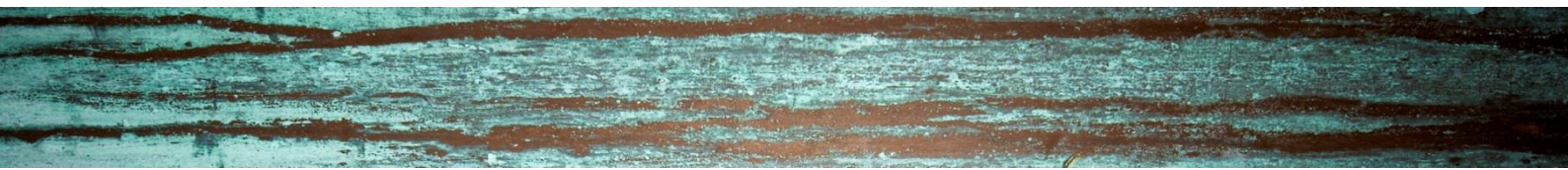




**COPPERMOLY**  
Limited

A.B.N. 54 126 490 855

# ANNUAL REPORT 2015



# C O N T E N T S

	<u>Page</u>
Directors' Report.....	2-17
Operating & Financial Review.....	2
Corporate Governance .....	17
Auditor's Independence Declaration.....	18
Financial Report .....	19
<i>Consolidated Statement of Profit or Loss     and Other Comprehensive Income .....</i>	<i>20</i>
<i>Consolidated Statement of Financial Position.....</i>	<i>21</i>
<i>Consolidated Statement of Changes in Equity.....</i>	<i>22</i>
<i>Consolidated Statement of Cash Flows.....</i>	<i>23</i>
<i>Notes to the Consolidated Financial Statements .....</i>	<i>24-43</i>
Directors' Declaration .....	44
Independent Audit Report to the Members.....	45-46
Shareholder Information .....	47
Corporate Directory .....	48
Schedule of Tenements.....	48

# 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 2015.

## DIRECTORS

The following persons were Directors of Coppermoly Ltd during the whole of the financial year and up to the date of this report unless otherwise stated:

K. Grice was appointed as a Director on 15 July 2014.

J. Yao was appointed as a Director on 5 March 2015.

W. Huang was appointed as a Director on 11 March 2015.

B. Faulkner resigned as a Director on 11 March 2015.

M. Howard resigned as a Director on 11 March 2015.

M.J. Gannon resigned as Managing Director on 15 July 2014.

## 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 \$798,960 (2014: \$787,337). No dividend has been paid or recommended during the year ended 30 June 2015.

## 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

Two of the Company's exploration licences, EL1043 Mt Nakru and EL2379 Simuku, (EL2379 Simuku is a newly consolidated exploration licence combining EL1077 Simuku and EL1445 Talelumas), together known as the West New Britain Projects (**WNB Projects**) were previously subject to a farm-in agreement with Barrick PNG Exploration Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the three licences by spending more than \$20 million on exploration. 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, which the Company has a binding agreement to acquire, 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 12 in the Notes to the Consolidated Financial Statements for more details.

Coppermoly also has 100% ownership of three other tenements located on New Britain Island, including EL2014 Makmak, where early exploration is focused on the Pulding and Wara Creek prospects as well as two prominent aeromagnetic anomalies; EL1782 Powell in East New Britain a grassroots project with copper potential; and EL2272 Wowonga which covers the south east extensions of the Nakru trend.

The Company's core objective is to ensure that the full value of all of its assets are realised over time.

# DIRECTORS' REPORT

The consolidated entity's current mineral tenements are:

Project	Date first acquired	Location
EL 1043 Mt Nakru (47km <sup>2</sup> )	Jan 2008	West New Britain
EL 2379 Simuku (122km <sup>2</sup> )	Jan 2008	West New Britain
EL 2014 Makmak (255km <sup>2</sup> )	May 2012	East New Britain
EL 1782 Powell (758km <sup>2</sup> )	Sep 2013	East New Britain
EL 2272 Wowonga (31km <sup>2</sup> )	Feb 2014	East New Britain

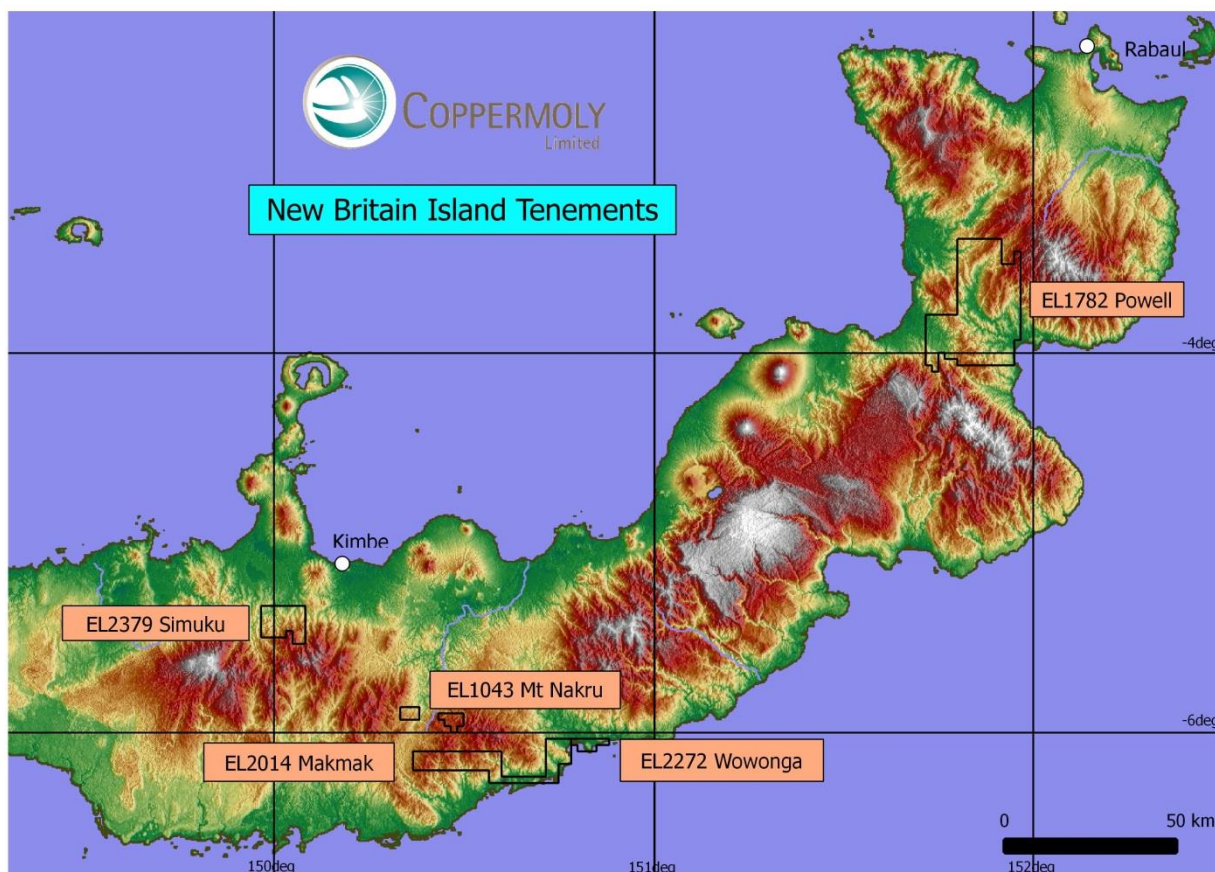


Figure 1: Coppermoly's Exploration Licences on New Britain

## Project review

### EL 1043 Mt Nakru

A surface rock chip and float sampling programme at Nakru-2 in late 2013 indicated that high-grade Cu-Au mineralisation with results up to 24% copper, occurred over an extensive area with a likely strike length in excess of 800m. This area coincides with a broad Induced Polarisation (IP) chargeability anomaly.

Following up these results Coppermoly collected a further fifteen (15) rock float (talus debris) samples in March 2015 at the Nakru-2 Northwest and Nakru-4 prospects located approximately 500 to 1000m northwest of known mineralisation at Nakru-2 and Nakru-1 respectively (Figure 2).

Three (3) samples from Nakru-2 Northwest each assayed greater than 2% copper and together with highly anomalous gold, silver, zinc and molybdenum confirm the previously indicated extensive zone of mineralisation at Nakru-2. Six (6) of the twelve (12) float samples from the Nakru-4 prospect assayed greater than 1% copper with three (3) assaying greater than 2% copper. The spatial distribution of the anomalous samples suggests new parallel zones of mineralisation at both Nakru-2 Northwest and Nakru-4. Samples were collected by Copper Quest's geologist and analysed at Intertek in Lae and Intertek Genalysis in Townsville.

# DIRECTORS' REPORT

Most of the samples with elevated copper contain sulphides with little or no oxidation although the presence of secondary chalcocite suggests some samples are derived from the supergene enrichment zone. The float samples are considered to have a local provenance as the local topography is relatively subdued, limiting downslope movement and the samples are relatively unoxidised suggesting recent exhumation. The dominant primary sulphide species are pyrite and chalcopyrite. The sulphide mineralisation is hosted in strongly quartz-sericite-clay altered rhyolite breccia. Similar rocks host mineralisation at Nakru-1 and Nakru-2 deposits.

The Nakru EL was renewed during the period for a period of two years following a warden's hearing held on site.

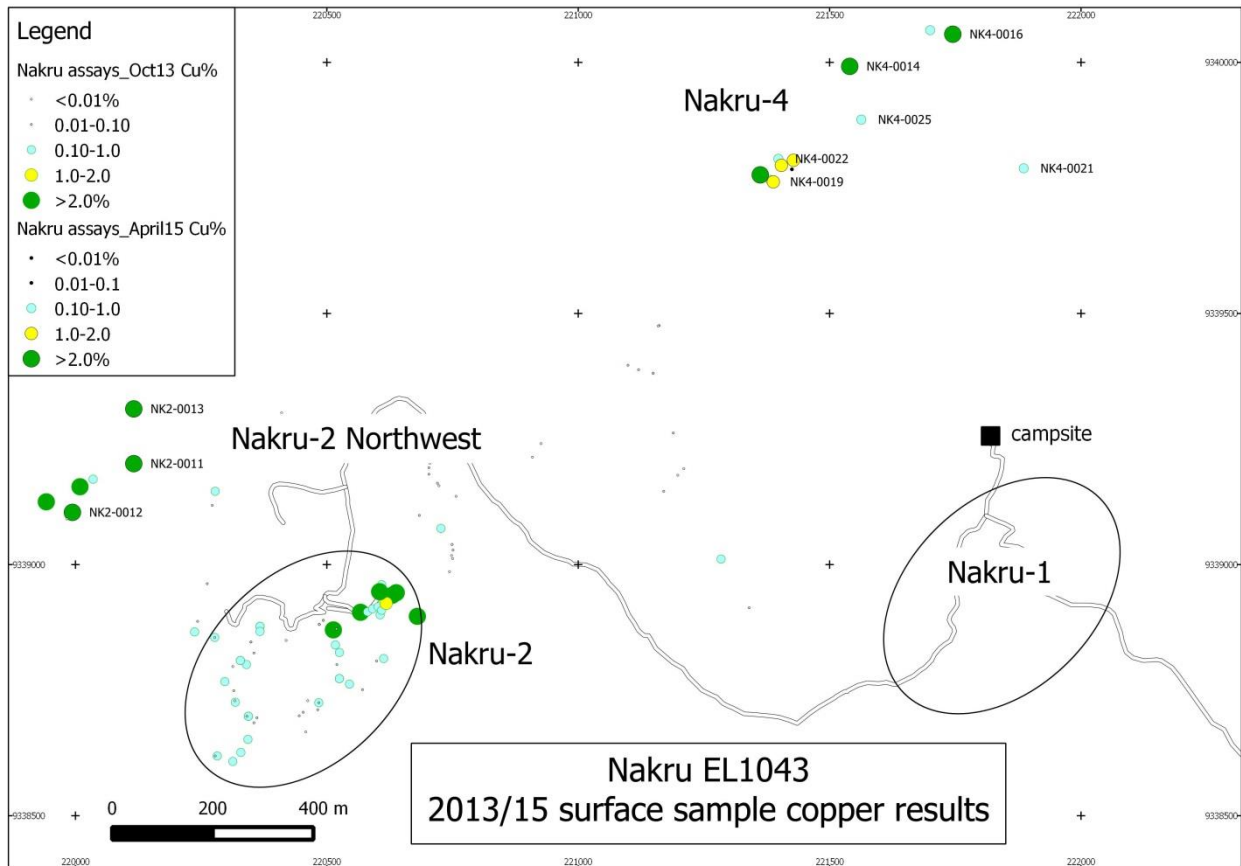


Figure 2: Nakru project location map showing surface rock float sample locations and copper assays from 2013 and 2015 sampling programme

## EL 2379 Simuku (new consolidated exploration licence comprising EL1077 Simuku and EL1445 Taleumas)

Work on the Simuku prospect which comprises the Simuku porphyry, Kula alteration zone and Mt Misusu quartz stockwork has been limited to a review of the Barrick data. As the Simuku prospect extends over both the Simuku and Taleumas exploration licences, Coppermoly decided to make application to consolidate the two licences. The new exploration licence covers exactly the same land, and has the same landowners, as the antecedent tenements but reduces the administration and compliance requirements for the licence. The new consolidated exploration licence was granted as EL2379 on 11 September 2015.

## EL 2014 Makmak

The Makmak EL was renewed during the period for a further two years following a warden's hearing held on site. Following a compulsory reduction in the size of the Licence this tenement now covers 75 sub blocks or 255.28 square kilometres.

## EL 1782 Powell

The Powell tenement covers 758 square kilometres and is located in East New Britain. A data review indicates copper geochemical anomalies in the south west of the tenement warrant follow up.

# DIRECTORS' REPORT

---

## EL 2272 Wowonga

Wowonga is a small, greenfields exploration licence located on the south coast of West New Britain which adjoins Coppermoly's Makmak exploration licence. Coppermoly applied for the ground when evaluating the aeromagnetic results for Makmak after noticing an unusually pronounced anomaly on this coastal promontory.

Coppermoly believes that it warrants closer examination given the exceptional results it has obtained on other tenements on the same regional trend.

## **Financial Review**

### Profit or Loss

Costs for the year ended 30 June 2015 were marginally higher by approximately \$9,000, or 1% more than the previous year's total costs. Increased costs included an additional \$89,900 in finance costs reflecting additional interest on loans and interest accrued on the convertible notes issued during the year; a decrease of \$24,000 in the net change in fair value of financial liabilities; and an additional \$6,000 in insurance costs. These additional costs were offset by reductions in other costs including corporate compliance (\$18,900 decrease) due primarily to a reduced spend on public relations and travel costs; and a reduction in office rental, communication and consumables (down \$17,800) due mostly to lower electricity, telephone and software costs. Other cost reductions included depreciation (\$8,100 decrease); employee benefits (\$4,300 decrease); and other expenses (\$14,000 decrease).

### Statement of Financial Position

Total assets increased over the year due largely to the increase in the capitalised values of mineral exploration and evaluation assets. The total net increase of approximately \$2,384,300 was made up of an increase in cash and receivables of \$402,200; and an increase in mineral exploration and evaluation assets of \$2,008,400 consisting of new fully paid ordinary shares in Coppermoly (**Shares**) valued at \$869,600 issued to Barrick for the second payment under the Barrick reacquisition agreement, approximately \$363,700 spent on exploration and foreign currency exchange differences of \$775,100. These increases were offset by a decrease in plant and equipment of \$26,400 being largely depreciation for the year.

Total liabilities increased by approximately \$1,050,300 primarily due to the issue of convertible notes in December 2014 and March 2015 recorded at \$1,118,400 as at 30 June 2015 offset by a reductions in trade and other creditors of \$48,000 and provisions of \$20,100.

Total equity increased during the year due to net capital issued being approximately \$1,150,200 (including the value of the shares issued to Barrick mentioned above) higher than the total comprehensive loss for the year.

### Cash Flows

Cash used in operations during the year was down by approximately \$72,600 compared to the prior year, an improvement of more than 10% and largely due to directors, including some former directors, not taking their directors' fees in cash in 2015. These amounts have been accrued in the accounts. Other material savings include lower corporate compliance and office rental, communication and consumables costs paid in 2015.

Cash used for investment activities was lower in 2015 compared to the prior year by approximately \$1,295,900. This reduction was due to a lower amount spent on exploration in 2015. Cash used for investing activities in the prior year also included \$680,000 paid to Barrick as part of the reacquisition agreement for the WNB Projects.

Cash from financing activities was approximately \$823,700 less than the prior year. Net funds raised from the issue of securities during the year totalled \$2,260,400 less than the equivalent amount from last year but was offset by an increase in net borrowings of \$1,436,800 in 2015.

As at 30 June 2015 Coppermoly had \$488,351 in cash and cash equivalents compared to \$90,522 at 30 June 2014.

# DIRECTORS' REPORT

---

## Capital Raising and Debt Financing

There were two main funding events during the current year:

1. On 16 July 2014 Coppermoly entered into a bridging loan with one of its major shareholders, Jelsh Holdings Pty Ltd (Jelsh), to borrow \$500,000. The loan was provided on an unsecured basis and was provided as interim financing used for general working capital purposes. The loan attracted interest of 6.5% per annum, subject to additional default interest applying in the event of non-repayment, and was repaid by Coppermoly on 19 December 2014. The repayment amount included interest of \$13,979;
2. On 12 December 2014 Coppermoly entered into a placement and convertible note agreement with Jade Triumph International Limited. The key features of the Agreement included:
  - a. An upfront placement of 30,000,000 shares at an issue price of \$0.01 (1 cent) per Share to raise \$300,000 (**Placement**); and
  - b. The issue of 60,000,000 convertible notes at an issue price of \$0.02 (Convertible Notes) to raise a total of \$1,200,000 (before costs), in two separate tranches, being:
    - i. an initial upfront issue of 38,750,000 Convertible Notes to raise \$775,000 (**Initial Tranche**); and
    - ii. a subsequent issue of 21,250,000 Convertible Notes to raise \$425,000, which was subject to Coppermoly first receiving Shareholder approval for that issue.
  - c. Each Convertible Note is:
    - i. convertible into one Share within 24 months of the issue of the Initial Tranche (**Maturity Date**), at the Option of the holder, subject to such conversion not resulting in the holder breaching the Corporations Act 2001;
    - ii. accrues interest a rate of 7% per annum, repayable at maturity; and
    - iii. may be repaid by Coppermoly at any time prior to the Maturity Date, subject to Coppermoly paying the holder a break fee equal to 5% of the repayment amount.
  - d. The noteholder also received 19,999,999 unlisted options to acquire Shares (the issue of 7,083,333 of which were subject to first obtaining Shareholder approval), which are exercisable at any time prior to the Maturity Date at an exercise price of \$0.03 (3 cents) (**Attaching Options**), and subject to the holder only being entitled to exercise one Attaching Option for every three Convertible Notes that it elects to convert to Shares.

The funds raised from the Placement and Convertible Notes were used to fund exploration on the Company's tenements and other working capital requirements.

On 26 March 2015 Coppermoly also issued 21,963,933 unlisted options to Barrick. Each unlisted option is exercisable into one share at any time prior to 25 March 2017 at an exercise price of \$0.03 (3 cents) (**Barrick Options**).

The Barrick Options were issued for no consideration and were in return for Barrick agreeing to waive a Condition Precedent to amending the Reacquisition Agreement between Coppermoly and Barrick.

## Business strategies and prospects for future financial years

As is typical for a junior exploration company, the ability to raise funds is a critical factor. In this context, the success of the Company's exploration activities is the primary determinant, backed-up by the on-going support of its shareholders. The general state and sentiments of the equity and commodities markets and their appetite for exploration and development investments are also vital considerations. Whilst macro-economic factors are externally imposed they nevertheless define the broad context in which strategic decisions are made.

The Company's core strategy is to wholly own and to actively explore its exploration assets. With the finalisation of the Barrick reacquisition agreement a clear pathway for this strategy has now been established. The intention is for the Company's activities to remain geographically focused on New Britain Island.

The Company's core objective is to increase shareholder wealth through sustained, active, value-adding exploration. Once the value of the Company's assets has been proven, the options for realising that value will be fully and carefully assessed.

# DIRECTORS' REPORT

---

## Material business risks

The Company recognises that the management of risk is a critical component for Coppermoly achieving its purpose of delivering growth in shareholder value. The Company has a framework to identify, understand, and manage risks. The material business risks that could have an adverse impact on Coppermoly's business include exposure to economic, environmental and social sustainability risks. The nature of the material risks and, where appropriate, how such risks are managed is set out below. This list is neither exhaustive nor in order of importance.

## Funding risk

There is no certainty that Coppermoly will be able to raise additional capital, or that it will be able to do so on favourable terms. If Coppermoly is able to raise additional capital, it may be required to do so at a significant discount to the prevailing share price. If this occurs, this may significantly dilute existing Shareholders. If Coppermoly cannot raise additional capital through the issue of additional Shares, it may be forced to dispose of some or all of its interest in one or more of its assets. If Coppermoly is required to dispose of assets in those circumstances to a third party, such disposal could possibly be on unfavourable terms, including price. If Coppermoly is not able to raise additional funding in a timely manner through either the issue of additional Shares or the disposal of assets, it could have a significant detrimental effect on the financial position and viability of Coppermoly. To reduce these risks as much as possible the Company is striving to find the balance between cost savings and maintaining resources to allow for future operations when needed.

## Exploration Licence extension risk

Coppermoly's wholly owned subsidiary, Copper Quest PNG Limited, is the legal holder of five Exploration Licences, with the following expiry dates:

Exploration Licences:

1. EL 1043 (Nakru) has been granted for a two year term ending on 7 December 2016;
2. EL 2379 (Simuku) has been granted for a two year term ending on 10 September 2017;
3. EL 1782 (Powell) has been granted for a two year term ending on 24 September 2015. Coppermoly has lodged an application to extend the term of this Exploration Licence until 24 September 2017. A Warden's Hearing is scheduled for 27 October 2015;
4. EL 2014 (Makmak) has been granted for a two year term ending on 14 May 2016; and
5. EL 2272 (Wowonga) has been granted for a two year term ending on 24 February 2016.

As at the date of this report, the current term of the Powell Exploration Licence has expired. However, Coppermoly has applied to extend the term of this Exploration Licence, and it continues in force until a determination is made regarding the application to extend its term. Accordingly, while Coppermoly has applied to renew the Powell Exploration Licence, there is no certainty that the term of the Exploration Licence will be extended.

The departmental procedure for Exploration Licence extensions requires the approval at a Warden's Hearing, followed by consideration and recommendation by the Mining Advisory Council and the final approval by the Papua New Guinean Minister of Mining. Shareholders should be aware that, pending extension, granted Exploration Licences remain in good standing until a decision is made.

There is a risk that one or more of the exploration licences will not be extended, or that the terms of the extension are not favourable to Coppermoly. This could have a significant adverse impact on the performance of Coppermoly.

## Key sensitivities of Coppermoly's licences

The future success of Coppermoly is largely dependent on the success of the WNB Projects as well as Coppermoly's other copper/gold exploration licences. The WNB Projects and Coppermoly's other licences are subject to the following key sensitivities:

1. the delineation of sufficient copper/gold reserves so as to result in the viable extraction and processing of copper/gold from the WNB Projects;
2. copper and gold prices;
3. mining and processing costs of copper and gold ores;
4. the capital cost to construct any required processing plant and associated facilities or the cost of transporting any extracted materials to a third party's processing facility; and
5. national/provincial/local governments' stakes that may be included in any subsequent development agreement; and
6. consent from the customary landowners or other parties for access to exploration licences.



## DIRECTORS' REPORT

---

There is also no guarantee that Coppermoly will be able to obtain all of the necessary approvals, permits, licences and consents required to develop the West New Britain Project.

### Corporate

#### Board Changes

The whole board was changed during 2015. The size of the board did not change.

The Board now comprises Dr Wanfu Huang, Mr Jincheng Yao and Mr Kevin Grice. Please see page 10 of the Directors' Report for further details on each director.

Mr Kevin Grice was appointed as a Director on 15 July 2014.

Dr Wanfu Huang was appointed as a Director on 11 March 2015.

Mr Jincheng Yao was appointed as a Director on 5 March 2015.

Maurice Gannon resigned as a Director on 15 July 2014.

B. Faulkner resigned as a Director on 11 March 2015.

M. Howard resigned as a Director on 11 March 2015.

### Competent Person Statement

---

The information in this report that relates to Exploration Results is based on information compiled by Mr Mike Erceg, who is a Member of the Australasian Institute of Geoscientists. Mr Erceg 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 Erceg is a contracted consultant to Coppermoly through labour hire company Rock People Solutions Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### NOTES:

- Co-ordinates are given in UTM Zone 56, AGD66 Datum.

# **DIRECTORS' REPORT**

---

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial report.

## **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There have been no subsequent events after 30 June 2015.

## **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.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS

### Particulars of Directors' interest in shares and options of Coppermoly Ltd

#### Director and Experience

Special Responsibilities	Ordinary Shares	Listed Options
--------------------------	-----------------	----------------

##### **Kevin Grice**

Non-Executive Director since 15 July 2014.

Age 66. 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.

Nil

Nil

##### **Jincheng Yao**

Non-Executive Director since 5 March 2015.

Age 42. 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.

30,000,000

Nil

##### **Wanfu Huang**

Non-Executive Director since 11 March 2015.

Age 53. 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.

56,501,133

Nil

## COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

##### **Paul Schultz**

CPA AGIA B.Bus GDipACG. Mr Schultz has over twenty years' experience in business administration and statutory reporting. He has a professional background in commercial accounting and public practice. He is also a graduate and associate member of the Governance Institute of Australia.

Mr Schultz has been the Chief Financial Officer of Coppermoly Ltd since 8 July 2013 and was appointed as Company Secretary on 3 February 2014. He is also a member of the Audit Committee.

# DIRECTORS' REPORT

## 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 2015, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Mr K Grice (appointed 15 July 2014)	9	9	2	2
Mr J Yao (appointed 5 March 2015)	2	2	*	*
Mr W Huang (appointed 11 March 2015)	2	2	0	0
Mr B. Faulkner (resigned 11 March 2015)	13	13	2	2
Mr M. Howard (resigned 11 March 2015)	13	13	*	*
Mr M.J. Gannon (resigned 15 July 2014)	5	5	*	*

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
B. Faulkner	Non-Executive Director	6 December 2011 – 11 March 2015
M. Howard	Non- Executive Director	4 December 2013 – 11 March 2015
M.J. Gannon	Company Secretary Executive Director Managing Director Interim Chairman	30 July 2008 – 3 February 2014 12 February 2010 – 15 July 2014 24 January 2013 – 15 July 2014 11 March 2014 – 15 July 2014

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.

# DIRECTORS' REPORT

## REMUNERATION REPORT (Audited) (continued)

Details of market price movements in the Company's ordinary share price for the current year and last four years ended 30 June 2015:

	2011	2012	2013	2014	2015
Share price at year end	\$0.094	\$0.027	\$0.034	\$0.016	\$0.005
Change in share price <sup>1</sup>	\$0.008	(\$0.067)	\$0.007	(\$0.018)	(\$0.011)
TSR – year on year <sup>2</sup>	9.3%	(71.3 %)	25.9%	(52.9%)	(68.8%)
Loss for the year	\$1,291,652	\$1,476,601	\$1,000,406	\$787,337	\$798,960
KMP remuneration	\$873,024	\$377,023	\$356,050	\$384,640	\$262,567

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 2015.

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

Any options issued to KMP (of which there are none at present) have performance “premiums” factored into their exercise prices. The cash component of remuneration is kept relatively low.

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 demands which are made on, and the responsibilities of 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.

### *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.

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.

# DIRECTORS' REPORT

---

## REMUNERATION REPORT (Audited) (continued)

### *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.

In circumstances where the employment of an Executive Director is terminated without cause up to six months' salary could be payable in lieu of notice. Non-Executive Directors are not eligible to receive any termination payments.

#### K. Grice, Non-Executive Director

- Base Salary, inclusive of superannuation, as at 30 June 2015 of \$43,800 to be reviewed annually.

#### J. Yao, Non-Executive Director

- Base Salary as at 30 June 2015 of \$40,000 to be reviewed annually.

#### W. Huang, Non-Executive Director

- Base Salary as at 30 June 2015 of \$40,000 to be reviewed annually.

#### B. Faulkner, Non-Executive Director

- Base Salary, inclusive of superannuation, of \$43,800.

#### M. Howard, Non-Executive Director

- Base Salary, inclusive of superannuation, \$43,800.

#### M. Gannon, Managing Director / Interim Chairman

- Base salary, inclusive of superannuation, of \$205,313.
- Notice period of six months.

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.

# DIRECTORS' REPORT

## 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 2015 and 30 June 2014 are set out in the following tables:

2015	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits	Termination Benefits	Share-based payments	Total	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
	Cash salary & fees	Cash Bonus	Super-annuation	Long Service Leave		Options			
Name	\$	\$	\$	\$	\$	\$	\$		
<i>Directors</i>									
K. Grice <sup>1</sup> (from 15 Jul 2014)	38,333	-	3,642	-	-	-	41,975	-	-
J. Yao <sup>2</sup> (from 5 Mar 2015)	12,959	-	-	-	-	-	12,959	-	-
W. Huang <sup>3</sup> (from 11 Mar 2015)	12,302	-	-	-	-	-	12,302	-	-
B. Faulkner <sup>4</sup> (1 Jul 2014 – 11 Mar 2015)	27,872	-	2,648	-	-	-	30,520	-	-
M. Howard <sup>5</sup> (1 Jul 2014 – 11 Mar 2015)	27,872	-	2,648	-	-	-	30,520	-	-
M. Gannon (1 Jul 2014 – 15 Jul 2014)	8,883	-	9,523	22,135	93,750	-	134,291	-	-
<b>Total</b>	<b>128,221</b>	<b>-</b>	<b>18,461</b>	<b>22,135</b>	<b>93,750</b>	<b>-</b>	<b>262,567</b>		

2014	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits	Termination Benefits	Share-based payments	Total	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
	Cash salary and fees	Cash Bonus	Super-annuation	Long Service Leave		Options			
Name	\$	\$	\$	\$	\$	\$	\$		
<i>Directors</i>									
M. Gannon	228,881	-	21,172	-	-	-	250,053	-	-
B. Faulkner <sup>4</sup>	35,000	-	3,238	-	-	-	38,238	-	-
M. Howard <sup>5</sup> (4 Dec 2013 – 30 Jun 2014)	23,333	-	2,158	-	-	-	25,491	-	-
T. Revy (1 Jul 2013 – 11 Mar 2014)	34,812	-	3,220	-	-	-	38,032	-	-
N. Streltsova (1 Oct 2013 – 11 Mar 2014)	17,850	-	1,651	-	-	-	19,501	-	-
G. Booth (1 Jul 2013 – 13 Nov 2013)	9,778	-	904	-	-	-	10,682	-	-
S. Uldridge (1 Jul 2013 – 14 Aug 2013)	2,419	-	224	-	-	-	2,643	-	-
<b>Total</b>	<b>352,073</b>	<b>-</b>	<b>32,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>384,640</b>		

<sup>1</sup>Includes accrued & unpaid Directors fees of \$32,500 for y/e 30.06.15.

<sup>2</sup>Includes accrued & unpaid Directors fees of \$12,959 for y/e 30.06.15.

<sup>3</sup>Includes accrued & unpaid Directors fees of \$12,302 for y/e 30.06.15.

<sup>4</sup>Includes accrued & unpaid Directors fees of \$27,872 for y/e 30.06.15 and \$30,000 for y/e 30.06.14.

<sup>5</sup>Includes accrued & unpaid Directors fees of \$27,872 for y/e 30.06.15 and \$23,333 for y/e 30.06.14.

# DIRECTORS' REPORT

## REMUNERATION REPORT (Audited) (continued)

### (d) Options and rights granted as remuneration

There were no options granted during the year ended 30 June 2015.

### (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.

### (f) Additional disclosures relating to KMP

#### (i) Share holdings

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

2015 Name	Balance at the start of the year Number	Received during the year on the exercise of options Number	Other changes during the year <sup>1</sup> Number	Balance at the end of the year Number
<b>Directors of Coppermoly Ltd</b>				
K. Grice	-	-	-	-
J. Yao*	-	-	30,000,000	30,000,000
W. Huang**	56,501,133	-	-	56,501,133
B. Faulkner <sup>#</sup>	5,929,810	-	(5,929,810)	-
M. Howard <sup>#</sup>	-	-	-	-
M. Gannon <sup>#</sup>	2,473,144	-	(2,473,144)	-

<sup>1</sup> Other changes during the year were:

- J. Yao – purchase of shares

\* includes 30,000,000 shares held by related parties

\*\* includes 56,054,613 shares held by related parties

<sup>#</sup> Ceased as director/key management personnel

#### (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, are set out below.

2015 Name	Balance at the start of the year <sup>1</sup> Number	Granted during the year as compensation Number	Exercised during the year Number	Expired during the year Number	Other changes during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
<b>Directors of Coppermoly Ltd</b>							
K. Grice	-	-	-	-	-	-	-
J. Yao	-	-	-	-	-	-	-
W. Huang	-	-	-	-	-	-	-
B. Faulkner <sup>#</sup>	914,393	-	-	-	(914,393)	-	-
M. Howard <sup>#</sup>	-	-	-	-	-	-	-
M. Gannon <sup>#</sup>	406,357	-	-	-	(406,357)	-	-

<sup>1</sup> Options are listed options attached to rights acquired in the Company's May 2014 entitlements issue. The options expired on 1 July 2015.

<sup>#</sup> Ceased as director/key management personnel during the year

#### (iii) Other transactions with Directors and executives

There were no other transactions with Directors and executives.

## END OF REMUNERATION REPORT (Audited)



# DIRECTORS' REPORT

---

## SHARES UNDER OPTION

There are no unissued ordinary shares of Coppermoly Ltd under option at the date of this report.

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Coppermoly Ltd were issued during the year ended 30 June 2015 on the exercise of options. No shares have been issued from the exercise of options since that date.

## 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.

## 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*.

# DIRECTORS' REPORT

## NON-AUDIT SERVICES (continued)

	2015 \$	2014 \$
During the year the following fees were paid or payable for services provided by the auditors, their related practices and non-related audit firms.		
<b>Assurance Services</b>		
<b>1. Audit Services – audit or review of financial statements</b>		
BDO Audit Pty Ltd Australian firm:	36,080	37,947
Sinton Spence Chartered Accountants PNG firm:	6,694	6,629
<b>Total remuneration for audit services</b>	42,774	44,576
<b>2. Other Assurance Services</b>		
BDO Audit Pty Ltd Australian firm:	-	-
Sinton Spence Chartered Accountants PNG firm:	1,324	3,043
<b>Total remuneration for other assurance services</b>	1,324	3,043
<b>Total remuneration for assurance services</b>	44,098	47,619
<b>Taxation Compliance Services</b>		
BDO (QLD) Pty Ltd Australian firm:	7,500	3,013
Sinton Spence Chartered Accountants PNG firm:	862	780
<b>Total remuneration for taxation services</b>	8,362	3,793

## 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 18.

## 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*.

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



Kevin Grice  
Non-executive Director

Bundall, Queensland  
28 September 2015

## CORPORATE GOVERNANCE

The Company's Corporate Governance Statement, prepared in accordance with the 3rd Edition of Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, can be found on the Coppermoly website at <http://www.coppermoly.com.au/corporate/corporate.htm>.

## DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF COPPERMOLY LIMITED

As lead auditor of Coppermoly Limited for the year ended 30 June 2015, 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.



**A J Whyte**  
Director

**BDO Audit Pty Ltd**

Brisbane, 28 September 2015

## CONTENTS

	<u>Page No.</u>
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	20
Consolidated Statement of Financial Position.....	21
Consolidated Statement of Changes in Equity.....	22
Consolidated Statement of Cash Flows.....	23
Notes to the Consolidated Financial Statements.....	24-43
Directors' Declaration.....	44
Independent Audit Report to the Members of Coppermoly Ltd.....	45-46

This financial report covers the consolidated entity consisting of Coppermoly Ltd and subsidiaries. The financial report is presented in the Australian currency.

Coppermoly Ltd is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange and Port Moresby Stock Exchange. Its registered office and principal place of business is:

Coppermoly Ltd  
Level 1  
91 Upton Street  
Bundall Qld 4217

A description of the nature of the consolidated entity's operations and its principal activities is included in the in the Directors' Report on pages 2 to 17, both of which are not part of the financial report.

The financial report was authorised for issue by the Directors on 28 September 2015. The Directors have the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: [www.coppermoly.com.au](http://www.coppermoly.com.au).

For queries in relation to our reporting please call +61 7 5510 3994 or e-mail [info@coppermoly.com.au](mailto:info@coppermoly.com.au).

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>Revenue</b>	5	6,609	9,382
		<u>6,609</u>	<u>9,382</u>
Depreciation		(28,612)	(36,689)
Employee benefits expense		(439,067)	(443,347)
Insurances		(43,454)	(37,421)
Corporate compliance and shareholder relations		(142,868)	(161,757)
Office rental, communication and consumables		(45,054)	(62,870)
Net changes in fair value of financial liabilities at fair value through profit or loss		-	(24,000)
Finance costs		(90,807)	(906)
Other expenses		(15,707)	(29,729)
<b>Loss before income tax</b>		<u>(798,960)</u>	<u>(787,337)</u>
Income tax (expense) / benefit	7	-	-
<b>Net Loss for the year</b>		<u>(798,960)</u>	<u>(787,337)</u>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to the profit or loss</b>			
Exchange differences on translation of foreign operations		840,445	(898,962)
Income tax on items of other comprehensive income		-	-
<b>Other comprehensive income for the year</b>		<u>840,445</u>	<u>(898,962)</u>
<b>Total comprehensive income for the year</b>		<u>41,485</u>	<u>(1,686,299)</u>
		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share	23	(0.24)	(0.33)

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 2015**

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	488,351	90,522
Trade and other receivables	9	20,569	18,526
<b>Total Current Assets</b>		<u>508,920</u>	<u>109,048</u>
<b>Non-Current Assets</b>			
Receivables	10	25,288	22,912
Property, plant and equipment	11	81,362	107,738
Mineral exploration and evaluation assets	12	11,621,139	9,612,723
<b>Total Non-Current Assets</b>		<u>11,727,789</u>	<u>9,743,373</u>
<b>Total Assets</b>		<u>12,236,709</u>	<u>9,852,421</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	237,869	285,819
Provisions	14	11,208	5,437
<b>Total Current Liabilities</b>		<u>249,077</u>	<u>291,256</u>
<b>Non-Current Liabilities</b>			
Borrowings	15	1,118,369	-
Provisions	14	11,450	37,350
<b>Total Non-Current Liabilities</b>		<u>1,129,819</u>	<u>37,350</u>
<b>Total Liabilities</b>		<u>1,378,896</u>	<u>328,606</u>
<b>Net Assets</b>		<u>10,857,813</u>	<u>9,523,815</u>
<b>EQUITY</b>			
Contributed equity	16	15,922,838	14,772,591
Reserves	17	3,338,635	2,355,924
Accumulated losses		(8,403,660)	(7,604,700)
<b>Total Equity</b>		<u>10,857,813</u>	<u>9,523,815</u>

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 2015**

	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Balance at 30 June 2014</b>	14,772,591	(7,604,700)	2,355,924	9,523,815
<b>Comprehensive income for the year</b>				
Loss for the year	-	(798,960)	-	(798,960)
Foreign currency translation difference	-	-	840,445	840,445
<b>Total Comprehensive Income</b>	-	(798,960)	840,445	41,485
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity	1,169,593	-	-	1,169,593
Costs of share issue	(19,346)	-	-	(19,346)
Value of conversion rights on convertible notes	-	-	142,266	142,266
Share option expired	-	-	-	-
<b>Total transactions with owners In their capacity as owners</b>	1,150,247	-	142,266	1,292,513
<b>Balance at 30 June 2015</b>	15,922,838	(8,403,660)	3,338,635	10,857,813
<b>Balance at 30 June 2013</b>	12,351,657	(6,817,363)	3,254,886	8,789,180
<b>Comprehensive income for the year</b>				
Loss for the year	-	(787,337)	-	(787,337)
Foreign currency translation difference	-	-	(898,962)	(898,962)
<b>Total Comprehensive Income</b>	-	(787,337)	(898,962)	(1,686,299)
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity	2,923,475	-	-	2,923,475
Costs of share issue	(502,541)	-	-	(502,541)
Share option expired	-	-	-	-
<b>Total transactions with owners In their capacity as owners</b>	2,420,934	-	-	2,420,934
<b>Balance at 30 June 2014</b>	14,772,591	(7,604,700)	2,355,924	9,523,815

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 2015**

	Notes	2015 \$	2014 \$
<b>Cash Flows from Operating Activities</b>			
Cash receipts in the course of operations (incl. GST)		29,331	73,742
Interest received		5,552	9,382
Interest paid		(16,433)	-
Payments to suppliers and employees (incl. GST)		(667,742)	(805,059)
<b>Net cash inflow (outflow) from operating activities</b>	25	<u>(649,292)</u>	<u>(721,935)</u>
<b>Cash Flows From Investing Activities</b>			
Payment for purchase of prospects		-	(680,000)
Payments for exploration and evaluation activities		(346,211)	(948,717)
Security deposits recovered / (paid)		-	(8,095)
Payments for property, plant and equipment		(694)	(5,878)
Proceeds from sale of property, plant and equipment		82	-
<b>Net cash inflow (outflow) from investing activities</b>		<u>(346,823)</u>	<u>(1,642,690)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issues of shares and options		300,000	2,923,475
Cost of share and option issues		(104,346)	(467,375)
Proceeds from the issue of convertible notes		1,200,000	-
Cost of convertible note issue		(13,739)	-
Repayment of convertible notes		-	(250,000)
Proceeds from borrowings		553,649	24,609
Repayment of borrowings		(544,954)	(16,439)
<b>Net cash inflow (outflow) from financing activities</b>		<u>1,390,610</u>	<u>2,214,270</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>394,495</u>	<u>(150,355)</u>
Cash and cash equivalents at the beginning of the financial year		90,522	243,209
Exchange difference on cash		3,334	(2,332)
<b>Cash and cash equivalents at the end of the financial year</b>	8	<u>488,351</u>	<u>90,522</u>

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



**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

<b>INDEX</b>		Page Nos.
NOTE 1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	24
NOTE 2	FINANCIAL RISK MANAGEMENT .....	30
NOTE 3	CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS .....	34
NOTE 4	PARENT ENTITY INFORMATION.....	34
NOTE 5	REVENUE.....	34
NOTE 6	EXPENSES.....	35
NOTE 7	INCOME TAX.....	35
NOTE 8	CURRENT ASSETS: CASH & CASH EQUIVALENTS .....	35
NOTE 9	CURRENT ASSETS: TRADE AND OTHER RECEIVABLES .....	35
NOTE 10	NON-CURRENT ASSETS: RECEIVABLES .....	35
NOTE 11	NON-CURRENT ASSETS: PROPERTY, PLANT AND EQUIPMENT .....	36
NOTE 12	MINERAL EXPLORATION AND EVALUATION ASSETS .....	36
NOTE 13	CURRENT LIABILITIES: TRADE AND OTHER PAYABLES.....	37
NOTE 14	CURRENT LIABILITIES: PROVISIONS.....	37
NOTE 15	NON-CURRENT LIABILITIES: BORROWINGS AND PROVISIONS.....	37
NOTE 16	CONTRIBUTED EQUITY.....	38
NOTE 17	RESERVES .....	39
NOTE 18	COMMITMENTS .....	40
NOTE 19	SUBSEQUENT EVENTS.....	40
NOTE 20	KEY MANAGEMENT PERSONNEL DISCLOSURES.....	40
NOTE 21	SEGMENT INFORMATION .....	41
NOTE 22	AUDITORS' REMUNERATION.....	41
NOTE 23	EARNINGS PER SHARE ("EPS").....	41
NOTE 24	CONTINGENCIES .....	42
NOTE 25	RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES .....	42
NOTE 26	SUBSIDIARIES.....	42
NOTE 27	NON-CASH FINANCING AND INVESTING ACTIVITIES .....	43

**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 Level 1, 91 Upton St, Bundall, Queensland.

**(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).

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

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Going concern*

The Group incurred a net loss of \$798,960 for the year ended 30 June 2015. As at 30 June 2015 the Group had cash reserves of \$488,351, working capital of \$259,843 and net assets of \$11,420,080. The company has not generated revenues from operations. The Group has committed to re-acquire Barrick (PNG Exploration) Ltd's ("Barrick") nominal 28% interest in tenements EL1043 and EL2379, (EL2379 is a newly consolidated exploration licence combining EL1077 and EL1445) for a final payment of \$4,500,000 to be paid no later than six months after the commencement of commercial production at the West New Britain Project, in addition to its exploration commitments under its other licenses. Refer to note 12 for further details on the required payments to reacquire the tenements from Barrick.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the company's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Group has funded its activities through issuance of equity securities and it is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.

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.

**(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 2015 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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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 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**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

*Interest income*

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

**(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 using the balance sheet liability method 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. These differences are presently assessed at 30%.

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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Impairment of assets**

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.

**(i) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss as part of other expenses.

**(j) Financial assets**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and re-evaluates this designation at each reporting date.

Financial assets are initially stated at fair value plus any directly attributable transaction costs (except for assets at fair value through the profit or loss for which transaction costs are expensed). Purchases and sales are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each relevant category of financial assets subsequent to initial recognition are set out below.

*(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Loans and receivables are measured at amortised cost using effective interest method less any impairment losses.

*(ii) Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

**(k) 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 are assumed to approximate their fair values due to their short-term nature.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) 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.

**(m) 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.

**(n) 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.

**(o) 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.

**(p) Employee benefits**

*(i) Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(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 balance 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.

**(q) 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.

**(r) 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.

**(s) 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.

**(t) 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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(u) Accounting standards issued not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group has decided against early adoption of these standards. The Group's assessment of the impact of these new standards and interpretations is set out below:

*AASB 9 Financial Instruments*

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Group does not expect any material impacts when the standard is adopted.

**NOTE 2 FINANCIAL RISK MANAGEMENT**

Risk management has focused on limiting debt to a level which could be extinguished by sale of assets or issue of securities if necessary.

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.

**(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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015**

**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. No amounts owing to the Group are past due and none are impaired. The Group has all cash deposits with reputable banks such as Westpac and Bankwest.

**(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.

Liquidity risk is measured using liquidity ratios such as working capital.

**Summary quantitative data**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Current assets	508,920	109,048
Current liabilities	249,077	291,256
Surplus / (deficit)	259,843	(182,208)



**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**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.

	<b>Carrying amount \$</b>	<b>Contractual cashflow \$</b>	<b>Within 1 year \$</b>	<b>1-2 years \$</b>
<b>2015</b>				
Trade and other payables	237,869	237,869	237,869	-
Borrowings	1,118,369	1,360,094	-	1,360,094
<b>2014</b>				
Trade and other payables	285,819	285,819	285,819	-
Borrowings	-	-	-	-

**(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:

	<b>2015 \$</b>	<b>2014 \$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	488,351	90,522
Trade and other receivables	-	-
	<u>488,351</u>	<u>90,522</u>
<b>Financial Liabilities</b>		
Trade and other payables	-	-
Borrowings	-	-
	<u>-</u>	<u>-</u>
<b>Net exposure</b>	<u>488,351</u>	<u>90,522</u>

**Sensitivity Analysis**

**June 2015**

	<b>Carrying amount \$</b>	<b>Interest Rate Risk - 1%</b>		<b>Interest Rate Risk + 1%</b>	
		<b>Profit \$</b>	<b>Equity \$</b>	<b>Profit \$</b>	<b>Equity \$</b>
<b>Financial Assets</b>					
Cash and cash equivalents	488,351	(4,884)	(4,884)	4,884	4,884
Total increase / decrease	-	(4,884)	(4,884)	4,884	4,884

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

**Sensitivity Analysis**

**June 2014**

	<b>Carrying amount \$</b>	<b>Interest Rate Risk - 1%</b>		<b>Interest Rate Risk + 1%</b>	
		<b>Profit \$</b>	<b>Equity \$</b>	<b>Profit \$</b>	<b>Equity \$</b>
<b>Financial Assets</b>					
Cash and cash equivalents	90,522	(905)	(905)	905	905
Total increase / decrease	-	(905)	(905)	905	905

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**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.

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:

	<b>2015 Kina</b>	<b>2014 Kina</b>
<b>Financial Assets</b>		
Cash and cash equivalents	104,909	40,986
Trade and other receivables	45,231	45,768
	<u>150,140</u>	<u>86,755</u>
<b>Financial Liabilities</b>		
Trade and other payables	40,173	131,432
	<u>40,173</u>	<u>131,432</u>
<b>Net exposure</b>	<u>109,967</u>	<u>(44,678)</u>

**Sensitivity Analysis**

**June 2015**

**Foreign Exchange Risk**

**- 10%**

**+ 10%**

	<b>Carrying amount</b>	<b>Profit</b>	<b>Equity</b>	<b>Profit</b>	<b>Equity</b>
	\$	\$	\$	\$	\$
<b>Financial Assets and Liabilities</b>					
Net exposure	53,494	(5,349)	(5,349)	5,349	5,349

**Sensitivity Analysis**

**June 2014**

**Foreign Exchange Risk**

**- 10%**

**+ 10%**

	<b>Carrying amount</b>	<b>Profit</b>	<b>Equity</b>	<b>Profit</b>	<b>Equity</b>
	\$	\$	\$	\$	\$
<b>Financial Assets and Liabilities</b>					
Net exposure	(19,079)	1,908	1,908	(1,908)	(1,908)

**(f) Commodity price risk**

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

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**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 12 - 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**

	2015 \$	2014 \$
<b>ASSETS</b>		
Current Assets	455,342	89,082
Non-Current Assets	12,277,089	9,706,552
<b>Total Assets</b>	<b>12,732,431</b>	<b>9,795,634</b>
<b>LIABILITIES</b>		
Current Liabilities	229,211	234,655
Non-Current Liabilities	1,129,783	37,163
<b>Total Liabilities</b>	<b>1,358,994</b>	<b>271,818</b>
<b>Net Assets</b>	<b>11,373,437</b>	<b>9,523,816</b>
<b>EQUITY</b>		
Contributed equity	15,922,838	14,772,591
Reserves		
- Unlisted options	40,000	40,000
- Share option reserve	2,909,931	2,767,665
Accumulated losses	(7,499,332)	(8,056,440)
<b>Total Equity</b>	<b>11,373,437</b>	<b>9,523,816</b>
<b>Net Profit (Loss) for the year</b>	<b>557,108</b>	<b>(1,686,299)</b>
<b>Total comprehensive income for the year</b>	<b>557,108</b>	<b>(1,686,299)</b>

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 2015 and 2014.

**NOTE 5 REVENUE**

Interest income – unrelated parties	5,552	9,382
Other	1,057	-
	<b>6,609</b>	<b>9,382</b>

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 6 EXPENSES**

**Loss before income tax includes the following specific expenses:**

Depreciation	28,612	36,689
Net loss on disposal of property, plant and equipment	8,218	85
Rental expenses on operating leases – minimum lease payments	24,232	26,293
Defined contribution superannuation expense	37,353	52,957

**NOTE 7 INCOME TAX**

	2015 \$	2014 \$
<b>(a) The prima facie tax on loss before income tax is reconciled to the income tax as follows:</b>		
Loss before income tax expense	(798,960)	(787,337)
Tax at the Australian (and PNG) tax rate of 30%	(239,688)	(236,201)
Non-deductible expenses	540	7,200
Deferred tax assets not recognised	239,148	(799,223)
Temporary differences on deferred tax assets recognised in equity	-	(51,962)
Prior year over/under provision	-	1,080,186
Income tax expense / (benefit)	-	-

**(b) 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	12,405,862	11,241,373
Deductible temporary differences	(897,570)	(884,007)
Potential benefit at gross	11,508,292	10,357,367
Potential benefit at 30% (2014: 30%)	3,452,487	3,107,210

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**

Cash at bank and on hand	488,351	90,522
	488,351	90,522

**NOTE 9 CURRENT ASSETS: TRADE AND OTHER RECEIVABLES**

Other receivables	2,545	2,463
Prepayments	18,024	16,063
	20,569	18,526

**NOTE 10 NON-CURRENT ASSETS: RECEIVABLES**

Deposits – tenements and premises	25,288	22,912
	25,288	22,912

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 11 NON-CURRENT ASSETS: PROPERTY, PLANT AND EQUIPMENT**

	2015	2014
	\$	\$
<b>Plant and Equipment</b>		
Plant and equipment at cost	522,208	510,149
Less accumulated depreciation	(440,846)	(402,411)
	<u>81,362</u>	<u>107,738</u>
<b>Reconciliation</b>		
Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial year is set out below:		
Carrying amount at the beginning of the financial year	107,738	152,352
Additions	715	5,921
Disposals	(10,494)	(85)
Depreciation expense	(28,612)	(36,689)
Foreign currency exchange differences	12,015	(13,761)
Carrying amount at the end of the financial year	<u>81,362</u>	<u>107,738</u>

**NOTE 12 MINERAL EXPLORATION AND EVALUATION ASSETS**

**Papua New Guinea**

Balance at the beginning of the financial year	9,612,723	8,837,060
Capitalised exploration expenditure	1,233,309	1,674,578
Foreign currency exchange differences	775,107	(898,915)
Balance at the end of the financial year	<u>11,621,139</u>	<u>9,612,723</u>

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.

**West New Britain Project Exploration Licences**

In October 2009 the Group signed a Letter Agreement with Barrick (PNG Exploration) Limited (**Barrick**) to sole fund \$20 million to earn up to 72% interest in Coppermoly Limited's tenements (Mt Nakru, Simuku and Talelumas) (**WNB Projects**) on the island of New Britain 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. Note, on 11 September 2015 EL2379 was granted by the PNG Mineral Resources Authority as a consolidated exploration licence combining EL1077 Simuku and EL1445 Talelumas.

*Reacquisition Deed*

The key terms of the renegotiated Reacquisition Deed with Barrick are as follows:

- On 8 October 2013 Coppermoly paid \$680,000 to acquire a further 23% interest in the WNB Projects, taking its interest to 51%;
- During the year ended 30 June 2015 the Group issued 66,891,800 shares to acquire a further 21% interest in the project taking its interest to 72%. The issue of shares was recognised at fair value at the date the Group obtained control of the 21% interest being \$0.013 per share. The Group also issued 21,963,933 unlisted options in return for Barrick agreeing to waive a condition precedent to amending the Reacquisition Deed, which required a successful raising of a minimum of \$1.2M by 9 January 2015. The options were issued for no consideration. Each option is exercisable into one new fully paid ordinary share at any time prior to 25 March 2017 at an exercise price of \$0.03; and
- 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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 13 CURRENT LIABILITIES: TRADE AND OTHER PAYABLES**

	2015 \$	2014 \$
<b>Trade and other payables</b>		
Unsecured:		
Trade creditors	10,705	145,145
Other creditors	227,163	140,674
	<u>237,869</u>	<u>285,819</u>

**NOTE 14 PROVISIONS**

**Current liabilities**

Annual Leave	11,208	5,437
	<u>11,208</u>	<u>5,437</u>

**Non-current liabilities**

**Provisions**

Long Service Leave	11,450	37,350
	<u>11,450</u>	<u>37,350</u>

**NOTE 15 BORROWINGS**

**Borrowings**

Unsecured:		
Convertible notes	1,118,369	-
	<u>1,118,369</u>	<u>-</u>

The terms of the convertible notes are as follows:

	<u>Initial Tranche</u>	<u>Second Tranche</u>
Issue Date:	19 December 2014	26 March 2015
Maturity Date:	19 December 2016	19 December 2016
Number of Notes	38,750,000	21,250,000
Note Face Value:	\$775,000	\$425,000.
Conversion Price:	Convertible into ordinary shares \$0.02 at the note holders option being 38,750,000 shares.	Convertible into ordinary shares \$0.02 at the note holders option being 21,250,000 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 notes have a Maturity Date of 19 December 2016.

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.

Unlisted Options In conjunction with the convertible notes the noteholder was issued with 12,916,666 unlisted options on 19 December 2014 and 7,083,333 unlisted options on 26 March 2015 to acquire shares at an exercise price of \$0.03 per option. The options will expire on 19 December 2016. The options are exercisable at any time prior to the Maturity Date subject to the holder only being entitled to exercise 1 option for every 3 convertible notes it elects to convert to shares.

Interest The convertible notes bear interest at 7%. The effective interest rate is 15%.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 15 BORROWINGS (continued)**

The convertible notes are presented in the balance sheet as follows:

Face value of notes issued	1,200,000	-
Other equity securities – value of options issued	(142,266)	-
Cost of convertible notes issue	(13,739)	-
	<u>1,043,995</u>	<u>-</u>
Interest accrued	74,374	-
Repayment of convertible notes	-	-
Convertible note liability	<u>1,118,369</u>	<u>-</u>

**NOTE 16 CONTRIBUTED EQUITY**

	2015 Shares	2014 Shares	2015 \$	2014 \$
<b>(a) Paid Up Capital</b>				
Ordinary shares – fully paid – no par value	383,729,449	286,837,649	15,922,838	14,772,591

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 2013	Balance	175,082,816		12,351,657
26 Aug 2013	Non-renounceable Rights Issue	630,815	0.045	28,387
26 Aug 2013	Non-renounceable Rights Issue issued to Underwriter	35,342,331	0.045	1,590,404
31 Dec 2013	Private Placement	52,737,609	0.016	843,802
15 Apr 2014	Private Placement	12,925,000	0.020	258,500
27 May 2014	Non-renounceable Rights Issue	10,119,078	0.020	202,382
	Less costs of raising capital	-		(502,541)
30 Jun 2014	Balance	286,837,649		14,772,591
15 Aug 2014	Shares issued to Barrick (PD) Australia Limited	1,000,000	0.013	13,000
15 Dec 2014	Private Placement	30,000,000	0.010	300,000
19 Dec 2014	Shares issued to Barrick (PD) Australia Limited <sup>1</sup>	65,891,800	0.013	856,593
	Less costs of raising capital	-		(19,346)
30 Jun 2015	Balance	<u>383,729,449</u>		<u>15,922,838</u>

1. The 65,891,800 shares are subject to a voluntary escrow period of 36 months from 19 December 2014.

**(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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 16 CONTRIBUTED EQUITY (continued)**

<b>(d) Options</b>	<b>No. of Options 2015</b>	<b>No. of Options 2014</b>
The number of unissued ordinary shares relating to options not exercised at year end:		
Over shares in the Parent Entity:		
Unlisted Options exercisable at 5 cents, expiry 4 February 2016	2,000,000	2,000,000
Unlisted Options exercisable at 5 cents, expiry 1 July 2015	4,308,329	4,308,329
Listed Options exercisable at 5 cents, expiry 1 July 2015	3,373,008	3,373,008
Unlisted Options exercisable at 3 cents, expiry 19 December 2016	19,999,999	-
Unlisted Options exercisable at 3 cents, expiry 25 March 2017	21,963,933	-
	<u>51,645,269</u>	<u>9,681,337</u>

**(e) Option Issues**

<b>Date</b>	<b>Details</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
<b>2015</b>	Unlisted Options	19,999,999	\$0.03	19 Dec 2016
	Unlisted Options	21,963,933	\$0.03	25 Mar 2017
<b>2014</b>	Unlisted Options	4,308,329	\$0.05	1 Jul 2015
	Listed Options	3,373,008	\$0.05	1 Jul 2015

**(f) Option Exercise**

No options were exercised during the financial years 2014 and 2015.

**(g) Option Expiry**

No options expired during the financial years 2014 and 2015.

**NOTE 17 RESERVES**

	<b>2015 \$</b>	<b>2014 \$</b>
Share option reserve	2,949,931	2,807,665
Foreign currency translation reserve	388,704	(451,741)
	<u>3,338,635</u>	<u>2,355,924</u>

**Movements:**

*Share option reserve*

Balance at the beginning of the financial year	2,807,665	2,807,665
Options issued	-	-
Convertible notes – value of conversion feature and options issued	142,266	-
Balance at the end of the financial year	<u>2,949,931</u>	<u>2,807,665</u>

*Foreign Currency Translation Reserve*

Balance at the beginning of the financial year	(451,741)	447,221
Currency translation difference arising during the year	840,445	(898,962)
Balance at the end of the financial year	<u>388,704</u>	<u>(451,741)</u>

**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.



**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 18 COMMITMENTS**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>

**(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	753,500	36,400
Later than 1 year but not later than 5 years	152,100	359,400
	<u>905,600</u>	<u>395,800</u>

**(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	11,116	37,490
Later than 1 year but not later than 5 years	-	11,116
	<u>11,116</u>	<u>48,606</u>

**(c) Capital Commitments**

Payments required under the Barrick Reacquisition Deed <sup>1</sup>:

Not later than 1 year	-	1,331,836
Later than 1 year but not later than 5 years	-	3,000,000
	<u>-</u>	<u>4,331,836</u>

1. Refer to note 12 and note 24 for details of Capital Commitments due to Barrick.

**NOTE 19 SUBSEQUENT EVENTS**

There have been no subsequent events after 30 June 2015.

**NOTE 20 KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS**

**Key management personnel compensation:**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits:		
Cash and accrued directors fees	128,221	352,073
Post-employment benefits	18,461	32,567
Long service leave	22,135	-
Termination benefits	93,750	-
	<u>262,567</u>	<u>384,640</u>

**Transactions with other related parties**

During the year the Group issued convertible notes to Jade Triumph International Limited ("Jade") an entity related to Jincheng Yao. The terms and conditions of the notes are included in Note 15 including detail of the amounts provided, interest accrued and repayments made. As at 30 June 2015 the balance owed to Jade was \$1,118,369.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 21 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	2015	17,814	11,709,975
	2014	23,080	9,720,293

The Group operates primarily in mineral exploration locations in Papua New Guinea. The Group's headquarter 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 22 AUDITORS' REMUNERATION**

	2015 \$	2014 \$
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:	36,080	37,947
Sinton Spence Chartered Accountants PNG firm:	6,694	6,629
<b>Total remuneration for audit services</b>	<b>42,774</b>	<b>44,576</b>

**2. Other Assurance Services**

BDO Audit Pty Ltd Australian firm:	-	-
Sinton Spence Chartered Accountants PNG firm:	1,324	3,043
<b>Total remuneration for other assurance services</b>	<b>1,324</b>	<b>3,043</b>
<b>Total remuneration for assurance services</b>	<b>44,098</b>	<b>47,619</b>

**Taxation Services**

BDO (QLD) Pty Ltd Australian firm:	7,500	3,013
Sinton Spence Chartered Accountant PNG firm:	862	780
<b>Total remuneration for taxation services</b>	<b>8,362</b>	<b>3,793</b>

**NOTE 23 EARNINGS PER SHARE ("EPS")**

	2015	2014
Basic and diluted earnings (losses) per share (cents per share)	(0.24)	(0.33)
Loss used in calculating basic and diluted earnings per share is the net loss for the year.	\$798,960	\$787,337
	No.	No.
Weighted average number of shares used in the calculation of the basic and diluted EPS	339,010,277	235,431,765

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.

	51,645,269	9,681,337
--	------------	-----------

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 24 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 EL1043 (Mt Nakru) and EL1077 (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 EL2379 was granted by the PNG Mineral Resources Authority as a consolidated exploration licence combining EL1077 Simuku and EL1445 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 25 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 \$	2014 \$
<b>Reconciliation of loss after income tax to net cash inflow from operating activities</b>		
Profit / (loss) after income tax	(798,960)	(787,337)
- Loss/(gain) on disposal of fixed assets	8,218	85
- Depreciation expense	28,612	36,689
- Non-cash interest expense	74,374	-
- Net exchange differences	122	(358)
Change in operating assets and liabilities:		
- Payables and provisions	38,233	6,482
- Trade and other receivables	3,722	1,954
- Prepayments	(3,612)	20,549
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(649,292)</b>	<b>(721,935)</b>

**NOTE 26 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 2015 %	Equity Holding 2014 %
Copper Quest PNG Ltd	PNG	Ordinary	100	100

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 27 NON-CASH FINANCING AND INVESTING ACTIVITIES**

Shares were issued in satisfaction of the varied Barrick Reacquisition Deed:

<b>Date</b>	<b>Issued to</b>	<b>Number of Shares</b>	<b>Issue Price \$</b>	<b>\$</b>
15 Aug 2014	Barrick (PD) Australia Limited	1,000,000	0.013	13,000
19 Dec 2014	Barrick (PD) Australia Limited <sup>1</sup>	65,891,800	0.013	856,593
		<u>66,891,800</u>		<u>869,593</u>

1. The 65,891,800 shares are subject to a voluntary escrow period of 36 months from 19 December 2014.

Unlisted options were issued in satisfaction of the varied Barrick Reacquisition Deed:

<b>Date</b>	<b>Issued to</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
26 Mar 2015	Barrick (PD) Australia Limited	21,963,933	\$0.03	25 Mar 2017

The following unlisted options were issued in conjunction with the convertible notes issued on the same dates:

<b>Date</b>	<b>Issued to</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
19 Dec 2014	Jade Triumph International Limited	12,916,666	\$0.03	19 Dec 2016
26 Mar 2015	Jade Triumph International Limited	7,083,333	\$0.03	19 Dec 2016
		<u>19,999,999</u>		

There were no such activities during the 2014 financial year.

## DIRECTORS' DECLARATION

---

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 20 to 43 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 2015 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 11 to 15 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

Bundall, Queensland  
**28 September 2015**

## INDEPENDENT AUDITOR'S REPORT

To the members of Coppermoly Limited

### Report on the Financial Report

We have audited the accompanying financial report of Coppermoly Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Coppermoly Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Coppermoly Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2015. 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.

## Opinion

In our opinion, the Remuneration Report of Coppermoly Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit Pty Ltd**

BDO



**A J Whyte**

Director

Brisbane, 28 September 2015

## 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 31 AUGUST 2015

a) Distribution of Shareholders

Size of Holding	Number of Shareholders
1 – 1,000	29
1,001 – 5,000	49
5,001 – 10,000	144
10,001 – 100,000	425
100,001 and over	161
	808

b) Number of holders of less than marketable parcels

598

c) Percentage holding of 20 largest holders

80.092%

d) There were four substantial shareholders listed in the Company's register as at 31 August 2015.

e) Twenty largest shareholders (as at 31 August 2015):

COY Shareholders		
Name	Quantity	% of Total Holding
BARRICK (PD) AUSTRALIA LIMITED	73,201,447	19.076
JELSH HOLDINGS PTY LTD [GROUP]	56,501,133	14.724
MR MA PIWU	52,737,609	13.743
JADE TRIUMPH INTERNATIONAL LTD	30,000,000	7.818
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,053,529	3.402
NATIONAL NOMINEES LIMITED	11,749,117	3.062
MR PETER JOHANNES POORT	10,000,000	2.606
MR HAO MA	9,678,790	2.522
MR HARDIP SINGH <HARDIP SUBSCRIPTION ACCOUNT> [GROUP]	7,466,296	1.946
MR BEN MICHAEL FAULKNER [GROUP]	5,929,810	1.545
MR CHRISTOPHER WALLIN & MS FIONA WALLIN <CHRIS WALLIN SUPERFUND A/C>	5,500,000	1.433
MR JOSEPH TULLIO	5,000,000	1.303
HOLICARL PTY LTD <HUNTER GRAIN PL SF A/C>	4,545,454	1.185
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,427,646	1.154
MR DAVID LAWSON	3,606,936	0.940
MR DAVID THOMAS WHITE	3,093,768	0.806
MR GOPAL KRISHNA BOSE & MRS SHARMILA BOSE	3,000,000	0.782
MR JOHN DOUGLAS BENSEMAN	3,000,000	0.782
RYLET PTY LTD	2,483,674	0.647
LJR CONSTRUCTIONS PTY LTD	2,360,000	0.615
<b>TOTAL</b>	307,335,209	80.092

### STATEMENT OF UNQUOTED SECURITIES AS AT 31 AUGUST 2015

The following unquoted securities are on issue:-

	Quantity
Convertible notes maturing on 19 December 2016	60,000,000
Options exercisable at 5 cents per share on or before 4 February 2016	2,000,000
Options exercisable at 3 cents per share on or before 19 December 2016	19,999,999
Options exercisable at 3 cents per share on or before 25 March 2017	21,963,933



## DIRECTORS

Kevin Grice  
Jincheng Yao  
Wanfu Huang

## COMPANY SECRETARY

Paul Schultz

## HEAD OFFICE & REGISTERED OFFICE

Level 1, 91 Upton Street  
Bundall Qld 4217, Australia  
Telephone: +61 7 5510 3994  
Facsimile: +61 7 5510 3997

## POSTAL ADDRESS

PO Box 6965  
Gold Coast Mail Centre Qld 9726

## INTERNET

Email: [info@coppermoly.com.au](mailto:info@coppermoly.com.au)  
Website: [www.coppermoly.com.au](http://www.coppermoly.com.au)

## SHARE REGISTRY

Boardroom Pty Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000

## AUDITORS

BDO Audit Pty Ltd  
Level 10  
12 Creek Street  
Brisbane Qld 4000

## BANKERS

Westpac Bank

## STOCK EXCHANGE

Coppermoly Ltd is listed on the Australian Securities Exchange (the home branch is Brisbane) and the Port Moresby Stock Exchange, Papua New Guinea.

## SCHEDULE OF TENEMENTS AS AT 24 SEPTEMBER 2015

PROJECT	EFFECTIVE OWNERSHIP	LOCATION
EL 1043 Mt Nakru (47km <sup>2</sup> )	100% Copper Quest PNG Ltd <sup>1</sup>	New Britain Island PNG
EL 2379 Simuku (122km <sup>2</sup> )	100% Copper Quest PNG Ltd <sup>1</sup>	New Britain Island PNG
EL 2014 Makmak (255.3km <sup>2</sup> )	100% Copper Quest PNG Ltd	New Britain Island PNG
EL 1782 Powell (758km <sup>2</sup> )	100% Copper Quest PNG Ltd	New Britain Island PNG
EL 2272 Wowonga (30.7km <sup>2</sup> )	100% Copper Quest PNG Ltd	New Britain Island PNG

• *Copper Quest PNG Ltd is a 100% owned subsidiary of Coppermoly Ltd*

1. 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 \$4.5M 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.

