 10%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Financial Assets and Liabilities					
Net exposure - AUD	513,166	(51,316)	(51,316)	51,316	51,316

(f) Commodity price risk

As the Group is not currently engaged in mining and sale of commodities there is no exposure to this risk.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future when preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. Information about key estimates, assumptions and judgements are described in the following notes:

Note 1(a) - going concern assessment
Note 9 - the assessment of the existence of facts and circumstances that may indicate an impairment of exploration and evaluation assets

Estimates and assumptions are reviewed on an ongoing basis.

NOTE 4 PARENT ENTITY INFORMATION

	2019 $	2018 $
ASSETS		
Current Assets	1,466,046	1,610,063
Non-Current Assets	14,982,930	13,009,295
Total Assets	16,448,976	14,619,358
LIABILITIES		
Current Liabilities	461,006	1,724,217
Non-Current Liabilities	1,444,051	114
Total Liabilities	1,905,057	1,724,331
Net Assets	14,543,919	12,895,027
EQUITY		
Contributed equity	24,288,516	21,921,430
-Share option reserve	3,259,762	3,050,768
Accumulated losses	(13,004,359)	(12,117,171)
Total Equity	14,543,919	12,895,027
Net Loss for the year	(887,187)	(610,647)
Total comprehensive income for the year	(887,187)	(610,647)

The Company has committed to provide continued financial support to its subsidiary, Copper Quest PNG Ltd, and will not call loans owed by its subsidiary within the next 12 months. The Company has no other guarantees, contractual commitments for the acquisition of property, plant or equipment or contingencies as at 30 June 2019 and 2018.

NOTE 5 REVENUE AND OTHER INCOME

Revenue and other income comprises the following items:		
Interest income	32,057	8,819
Gain on settlement of accrued Director fees (refer Note 12(b))	-	115,614
Other income	-	-
	32,057	124,433

NOTE 6 EXPENSES

	2019 $	2018 $
Loss before income tax includes the following specific expenses:		
Depreciation	5,251	7,421
Exploration expenditure written-off	-	3,603
Net loss on disposal of property, plant and equipment	886	618
Rental expenses on operating leases – minimum lease payments	43,241	29,694
Defined contribution superannuation expense	10,579	33,883

NOTE 7 INCOME TAX

	2019 $	2018 $
(a) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(875,980)	(627,966)
Tax at the Australian (and PNG) tax rate of 27.5% (2018: 27.5%)	(240,895)	(172,691)
Non-deductible expenses	61,402	42,758
Deferred tax assets not recognised	179,493	129,933
Income tax expense / (benefit)	-	-
(b) Recognised deferred tax assets		
Unused tax losses	-	-
Deductible temporary differences	4,598	4,096
	4,598	4,096
(c) Recognised deferred tax liabilities		
Assessable temporary differences	4,598	4,096
	4,598	4,096
(d) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in the Statement of Financial Position for the following items:		
Unused tax losses for which no deferred tax asset has been recognised	8,820,278	8,341,237
Deductible temporary differences	402,989	399,092
	9,223,267	8,740,329
Potential benefit at 27.5% (2018: 27.5%)	2,536,398	2,403,590

There is no expiry date on the future deductibility of unused tax losses.
The Company has no franking credits.

NOTE 8 CURRENT ASSETS: CASH & CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank and on hand	1,537,123	1,604,322
Cash on short-term deposit	11,413	11,413
	1,548,536	1,615,735

NOTE 9 MINERAL EXPLORATION AND EVALUATION ASSETS

	2019 $	2018 $
Papua New Guinea		
Balance at the beginning of the financial year	12,744,134	11,652,157
Expenditure capitalised during the year	2,205,493	1,006,878
Current year expenditure written-off during the year	-	(3,603)
Foreign currency exchange differences	263,268	88,702
Balance at the end of the financial year	15,212,895	12,744,134

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest.

Coppermoly's wholly owned subsidiary, Copper Quest PNG Limited, is the legal holder of four Exploration Licences.

Exploration Licences:

- **EL 1043 Mt Nakru** has a two year term ending on 7 December 2020;
- **EL 2379 Simuku** has a two year term ending on 10 September 2019;
- **EL 2514 Makmak** has a two year term ending on 11 September 2019.
- **EL 2578 Kori River** has a two year term ending on 25 February 2021.

Renewal applications have been lodged for EL 2379 Simuku and EL 2514 Makmak. The Group expects the renewal process to proceed and does not expect this will impact the status of the licence.

West New Britain Project Exploration Licences

In October 2009 the Group signed a Letter Agreement with Barrick to sole fund $20 million to earn up to 72% interest in Coppermoly Limited's tenements (Mt Nakru and Simuku) (**WNB Projects**) in Papua New Guinea. Barrick earned 72% equity in January 2012. In May 2012 Barrick advised Coppermoly of its intention to divest its interest in the WNB Projects. In July 2013 Coppermoly entered into an agreement with Barrick to re-acquire Barrick's interest in the WNB Projects on a staged basis to reacquire 100% ownership of these licences. Barrick still holds a nominal 28% interest in the WNB Projects.

Reacquisition Deed

The key remaining term of the Reacquisition Deed with Barrick is:

- The Group may acquire the remaining nominal 28% interest in the WNB Projects, which the Company has a binding agreement to acquire, by making a payment of AUD $4,500,000, payable no later than the date that is 6 months after the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs to exploration or development of the projects nor are they entitled to any profits from the projects.

NOTE 10 CURRENT LIABILITIES: TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade and other payables		
Unsecured:		
Trade creditors	161,423	46,836
Other creditors	422,374	242,701
	583,797	289,537

Other creditors includes accrued but unpaid Director fees totalling $336,685 (2018: $200,000).

NOTE 11 BORROWINGS

	2019 $	2018 $
Borrowings		
Unsecured:		
Convertible notes (a)	1,071,311	1,158,113
Accrued interest	372,740	288,740
Other borrowings	-	-
	1,444,051	1,446,853

(a) Convertible notes

The terms of the convertible notes are as follows:

Re-issue Date:	19 December 2018
Maturity Date:	19 December 2020
Number of Notes	60,000,000
Note Face Value:	$1,200,000
Conversion Price:	Convertible into ordinary shares $0.02 at the note holder’s option being 60,000,000 shares.
Repayment upon maturity:	The outstanding principle amounts of the convertible notes (being the outstanding issue price of the convertible notes to the extent that they have not been converted) will be repaid by the Company. The original terms of the notes were varied as follows: • on 19 October 2016 to extend the Maturity Date to 19 December 2017. • on 31 October 2017 to further extend the Maturity Date to 19 December 2018; and • on 14 November 2018 to further extend the Maturity Date to 19 December 2020. The notes may be repaid by Coppermoly any time prior to the Maturity Date subject to Coppermoly paying the note holder a break fee equal to 5% of the repayment amount.
Interest:	The convertible notes bear interest at 7%. The effective interest rate is 15%.

	2019 $	2018 $
The convertible notes are presented in the statement of financial position as follows:		
Face value of notes issued	1,200,000	1,200,000
Other equity securities – value of options issued	(452,097)	(283,103)
Cost of convertible notes issue	(13,739)	(13,739)
	734,164	903,158
Unwinding of equity portion - interest expense	337,147	254,955
Repayment of convertible notes	-	-
Convertible notes liability	1,071,311	1,158,113

NOTE 12 CONTRIBUTED EQUITY

	2019 Shares	2018 Shares	2019 $	2018 $
(a) Paid Up Capital				
Ordinary shares – fully paid – no par value	1,723,043,331	1,377,661,488	24,288,516	21,921,429

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

The Company does not have any authorised capital limit.

(b) Movements in ordinary share capital:

Date	Details	Number of Shares	Issue Price $	$
30 Jun 2017	Balance	1,093,817,806		19,065,353
30 Oct 2017	Shares issued to Shenzhen Beilite Jades Limited	164,072,670	0.0105	1,722,763
11 Dec 2017	Shares issued in lieu of directors fees[1]	10,510,349	0.0140	147,145
20 Dec 2017	Shares issued to Shenzhen Beilite Jades Limited	109,260,663	0.0105	1,147,237
	Less costs of raising capital	-		(161,069)
30 Jun 2018	Balance	1,377,661,468		21,921,429
28 Dec 2018	Shares issued pursuant to Entitlement Offer	345,381,843	0.0070	2,417,673
	Less costs of raising capital	-		(50,586)
30 Jun 2019	Balance	1,723,043,311		24,288,516

[1] The Shares issued in lieu of accrued directors fees comprised 10,510,349 shares issued on 11 December 2017 when the fair value of those shares was $147,415. These shares were issued in full satisfaction of accrued Director fees totalling $262,759. The difference of $115,614 between the carrying amount of the accrued directors fees and the fair value of the Shares issued in lieu of accrued directors fees has been recognised as income in the consolidated statement of profit or loss (refer Note 5).

(c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of equity attributable to equity holders of the Parent comprising issued capital, reserves and retained earnings as disclosed in the statement of financial position.

The Group reviews the capital structure on an on-going basis with consideration to the cost of capital and the risks associated with each class of capital. The Group is not exposed to externally imposed capital requirements.

(d) Options	No. of Options 2019	No. of Options 2018
The number of unissued ordinary shares relating to options not exercised at year end:		
Unlisted Options over shares in the Parent Entity:		
- Exercisable at 3 cents, expire 3 December 2018	-	585,008
	-	585,008

NOTE 12 CONTRIBUTED EQUITY (continued)

(e) Option Issues

No options were issued during the financial years 2019 and 2018.

(f) Option Exercise

No options were exercised during the financial year (2018: Nil).

(g) Option Expiry

585,008 options with an exercise price of 3 cents and an expiry date of 3 December 2018 expired during the financial year (2018: Nil).

NOTE 13 RESERVES	**2019** **$**	**2018** **$**
Share option reserve	3,259,762	3,090,768
Foreign currency translation reserve	(651,750)	(949,565)
	2,608,012	2,141,203
Movements:		
Share option reserve		
Balance at the beginning of the financial year	3,090,768	3,001,879
Convertible notes – value of conversion feature and options issued	168,994	88,889
Balance at the end of the financial year	3,259,762	3,090,768
Foreign Currency Translation Reserve		
Balance at the beginning of the financial year	(949,568)	(1,074,847)
Currency translation difference arising during the year	297,818	125,282
Balance at the end of the financial year	(651,750)	(949,565)

Nature and purpose of reserves

(i) Share Option Reserve

The share option reserve represents accumulation of option premium paid on issuing listed options, the value of expired options and the difference between the proceeds received from a convertible bond that does not have a derivative at fair value and the fair value of the liability on initial recognition.

(ii) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed.

NOTE 14 COMMITMENTS

	2019 $	2018 $
(a) Exploration Expenditure Commitments		
In order to maintain rights of tenure to exploration tenements the Group is required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.		
Commitments are not provided for in the accounts and are payable:		
Not later than 1 year	10,532	-
Later than 1 year but not later than 5 years	231,517	102,995
	242,049	102,995

All exploration expenditure spending commitments had been met as at 30 June 2019

(b) Other Operating Lease Commitments		
Future property rental agreements are not provided for in the financial statements and are payable:		
Not later than 1 year	79,381	62,430
Later than 1 year but not later than 5 years	-	43,229
	79,381	105,659

NOTE 15 SUBSEQUENT EVENTS

Except as noted below, no matter or circumstance has arisen since the end of the year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs:

- On 31 July 2019, the Company received funds of $6,062,560 and issued 404,170,658 fully paid ordinary shares pursuant to the Placement Agreement entered into with SFIL on 30 May 2019.
- On 28 August 2019, the Company appointed Mr Xuan Jian as a Non-Executive Director.

NOTE 16 KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

	2019 $	2018 $
Key management personnel compensation:		
Short-term employee benefits:		
Cash and accrued directors fees	178,330	160,000
Post-employment benefits	6,113	3,800
Share based payment	17,000	-
	201,446	163,800

As at 30 June 2019 accrued and unpaid Directors fees totalled $336,685 (2018:$200,000).

As disclosed in Note 12(b), on 11 December 2017 the Company issued 10,510,349 fully paid ordinary Shares with a fair value of $147,415 to Directors in full satisfaction of accrued Director fees totalling $262,759 in accordance with shareholder approvals received at the Company's Annual General Meeting on 24 November 2017.

The difference of $115,614 between the carrying amount of the accrued director fees and the fair value of the Shares issued in settlement of those accrued directors fees has been recognised as income in the consolidated statement of profit or loss and other comprehensive income (refer Note 5).

Transactions with other related parties

During the year ended 30 June 2015 the Group issued convertible notes to Jade Triumph International Limited (**Jade Triumph**) an entity related to Jincheng Yao. The terms and conditions of the notes are included in Note 11 including details of the amounts provided, interest accrued and repayments made. As at 30 June 2019 the balance owed to Jade Triumph was $1,572,740 (30 June 2018 $1,488,740).

NOTE 17 SEGMENT INFORMATION

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level. Accordingly, the consolidated entity is treated as one operating segment.

Therefore, management identifies the Group as having only one reportable segment. The financial results from this reportable segment are equivalent to the financial statements of the consolidated entity as a whole. There have been no changes in the operating segments during the year.

(b) Entity-wide disclosures

The Group's geographical information is as follows:

		Australia $	Papua New Guinea $
Non-current assets	2019	3,103	15,281,736
	2018	10,670	12,799,874

The Group operates primarily in mineral exploration locations in Papua New Guinea. The Group's corporate office is in Australia.

The Group does not have any products/services it derives material revenue from except interest which is mainly from Australia.

NOTE 18 AUDITORS' REMUNERATION

	2019 $	2018 $
During the year the following fees were paid or payable for services provided by the auditor of the parent entity and the auditor of the subsidiary entity, their related practices and non-related audit firms.		
Assurance Services		
1. Audit Services – audit or review of financial statements		
BDO Audit Pty Ltd Australian firm:	40,250	29,175
Sinton Spence Chartered Accountants PNG firm:	5,000	4,886
Total remuneration for audit services	45,250	34,061
2. Other Assurance Services		
Sinton Spence Chartered Accountants PNG firm:	2,366	2,975
Total remuneration for other assurance services	2,366	2,975
Total remuneration for assurance services	47,616	37,036
Taxation Compliance Services		
BDO (QLD) Pty Ltd Australian firm:	7,000	8,215
Sinton Spence Chartered Accountants PNG firm:	2,104	533
Total remuneration for taxation services	9,104	8,748

NOTE 19 EARNINGS PER SHARE ("EPS")

	2019	2018
Basic and diluted earnings (losses) per share (cents per share)	(0.06)	(0.05)
Loss used in calculating basic and diluted earnings per share is the net loss for the year.	$875,980	$627,966
	No.	No.
Weighted average number of shares used in the calculation of the basic and diluted EPS	1,558,395,548	1,267,089,395
The number of potential ordinary shares relating to options not exercised at year end. These potential ordinary shares are not dilutive and, accordingly, were not used in calculating diluted EPS.	60,000,000	60,585,008

NOTE 20 CONTINGENCIES

(i) The Macmin Royalty

By an agreement dated 12 June 2002 between Macmin NL, Macmin (PNG) Limited and New Guinea Gold Corporation (NGG Canada), NGG Canada indirectly acquired all rights, title and interests held by Macmin NL in respect of EL 1043 (Mt Nakru) and EL 1077 (Simuku) through the purchase of all of the issued capital of Macmin (PNG) Limited (being a wholly owned subsidiary of Macmin NL). Note, on 11 September 2015 EL 2379 was granted by the PNG Mineral Resources Authority as a consolidated exploration licence combining EL 1077 Simuku and EL 1445 Talelumas.

Under the terms of the agreement NGG Canada granted a 1% net smelter return royalty (NSRR) in favour of Macmin NL payable in respect of all mineral products produced from the tenements upon being brought into production. The royalty may remain attached to the tenements and may become payable by the Group upon the tenements being brought into production. This would be subject to legal opinions and negotiations should such circumstances come to bear.

In November 2008, Macmin Silver Ltd (formerly Macmin NL) had been placed into administration. In October 2009, Macmin Silver Ltd emerged from voluntary administration; however the rights to the 1% net smelter royalty are now attributable to the Creditors' Trust of Macmin Silver Ltd.

Due to the number of variables involved it is not practicable to disclose an estimate of the financial effect related to this contingent liability.

(ii) The Reacquisition Deed with Barrick

The Group may acquire Barrick's remaining nominal 28% interest in the West New Britain Projects by making a payment of AUD $4,500,000, payable no later than the date that is 6 months after the commencement of commercial production at the West New Britain Projects.

NOTE 21 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 $	2018 $
Reconciliation of loss after income tax to net cash inflow from operating activities		
Profit / (loss) after income tax	(875,980)	(627,966)
- Gain on extinguishment of financial liability	-	(115,614)
- Impairment of exploration expenditure	-	3,603
- Loss/(gain) on disposal of fixed assets	886	618
- Depreciation expense	5,251	7,421
- Non-cash interest expense	166,192	155,482
- Net exchange differences	52,261	21
Change in operating assets and liabilities:		
- Payables and provisions	188,011	248,245
- Trade and other receivables	(22,938)	1,001
- Prepayments	-	(7,191)
Net cash inflow / (outflow) from operating activities	(486,316)	(449,994)

NOTE 22 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2019 %	Equity Holding 2018 %
Copper Quest PNG Ltd	PNG	Ordinary	100	100

NOTE 23 NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no non-cash financing and investing activities in the financial year end 30 June 2019.

In the prior period, the Company issued Shares in satisfaction of accrued directors fees as follows:

Date	Issued to	Number of Shares	Issue Price $[1]	$
11 Dec 2017	Mr Kevin Grice	2,345,600	0.014	32,838
11 Dec 2017	Mr Jincheng Yao	3,318,356	0.014	46,458
11 Dec 2017	Dr Wanfu Huang	3,292,055	0.014	46,089
11 Dec 2017	Mr Zule Lin	1,554,338	0.014	21,760
		10,510,349		147,145

As disclosed in Note 12(b), on 11 December 2017 the Company issued 10,510,349 fully paid ordinary Shares with a fair value of $147,415 to Directors in full satisfaction of accrued Director fees totalling $262,759 in accordance with shareholder approvals received at the Company's Annual General Meeting on 24 November 2017.

The difference of $115,614 between the carrying amount of the accrued director fees and the fair value of the Shares issued in settlement of those accrued directors fees has been recognised as income in the consolidated statement of profit or loss (refer Note 5).

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 23 to 45 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

(iii) complying with International Financial Reporting Standards as disclosed in note 1; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the audited Remuneration Report set out on pages 16 to 19 of the Directors' Report complies with section 300A of the *Corporations Act 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Kevin Grice
Non-executive Director

Brisbane, Queensland
26 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Coppermoly Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Coppermoly Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of mineral exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
Refer to note 9 in the financial report. The Group carries exploration and evaluation assets as at 30 June 2019 in relation to the application of the Group's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation asset is a key audit matter due to: • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but were not limited to the following: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing • Where licenses over areas of interest have expired or are due to expire in the next 12 months we further assessed the basis for continuing to carry the costs, including the status of renewals that had been lodged and obtaining evidence that the licenses remained in force until the renewal process is completed. • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Group as to their intentions and strategy. • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Coppermoly Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

T Mann

T R Mann

Director

Brisbane, 26 September 2019

SHAREHOLDER INFORMATION

Information required by Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:

STATEMENT OF QUOTED SECURITIES AS AT 13 SEPTEMBER 2019

a) Distribution of Shareholders

Size of Holding	**Number of Shareholders**
1 – 1,000	39
1,001 – 5,000	38
5,001 – 10,000	119
10,001 – 100,000	371
100,001 and over	165
	732

b) Number of holders of less than marketable parcels 525

c) Percentage holding of 20 largest holders 95.90%

d) There were three substantial shareholders listed in the Company's register as at 13 September 2019:

i. Ever Leap Services Limited
ii. Shanghai Fuyuan Investments Limited
iii. Shenzhen Beilite Jade Limited

e) Twenty largest shareholders (as at 13 September 2019):

Shareholder name	**Shares held at 13 September 2019**	**% of total shares on issue**
EVER LEAP SERVICES LIMITED	924,742,508	43.472%
SHANGHAI FUYUAN INVESTMENTS LIMITED	404,170,658	19.000%
SHENZHEN BEILITE JADES LIMITED	364,444,444	17.132%
JELSH HOLDINGS PTY LTD	74,739,484	3.513%
BARRICK (PD) AUSTRALIA LIMITED	73,201,447	3.441%
MR MA PIWU	52,737,609	2.479%
JADE TRIUMPH INTERNATIONAL LTD	40,000,000	1.880%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,738,656	1.163%
MR JOSEPH TULLIO	21,500,000	1.011%
MR HAO MA	10,835,790	0.509%
MR PETER JOHANNES POORT	10,000,000	0.470%
MR DAVID THOMAS WHITE	6,734,290	0.317%
MR CHRISTOPHER IAN WALLIN & MS FIONA KAY MCLOUGHLIN & MRS SYLVIA FAY BHATIA <CHRIS WALLIN SUPER FUND A/C>	5,500,000	0.259%
DR WANFU HUANG	5,159,767	0.243%
HOLICARL PTY LIMITED <HUNTER GRAIN S/F A/C>	4,384,454	0.206%
NMC MINING CORPORATION	3,827,646	0.180%
MR DAVID LAWSON	3,606,936	0.170%
GA & AM LEAVER INVESTMENTS PTY LTD <GA & AM LEAVER S/FUND A/C>	3,500,000	0.165%
MR JINCHENG YAO	3,318,356	0.156%
MR GOPAL KRISHNA BOSE & MRS SHARMILA BOSE	3,000,000	0.141%
Total Securities of Top 20 Holdings	**2,040,142,045**	**95.907%**

STATEMENT OF UNQUOTED SECURITIES AS AT 13 SEPTEMBER 2018

The following unquoted securities are on issue:	**Quantity**
Convertible notes maturing on 19 December 2020	60,000,000

100% of the convertible notes are held by Shenzhen Beilite Jades Limited.

CORPORATE DIRECTORY

DIRECTORS

Mr Kevin Grice
Mr Jincheng Yao
Dr Wanfu Huang
Mr Zule Lin
Mr Xuan Jian

COMPANY SECRETARY

Mr Stephen Kelly

HEAD OFFICE & REGISTERED OFFICE

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BANKERS

Westpac Bank

STOCK EXCHANGE

Coppermoly Ltd is listed on the Australian Securities Exchange and the Port Moresby Stock Exchange, Papua New Guinea.