

30 January 2020

ASX Code: **COY**

December 2019 Quarterly Activities Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly or the Company**) for the quarter ended 31 December 2019.

HIGHLIGHTS

- **Trenching at the Nakru 2 North-West prospect exposed a new discovery of high-grade copper and zinc mineralisation, with associated zones of anomalous gold, silver and lead¹**
- **The high-grade copper-zinc mineralisation extends for at least 150m in strike length, in excess of 50m down-dip extent and lies within a zone of strong alteration varying between 30-100m in width**
- **Trench results include:**
 - **Trench NK19_T02**
 - **11m @ 4.13% Cu, 9.04% Zn, 0.29 ppm Au & 47 ppm Ag**
 - **Trench NK19_T01**
 - **4m @ 3.30% Cu**
 - **3m @ 3.31%Cu**
 - **5m @ 5.73% Cu & 1.77% Zn**
 - **3m @ 3.29% Zn**
 - **Trench NK19_T04**
 - **14m @ 5.16% Zn & 106 ppm Ag**
 - **5m @ 1.62% Pb**
 - **NK19_T05**
 - **2m @ 21% Cu**
 - **2m @ 2% Cu**
 - **6m @ 3% Zn**
- **The new high-grade copper-zinc mineralisation at Nakru 2 North-West occurs 500m north-west of the Nakru 2 Inferred Mineral Resource which is defined as 6.33Mt @ 0.85% Cu, 0.04g/t Au & 2.34g/t Ag (JORC 2012)²**

¹ See Coppermoly ASX Announcement 4 December 2019

² See Coppermoly ASX Announcement 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 announcements continue to apply and have not materially changed.

Exploration Activity**Mt Nakru (EL 1043)**

The Mt Nakru Cu-Au project (EL 1043) comprises two known deposits, Nakru 1 and Nakru 2, which are 1.5 km apart. The Mt Nakru Project hosts JORC Mineral Resource that was estimated by Mining Associates in February 2019 as summarised in Table 1.³ High-grade copper-zinc mineralisation has also been exposed at surface at the Nakru 2 North-West Prospect.

| Resource | Mineralised | Grade | | | Metal | | |
|-----------|-------------------|--------|------|--------|-------------|------------|--------------|
| Category | Tonnes (millions) | Copper | Gold | Silver | Copper (kt) | Gold (koz) | 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)

During the December quarter, the Company announced the results from a trenching program at the Nakru 2 North-West prospect on the Mt Nakru Project (EL1043). The trenching program uncovered substantial widths of high-grade copper and zinc mineralisation with associated anomalous gold, silver and lead. The high-grade copper and zinc mineralisation was traced at surface for a minimum distance of 150m along strike, in excess of 50m down-dip and is of 10-15m variable width, within a zone of strong alteration which varies from 15-60m width.

An outcrop of high-grade copper-zinc mineralisation, approximately 500m north-west of the Nakru 2 deposit was selected for trenching operations (Figures 1, 2). Historical trenches and mapping indicated a linear zone of strong silica-clay-pyrite alteration trending north-east from a high-grade Cu-Zn outcrop. Twenty one trenches for a total of 810m were constructed in the general area around the Nakru 2 Inferred Resource (Figure 1). Five of these trenches exposed high-grade copper and zinc mineralisation which is defined as the Nakru 2 North-West Prospect (Figure 2). The trenches expose the mineralisation over a strike length of at least 150m and over a down-dip extent of at least 50m. The mineralisation is of 10-15m variable width within a zone of strong alteration which varies in width from 15-60m.

During the trenching campaign completed in October-November 2019, several lenses of massive sulphide were uncovered. The massive sulphides occur within consistent zones of steeply dipping silica-rich rhyodacite breccias containing disseminated sulphides. The mineralisation located to date can be generally described as a combination of structurally controlled and 'stratabound' hydrothermal felsic breccia with polyphase quartz stockwork. Alteration is dominated by silica-clay-pyrite with commonly disseminated copper and zinc sulphides.

Due to the outstanding results obtained from the trenching, follow-up work is being expedited. A ground geophysical survey will be undertaken in the March 2020 quarter to map the strike extent and orientation of the high-grade massive sulphide mineralisation. Drilling will then be conducted as soon as possible in 2020 to define the strike length and depth extent of the currently exposed massive and disseminated sulphides.

³ 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.

Figure 1 – Location of Trenches at the Nakru 2 North-West Prospect

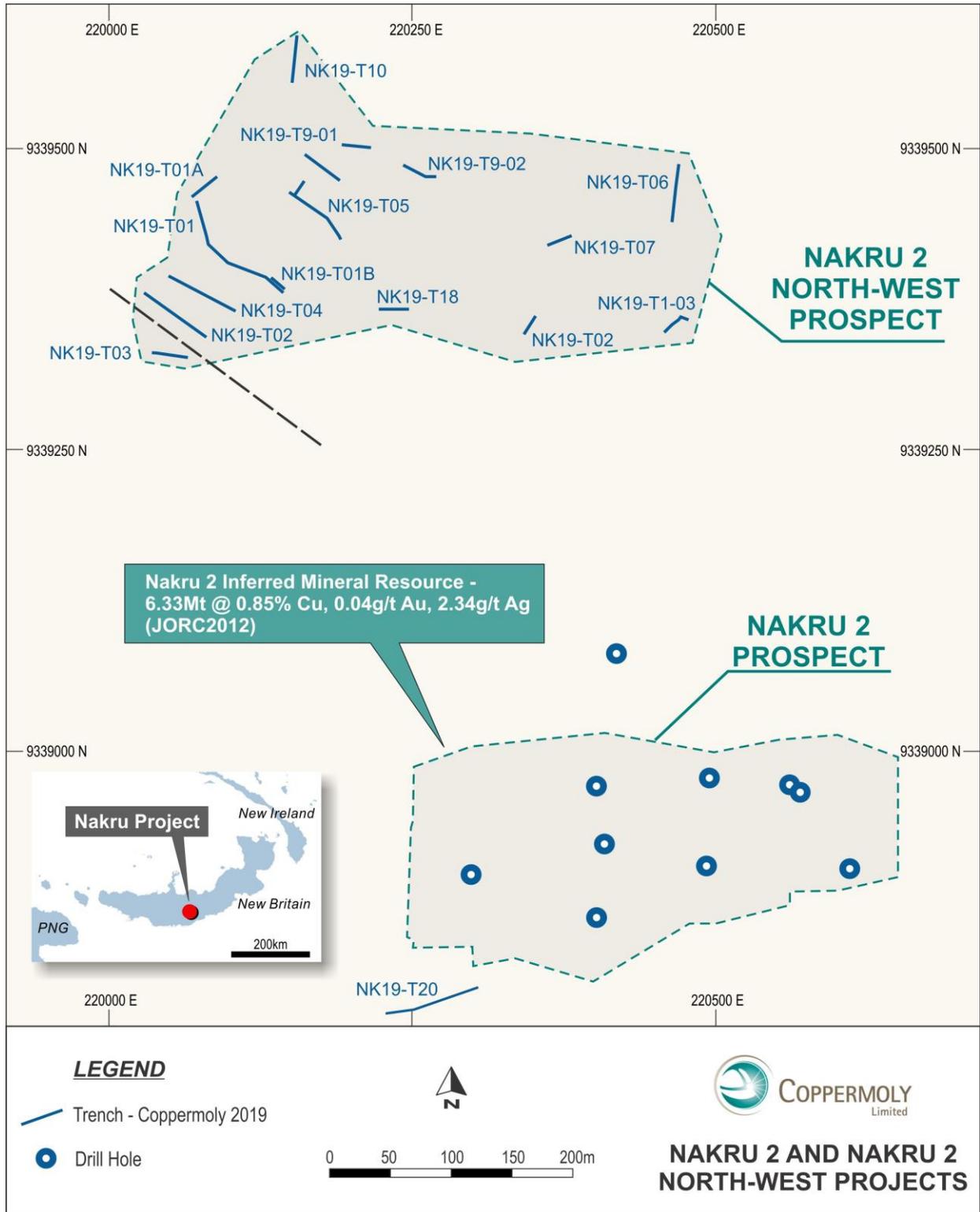
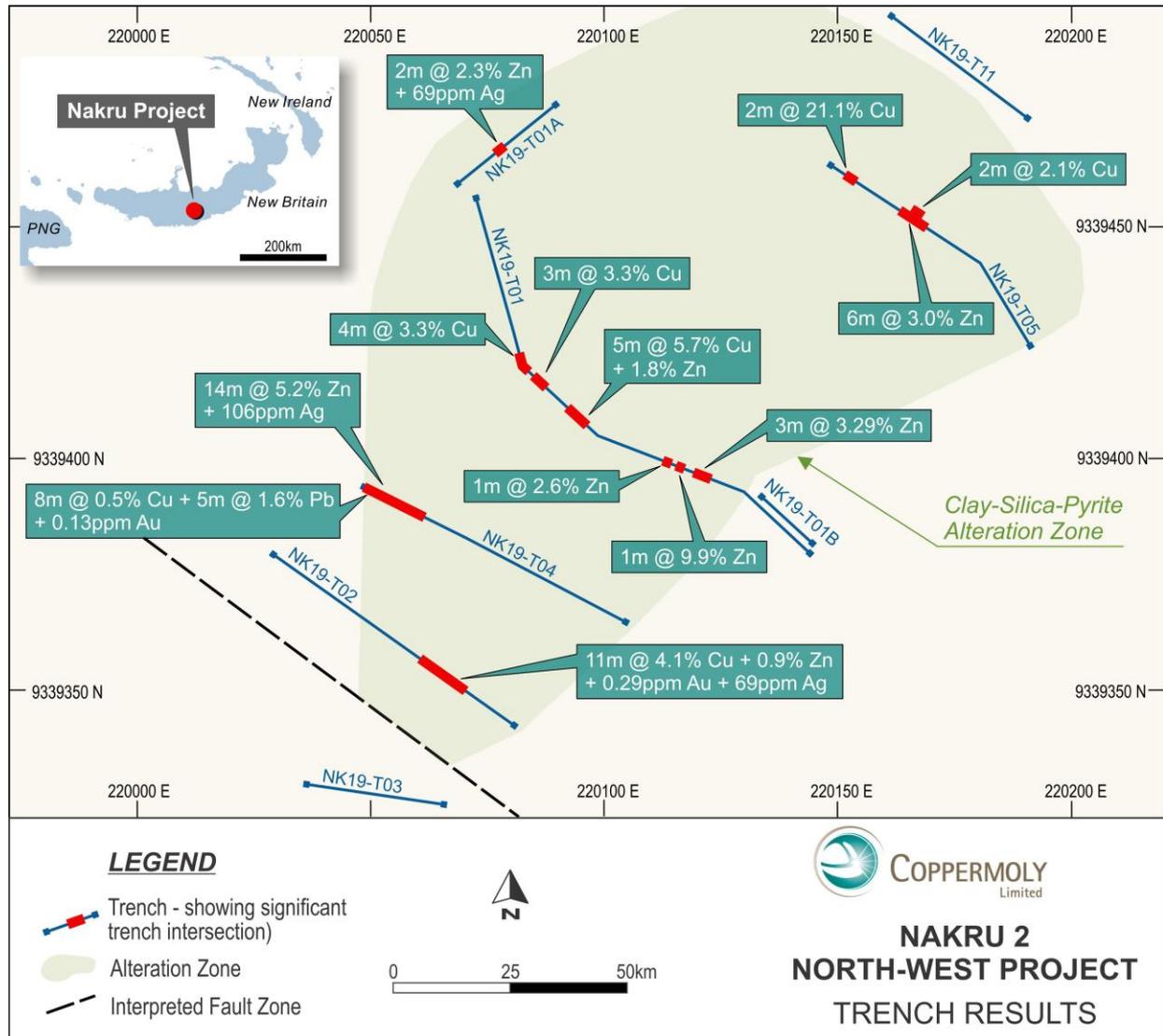


Figure 2 – High-Grade Copper-Zinc Mineralisation at the Nakru 2 North-West Prospect

Coordinate grid is WGS84_UTM56S

Simuku (EL 2379)

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.

The two year term of EL2379 expired during the September 2019 quarter. The Company has submitted an application to renew EL2379 for a further two years.

No work was undertaken on the Simuku project during the December 2019 quarter.

The follow up exploration plan for the Simuku project 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.

Mak Mak (EL2514)

Mak Mak 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.

The two year term of EL2514 expired during the September quarter. The Company has submitted an application to renew EL2514 for a further two years.

No work was undertaken on the Mak Mak project during the quarter.

Kori River (EL2578)

The Company's application for exploration licence EL2578 Kori River (EL2578) was approved in the June quarter.

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.

No work was undertaken on EL2578 during the quarter.

Metelen River (ELA2638)

During the September 2019 quarter a Warden's Hearing was conducted in relation to the Company's application for ELA2638 Metelen River which occupies an area of 246km² and is located adjacent to the Company's existing Mt Nakru and Mak Mak exploration licences.

The Company is awaiting the decision of the regulatory authorities regarding its application for the Metelen River Exploration Licence.

Corporate Activity

The Company held its Annual General Meeting on 28 November 2019.

During the December quarter the Company made payments totalling \$108,000 to related parties or their associates. These payments represented remuneration paid to Directors, including \$73,000 paid as partial payment of Director fees accrued, but not paid, in prior financial years.

Exploration Portfolio at 31 December 2019

As at 30 June 2019, the Company had interests in the following mineral exploration tenements:

| PROJECT | PERIOD ACQUIRED | AREA | LOCATION |
|--|-----------------|--------------------|------------------|
| <u>Granted Exploration Licences</u> | | | |
| EL 1043 Mt Nakru* | Jan 2008 | 47km ² | West New Britain |
| EL 2379 Simuku* [@] | Jan 2008 | 122km ² | West New Britain |
| EL 2514 Mak Mak [@] | Sep 2017 | 269km ² | West New Britain |
| EL 2578 Kori River | March 2019 | 396km ² | West New Britain |
| <u>Exploration Licences under Application</u> | | | |
| ELA 2638 Metelen River | June 2019 | 246km ² | West New Britain |

* Two of the Company's exploration licences, EL 1043 Mt Nakru and EL 2379 Simuku, together known as the West New Britain Projects (**WNB Projects**), were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the WNB Projects by spending more than \$20 million on exploration. In July 2013 Coppermoly entered into an agreement with Barrick to reacquire 100% ownership of the WNB Projects' licences on a staged basis. Barrick still holds a nominal 28% interest in the WNB Projects, which the

Company has a binding agreement to acquire, completion of which will be affected on the payment of a further \$4.5 million to Barrick within 6 months following the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs for exploration or development of the WNB Projects nor are they entitled to any profits from the projects.

@ EL2379 and EL2514 expired during the September quarter. The Company has submitted an application to renew each of the exploration licences for a period of two years. The renewal process is proceeding in accordance with the established regulatory processes in PNG. The Group believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the Group’s application for renewal of the exploration licences not being granted in the ordinary course of business.

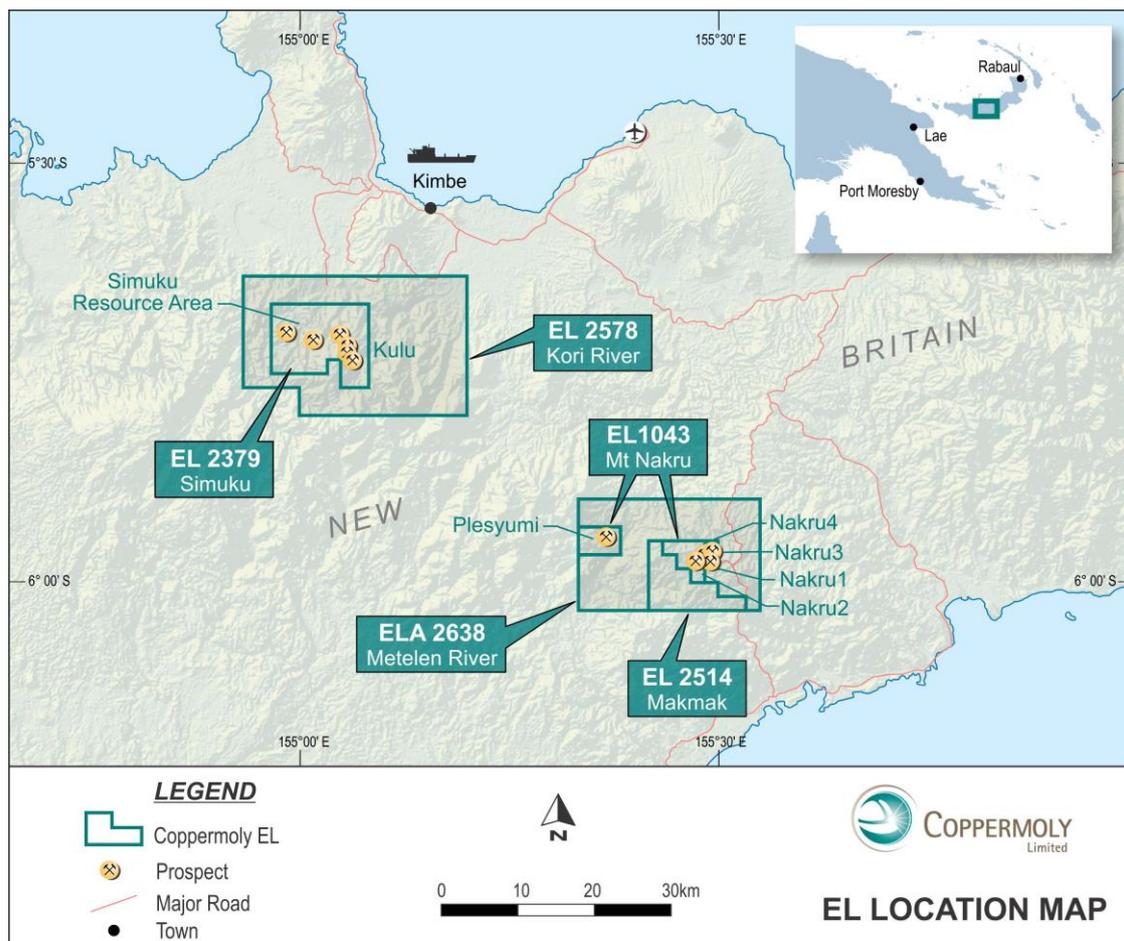
December 2019 Quarter ASX Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“2012 JORC Code”). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

- Extensive high grade Cu Zn mineralisation at Mt Nakru 4 December 2019

Coppermoly confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

Figure 3 – Map showing locations of the Company’s exploration licences



Note: The area depicted for EL2514 Mak Mak in the above map represents the reduced tenement area included in the Company’s renewal application for EL2514. The renewal application is pending approval.

| Corporate Directory | |
|---|---|
| Coppermoly Limited (ABN 54 126 490 855) | |
| Executive Director Dr Wanfu Huang Non-Executive Directors Mr Kevin Grice Mr Zule Lin Mr Jincheng Yao Mr Xuan Jian | Registered office Unit 2, 42 Morrow Street, Taringa, Queensland 4068 Telephone: +61 7 3217 7544 Facsimile: +61 7 3876 0695 Email: info@coppermoly.com.au Website: www.coppermoly.com.au |
| Company Secretary Mr Stephen Kelly | |

About Coppermoly

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

| |
|---------------------------|
| COPPERMOLY LIMITED |
|---------------------------|

ABN

| |
|-----------------------|
| 54 126 490 855 |
|-----------------------|

Quarter ended ("current quarter")

| |
|-------------------------|
| 31 DECEMBER 2019 |
|-------------------------|

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (Six months) \$A'000 |
|---|----------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation (if expensed) | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (215) | (359) |
| (e) administration and corporate costs | (129) | (274) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 2 | 3 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (342) | (630) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (Six months) \$A'000 |
|---|---|------------------------------------|--|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (109) | (220) |
| | (d) exploration & evaluation (if capitalised) | (596) | (935) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (705) | (1,155) |

| | | | |
|-------------|---|-------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 6,063 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (42) | (58) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | (42) | 6,005 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (Six months) \$A'000 |
|---|--|------------------------------------|--|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 6,886 | 1,581 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (342) | (630) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (705) | (1,155) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (42) | 6,005 |
| 4.5 | Effect of movement in exchange rates on cash held | 4 | - |
| 4.6 | Cash and cash equivalents at end of period | 5,801 | 5,801 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|--|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 5,801 | 6,886 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 5,801 | 6,886 |

6. Payments to related parties of the entity and their associates

| | | |
|-----|---|-----|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 108 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | Nil |

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> | | |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | |
| Nil | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (342) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | (596) |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (938) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 5,801 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 5,801 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 6.2 |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Not applicable

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Not applicable

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Not applicable

Compliance statement

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

Date: 30 January 2020

Authorised by: **The Board of Directors**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.