

31 July 2020

ASX Code: COY

## June 2020 Quarterly Activities Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly or the Company**) for the quarter ended 30 June 2020.

### HIGHLIGHTS

- The results of Electromagnetic (EM) ground geophysical surveys, completed at the Nakru 2 Northwest and Nakru 3 prospects on the Mt Nakru Project, were released during the quarter. The significant results reported included:
  - At the Nakru 2 Northwest prospect a strong EM conductor was located northwards 250m along strike from trench NK19\_T02 which returned 11m @ 4.13% Cu, 9.04% Zn, 0.29g/t Au & 47g/t Ag, providing a high quality drill target which will test for extensions of the copper-zinc mineralisation intersected in trench NK19\_T02
  - At the Nakru 3 prospect a broad, north trending, conductive zone has been identified related to copper-zinc mineralisation intersected in trenches NK19\_T12\_2 and NK19\_T12\_3, which returned 2m @ 0.41% Cu, 1.45% Zn, 1.11g/t Au & 364g/t Ag and 2m @ 0.16% Cu, 0.5% Zn, 0.14g/t Au and 5.35g/t Ag, respectively
  - A high grade copper-zinc intersection in trench NK19-T14-2B at the Nakru 3 prospect, which returned 6m @ 2.23% Cu, 8.23% Zn, 1.96g/t Au and 236g/t Ag, is related to a large northeast trending zone of low conductivity, which is interpreted to be due to a substantial alteration zone associated with the exposed mineralisation, suggesting that the mineralisation in trench NK19-T14-2B could be part of a more significant mineralised system
- With two defined Mineral Resources (Nakru 1, Nakru 2) and two sites of high-grade copper-zinc-gold-silver mineralisation (Nakru 2 North-West, Nakru 3), the overall Mt Nakru project is emerging as a highly mineralised area with significant potential
- During the quarter the Company received confirmation that the renewals of the Mak Mak and Simuku exploration licences and the grant of the Metelen River exploration licence were approved by the Mineral Resources Authority in PNG
- All planned exploration activity, including the previously proposed drilling program at the Mt Nakru prospect, has been deferred indefinitely due to COVID-19 related restrictions on travel between Australia and PNG

### *Corporate*

- Coppermoly is well capitalised with cash reserves of \$4.6 million as at 30 June 2020

## Exploration Activity

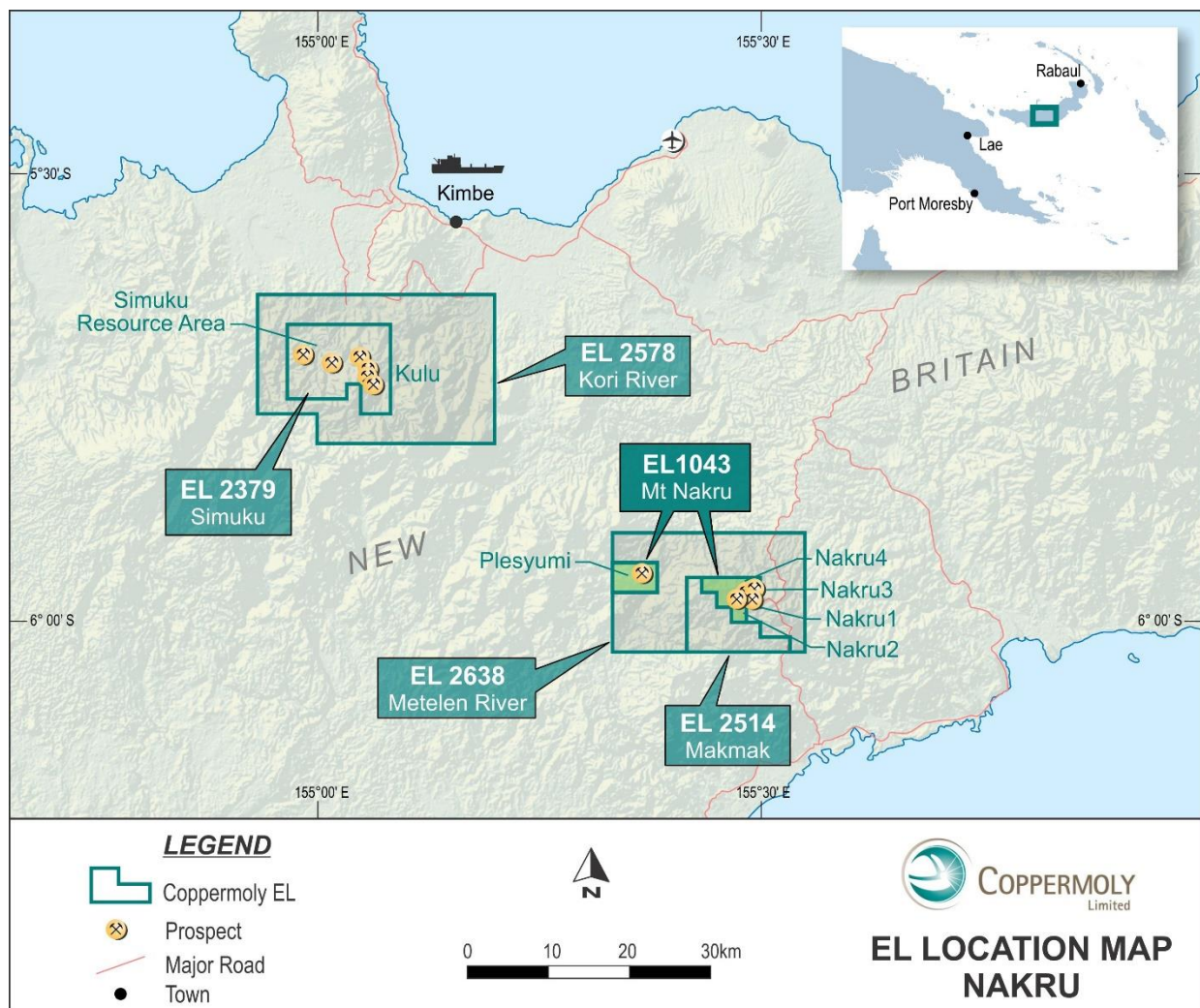
### Mt Nakru (EL 1043)

The Mt Nakru Cu-Au project (EL 1043) comprises two known deposits, Nakru 1 and Nakru 2, which are 1.5km apart. The Mt Nakru Project hosts Mineral Resources, classified in accordance with JORC (2012), which were estimated by Mining Associates in February 2019 and are summarised in Table 1.<sup>1</sup> High-grade copper-zinc mineralisation has also been exposed at surface at the Nakru 2 North-West and Nakru 3 Prospects.

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

Resource Category	Mineralised Tonnes (millions)	Grade			Metal		
		Copper %	Gold g/t	Silver g/t	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
<b>Total</b>	<b>41.39</b>	<b>0.75</b>	<b>0.23</b>	<b>1.59</b>	<b>309</b>	<b>300</b>	<b>2,116</b>

**Figure 1 – Location of the Mt Nakru Project**



<sup>1</sup> 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 announcement 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.

Fourteen trenches for a total of 835m were constructed in the general area around Nakru 3<sup>2</sup> (Figure 2).

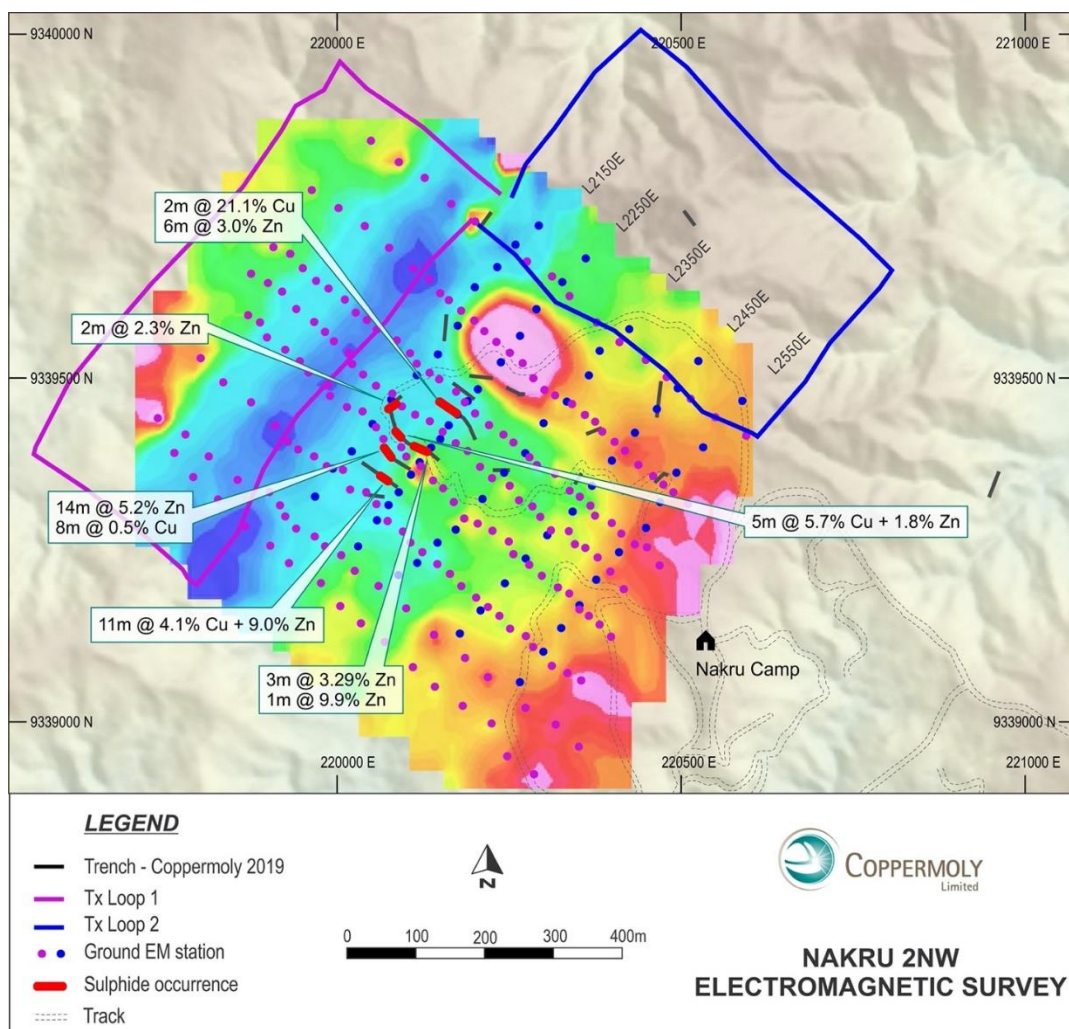
### *Nakru 2 North-West and Nakru 3 Ground Electromagnetic Geophysical Surveys<sup>2</sup>*

Due to the outstanding results obtained from the trenches completed at the Nakru 2 North-West and Nakru 3 prospects in late 2019, follow-up work was expedited during the March 2020 quarter.

Ground electromagnetic (EM) geophysical surveys were completed at both the Nakru 2 North-West and Nakru 3 prospects, with the objective of determining the strike extent of the high-grade copper-zinc-gold-silver mineralisation at both prospects. Results of the EM Surveys were released during the June 2020 quarter.

At the Nakru 2 Northwest prospect, two EM transmitter loops were used to energise the known mineralisation and readings of the EM response were taken along lines orthogonal to the long axis of the transmitter loop (Figure 2). The purpose for energising the mineralisation at the Nakru 2 Northwest prospect with EM loops of two different orientations, was to ensure that the mineralisation exposed in the trenches was effectively energised if the mineralisation was steeply dipping and striking northeast or if the mineralisation was shallowly dipping to the northeast and striking northwest.

**Figure 2 – Nakru 2 Northwest Ground EM Survey Results<sup>3</sup>**



<sup>2</sup> See Coppermoly ASX Announcement 23 April 2020. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement 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.

<sup>3</sup> See Coppermoly ASX Announcement 30 March 2020 for results of the 2019 trenching program. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not



From Loop 1 an anomalous “late time” EM response was recorded near the edge of Loop 1 on line 5500N (Figure 2). Modelling of the Loop 1 EM anomaly suggests the causative source is a plate like conductor, of moderate conductivity, 120m x 120m in dimensions, dipping at 20 degrees to the northeast and at a depth of approximately 110m. A drill hole of approximately 200m in length has been planned to test this plate conductor.

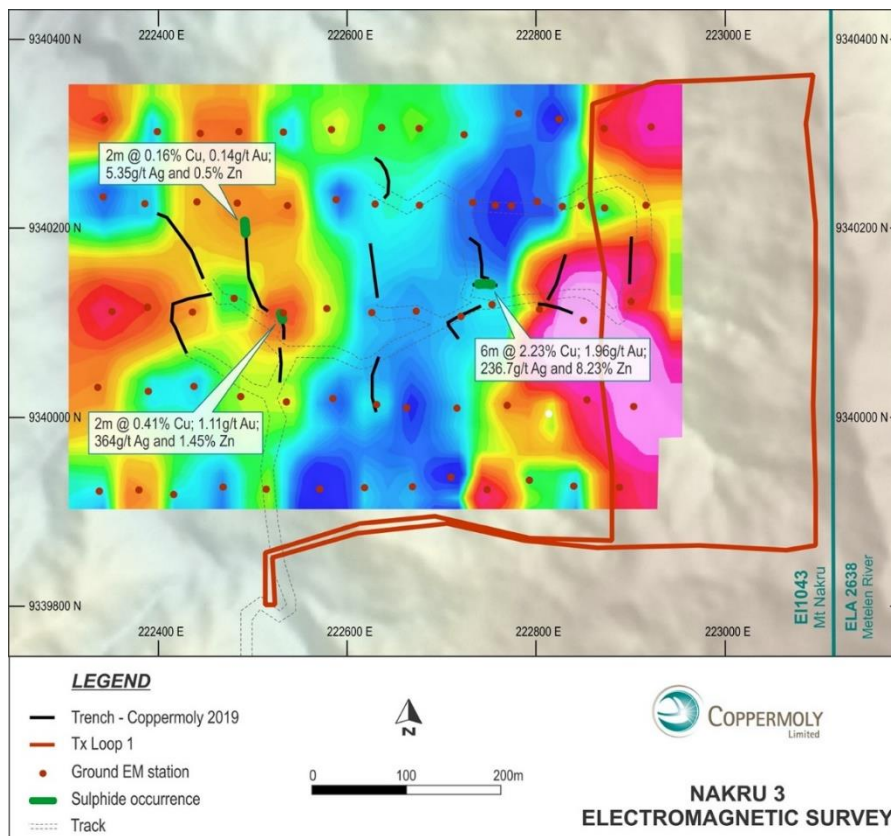
The plate conductor identified at Nakru 2 Northwest is interpreted to occur along strike and down plunge from the high-grade copper-zinc intersection in trench NK19-T02 and hence represents a high priority drill target.

As the strike of the mineralisation at Nakru 3 was thought to be generally to the north - northeast, a single EM transmitter loop was used to energise the known mineralisation at the Nakru 3 prospect. The transmitter loop was orientated with its long axis north-south and EM readings were collected on lines orientated east-west.

The EM data from Loop 1 identified a broad conductive zone, trending northwards from trench NK19\_T12\_2, which returned 2m @ 0.41% Cu, 1.45% Zn, 1.11g/t Au & 364g/t Ag, through to trench NK19\_T12\_3, which returned 2m @ 0.16% Cu, 0.5% Zn, 0.14g/t Au and 5.35g/t Ag and extending further north beyond the area which was covered with EM data (Figure 4). This broad conductive zone is interpreted to be due to conductive material within an alteration zone associated with the mineralisation exposed in trenches NK19\_T12\_2 and NK19\_T12\_3.

The EM data from Loop 1 at Nakru 3, also highlighted a zone of reduced conductivity, trending northeast across the entire survey area. Occurring within this zone of reduced conductivity is trench NK19-T14-2B, which returned 6m @ 2.23% Cu, 8.23% Zn, 1.96g/t Au and 236g/t Ag<sup>4</sup>. The large area of reduced conductivity is interpreted as an alteration zone, different in form to the alteration zone associated with trenches NK19\_T12\_2 and trench NK19\_T12\_3, as the alteration appears to have reduced conductive material within the alteration zone.

**Figure 3 – Nakru 3 Ground EM Survey Results**



The EM data does suggest that there are two large alteration systems at the Nakru 3 prospect, indicating the mineralisation exposed in the trenches completed to date, could potentially be part of a much larger mineralised system.

**Simuku (EL 2379)**

The Simuku Project comprises Exploration Licence 2379 on the island of New Britain in Papua New Guinea (Figure 4). Mineralisation at Simuku is copper-molybdenum-gold porphyry style associated with the Simuku-Kulu Intrusive Complex, which is Upper Oligocene in age. Three and potentially four porphyry copper-molybdenum-gold prospects, spaced along a 3 to 4 km, north to northeast trending zone, have been recognised on the Simuku Project.

**Figure 4 – Location of the Simuku Project**

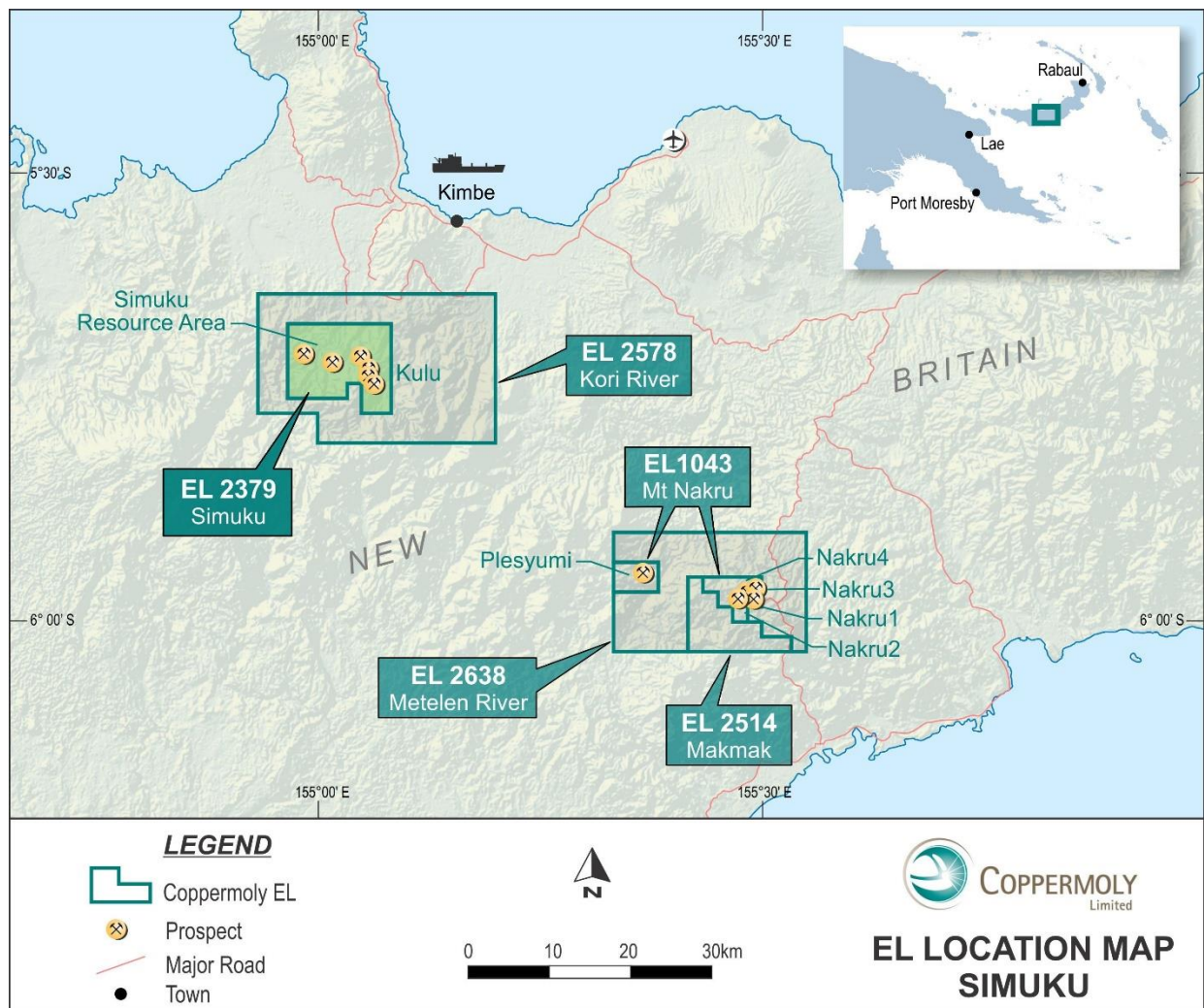


Table 2 details the Simuku Mineral Resource, which reported in March 2020 at a 0.2% copper cut off

**Table 2 - Simuku Mineral Resource Statement<sup>4</sup>**

Category	Mt	Cu %	Au g/t	Ag ppm	Mo ppm	Cut-Off
Inferred	373.6	0.31	0.05	2.1	59	0.2% Cu

<sup>4</sup> See Coppermoly ASX Announcement 4 March 2020 for full details of the Simuku Mineral Resource Estimate. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement 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.

Coppermoly's exploration strategy is to investigate areas adjacent to the Simuku Mineral Resource for similar styles of mineralisation in order to expand the overall Mineral Resource. Recent geophysical studies completed by the Company have outlined target areas in close proximity to the Simuku Mineral Resource for follow up exploration.

During the quarter the Company's application to renew the Simuku exploration licence for the two year period ending September 2021 was approved.

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

#### **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.

During the quarter the Company's application to renew the Mak Mak exploration licence for the two year period ending September 2021 was approved.

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

#### **Kori River (EL2578)**

EL2578 is valid for an initial term of 2 years expiring March 2021 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 (EL2638)**

During the quarter the Company's was granted EL2638 Metelen River which occupies an area of 246km<sup>2</sup> and is located adjacent to the Company's existing Mt Nakru and Mak Mak exploration licences. EL2638 will expire in May 2022.

#### **Corporate Activity**

As at 30 June 2020 the Company had cash reserves of \$4.6 million.

During the June quarter the Company made payments totalling \$33,000 to related parties or their associates. These payments represented remuneration, including superannuation, paid to the Managing Director.

#### **Outlook**

PNG authorities have recently reported an increase in the number of reported COVID-19 cases in PNG and have implemented stage three restrictions in Port Moresby. Due to the COVID-19 pandemic and the related restrictions on the ability of Australian based personnel to travel to PNG to oversee exploration programs, the Company has deferred all planned exploration activities including the proposed drilling program at Mt Nakru.

Coppermoly recognises the serious challenge that COVID-19 represents and has implemented a response plan to safeguard the well-being of our staff, contractors, consultants and our business partners and to preserve the financial resources of the Company. The actions taken include implementing procedures in our workplaces to minimise the risk of staff, contractors, consultants contracting COVID-19 including cancelling all travel, allowing personnel to work from home and reducing all non-essential expenditure.

**Exploration Portfolio at 30 June 2020**

As at 30 June 2020, the Company had interests in the following mineral exploration tenements:

PROJECT	PERIOD ACQUIRED	AREA	LOCATION
<b><u>Granted Exploration Licences</u></b>			
EL 1043 Mt Nakru*	Jan 2008	47km <sup>2</sup>	West New Britain
EL 2379 Simuku*	Jan 2008	122km <sup>2</sup>	West New Britain
EL 2514 Mak Mak	Sep 2017	269km <sup>2</sup>	West New Britain
EL 2578 Kori River	Feb 2019	396km <sup>2</sup>	West New Britain
EL 2638 Metelen River	May 2020	246km <sup>2</sup>	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.

**June 2020 Quarter ASX Announcements**

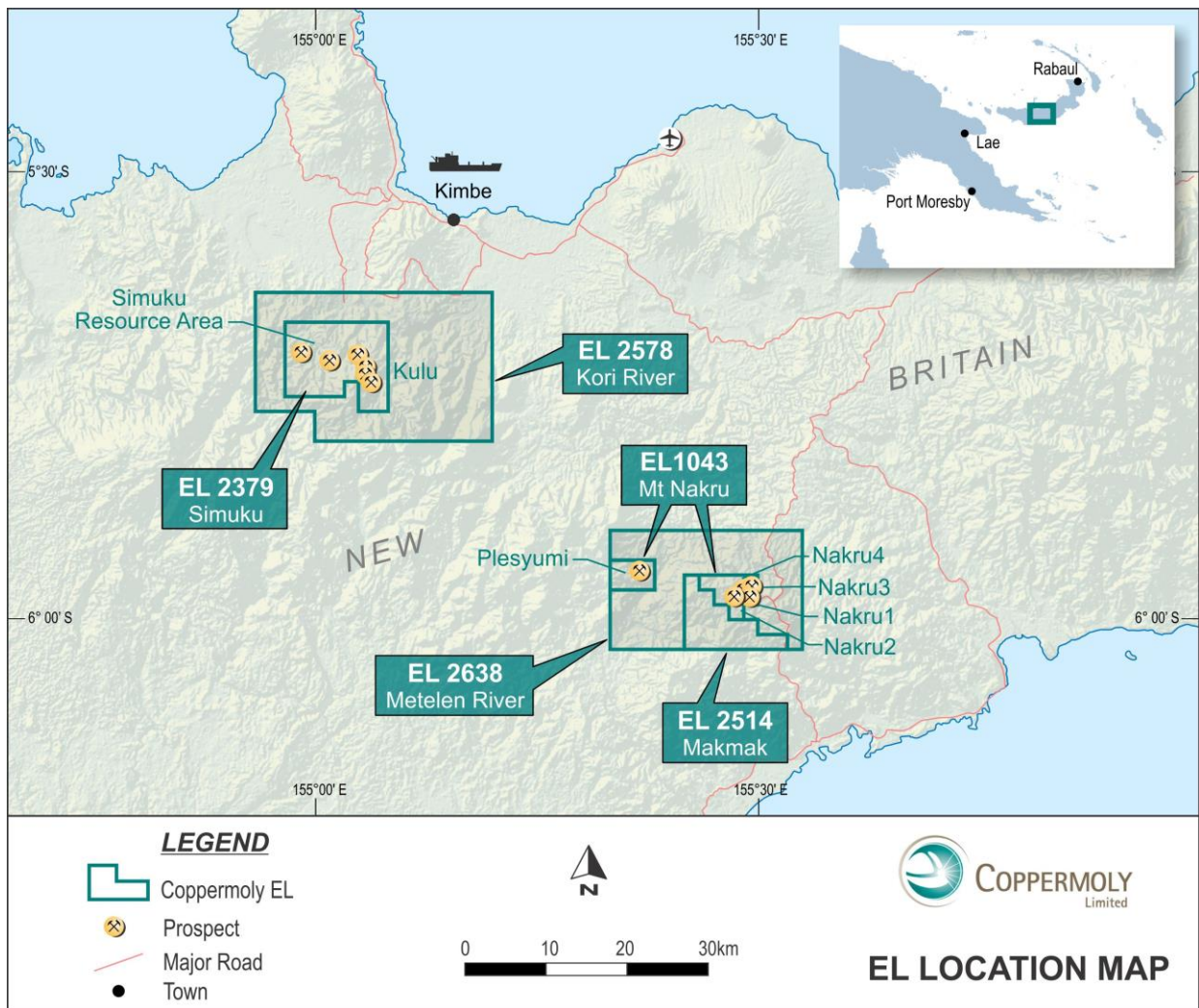
This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code 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:

- Electromagnetic Survey Defines Drill Targets at Mt Nakru 23 April 2020

Coppermoly confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement 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 5 – Map showing locations of the Company's exploration licences**



Authorised on behalf of Coppermoly Limited by the Managing Director, Dr Wanfu Huang.

**For further information please contact**

Dr Wanfu Huang

Managing Director

[wfhuang@coppermoly.com.au](mailto:wfhuang@coppermoly.com.au)



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

### 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 and oil and gas exploration entity quarterly report

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

Name of entity

**COPPERMOLY LIMITED**

ABN

**54 126 490 855**

Quarter ended ("current quarter")

**30 JUNE 2020**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Twelve months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(132)	(686)
(e) administration and corporate costs	(88)	(429)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	50	50
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(169)</b>	<b>(1,060)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(12)	(250)
(d) exploration & evaluation (if capitalised)	(222)	(1,649)
(e) investments	-	-
(f) other non-current assets	-	-

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Twelve months) \$A'000
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(234)</b>	<b>(1,899)</b>

<b>3. Cash flows from financing activities</b>		
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	-	(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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>6,005</b>

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (Twelve months) \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	5,026	1,581
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(169)	(1,060)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(234)	(1,899)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	6,005
4.5 Effect of movement in exchange rates on cash held	-	(4)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>4,623</b>	<b>4,623</b>

<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	4,623	5,026
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,623</b>	<b>5,026</b>

**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
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

33

-

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



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		
<b>Not applicable</b>			

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(169)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(222)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(391)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	4,623
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	4,623
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	11.82
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	1. 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: <b>Not applicable</b>	

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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

2. 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**

3. 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: **31 July 2020**

Authorised by: **Dr Wanfu Huang, Managing Director of Coppermoly Limited**

(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".