

31 January 2017

ASX Code: COY

December 2016 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 31 December 2016 and to the date of this report.

Summary for the Quarter Ended 31 December 2016

- Exploration Activity
 - Drilling commenced at Nakru 1 and is continuing at Nakru 2
 - Visual inspection of drill core indicates diamond drill holes at Nakru 1 appear to have intersected copper mineralisation.
 - Surface channel sampling along drill tracks and drill pad walls has been undertaken.
 - Application for ELA 2514 Makmak
 - Current Exploration Portfolio
- Corporate Activity
 - Extension of Convertible Notes' Term
 - Expired options

Exploration Activity

Drilling at Mt Nakru Copper-Gold project

During the quarter an exploration drilling program commenced at the Company's most advanced project, the Mt Nakru Copper-Gold project. The project area hosts two known mineralisation zones: Nakru 1 and adjacent Nakru 2 prospects where drilling in 2014 intersected high grade near-surface copper mineralisation.

The Company began drilling at Nakru 1 in November 2016. A total of 972m of diamond drilling had been completed by the 31 December 2016. Six holes were either completed or being drilled by the end of the quarter. As of 24 January 2017, a total of 1,782.3m were drilled and ten holes were either completed or are currently being drilled. All the holes drilled to date have portions of visible copper mineralisation in the drill core. There are three zones of mineralisation of varying thickness present in all holes drilled so far at Nakru 1. They are all comprised of a blanket of oxidised material, followed by a supergene band and finally into the primary sulphide zone.

The following table shows examples of the different zones of mineralisation at Nakru 1 and their varying thicknesses.

Hole ID	Description			
	Zone A: Oxidation	Zone B: Supergene enrichment	Zone C: Intermediate	Zone D: Primary mineralisation
NAK11610/10A 280.7m (EOH)	95m (0 – 95)	15m (95 – 110)	30m (110 – 140)	140.7m (140 – 280.7)
NAK11605 200.2 (EOH)	65m (0 – 65)	27m (65 – 92)	11m (92 – 103)	97m (103 – 200.2)
NAK11606 208.8(EOH)	57m (0 – 57)	15m (57 – 72)	47m (72 – 119)	89.8m (119 – 208.8)

Table 1. Examples from current drilling indicating the various zone thickness.

The drilling had a slower than expected start due to the wet season arriving earlier than anticipated. Drilling is now moving at an acceptable rate. The drilling at Nakru 1 is almost complete. The locations of the drillhole collars are shown in the figure below.

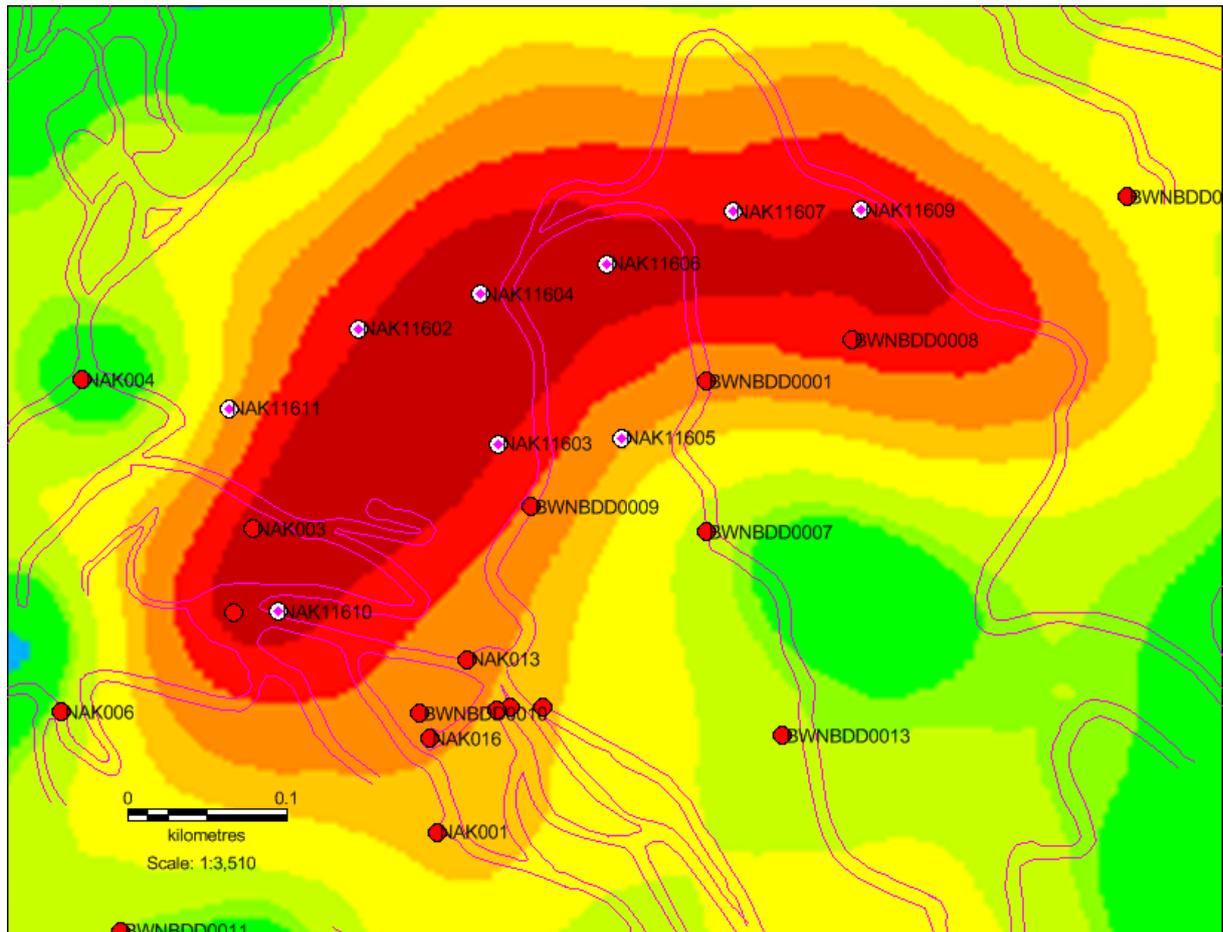


Figure 1: Nakru 1 drill hole locations over ground magnetics

Once Nakru 1 drilling is completed work will concentrate on the Nakru 2 area. One drill rig has been moved to Nakru 2 and commenced drilling on 24 January 2017. All road and drill pad earthworks have been completed at Nakru 2.

Samples collected to date are currently being assayed at laboratories in PNG and Australia with results expected during the coming March 2017 quarter. When all results are received, a further evaluation of the resource will be made.

Channel samples have been collected along all of the new drill access tracks at Nakru 1. Drill pads with significant vertical walls were also channel sampled.

Tenement application

On 29 November 2016 the Company announced that it had received notification from the PNG Mineral Resources Authority (**MRA**) that renewal applications for exploration licences EL 2014 and EL 2272 had been refused. While the Company is disappointed with that decision those tenements have not been a focus for exploration efforts of the Company. The Company was surprised by the refusals to renew the licences as it had no prior indications from the MRA that the exploration licences wouldn't be renewed, particularly after holding very successful Warden's Hearings for both licences with full support of each group of landowners from Makmak & Wowonga to renew the respective licenses for another two years.

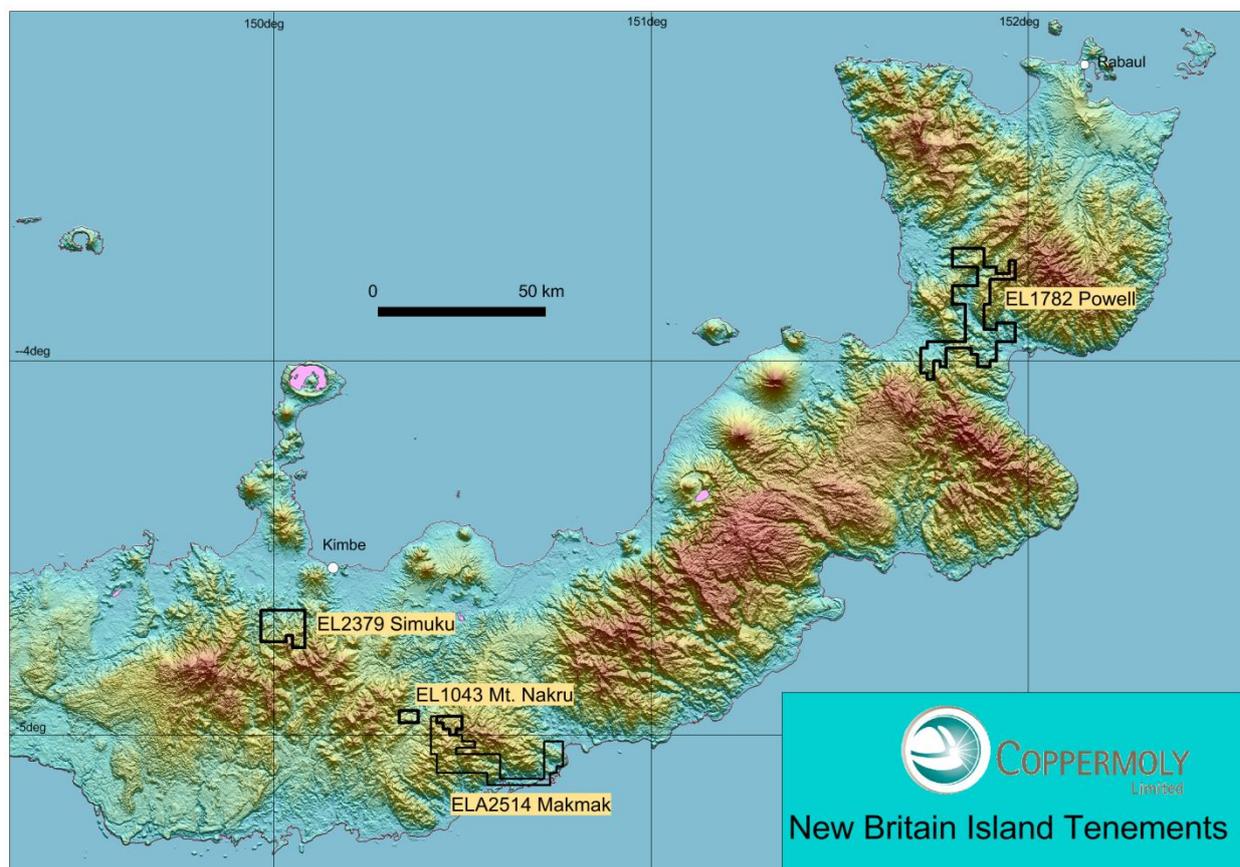
Coppermoly has reapplied for most of the ground covered by EL 2014 and some additional ground that adjoins EL 1043. Coppermoly was the only applicant. Planning is under way for the required Warden's Hearing.

Current Exploration Portfolio

The Company's current exploration portfolio, all on New Britain Island, Papua New Guinea (PNG), consists of the following tenements:

PROJECT	PERIOD ACQUIRED	LOCATION
EL 1043 Mt Nakru (47km ²)*	Jan 2008	West New Britain
EL 2379 Simuku (122km ²)*	Jan 2008	West New Britain
EL 1782 Powell (378km ²)	Sep 2013	East New Britain
ELA 2514 Makmak (269km ²)	Pending	West and East New Britain

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



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

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr John Donald Macansh, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Macansh has sufficient experience which is relevant to the style of mineralisation under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Macansh is a contracted consultant to Coppermoly and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Corporate Activity**Extension of Convertible Notes' Term**

On 19 October 2016 Coppermoly announced that it has obtained agreement from Jade Triumph International Ltd (**Jade Triumph**) to extend the maturity date for the Convertible Notes held by them for twelve months, extending their term so that the new maturity date is now 19 December 2017.

Each Convertible Note is convertible, at the option of the holder, into one new fully paid ordinary share on or before the maturity date, unless repaid earlier, subject to such conversion not resulting in the holder breaching the Corporations Act 2001. There have been no other changes to the Convertible Notes other than the extension of the maturity date.

Coppermoly Non-executive Director, Dr Wanfu Huang, said:

“This extension to the maturity date of the Jade Triumph Convertible Notes is a welcome vote of confidence in the Company’s strategy and will allow us to concentrate our efforts and resources on the upcoming drilling program at Mt Nakru.”

Expiration of unlisted options

19,999,999 unlisted options held by Jade Triumph expired unexercised on 19 December 2016. The unlisted options were issued at the same time as the Convertible Notes issued to Jade Triumph in December 2014 & March 2015 and had an exercise price of \$0.03.

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

About Coppermoly

Coppermoly (COY) is an ASX listed junior exploration company which has been listed on the ASX since 2008. Coppermoly’s mineral exploration activities are focused entirely on the island of New Britain in PNG where it is exploring primarily 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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(464)	(579)
(b) development	-	-
(c) production	-	-
(d) staff costs	(47)	(95)
(e) administration and corporate costs	(94)	(131)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	16
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	4
1.9 Net cash from / (used in) operating activities	(598)	(786)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(11)	(11)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	2
2.6 Net cash from / (used in) investing activities	(11)	(9)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issue of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	23	23
3.6 Repayment of borrowings	(6)	(12)
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	17	11

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,922	2,117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(598)	(786)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(11)	(9)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	17	11
4.5 Effect of movement in exchange rates on cash held	5	2
4.6 Cash and cash equivalents at end of period	1,335	1,335

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	733	915
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) - fixed term deposit	602	1,007
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,335	1,922

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
1
-

Directors' fees

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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	50
9.5 Administration and corporate costs	60
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,110

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL 2014 PNG	Exploration Licence	100%	0%
	EL 2272 PNG	Exploration Licence	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

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

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

Print name: Paul Schultz
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Notes

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