COPPERMOLY
Limited

A.B.N. 54 126 490 855

2016

ANNUAL REPORT

C O N T E N T S

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Coppermoly Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2016.

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

J. Yao

W. Huang

Z. Lin was appointed as a Director on 11 April 2016

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 $740,740 (2015: $798,960). No dividend has been paid or recommended during the year ended 30 June 2016.

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, together known as the West New Britain Projects (**WNB Projects**), were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the 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.

The consolidated entity's current mineral tenements are:

Project	Date first acquired	Location
EL 1043 Mt Nakru (48km²)	Jan 2008	West New Britain
EL 2379 Simuku (123km²)	Jan 2008	West New Britain
EL 2014 Makmak (255km²)	May 2012	West New Britain
EL 1782 Powell (378km²)	Sep 2013	East New Britain
EL 2272 Wowonga (31km²)	Feb 2014	East New Britain

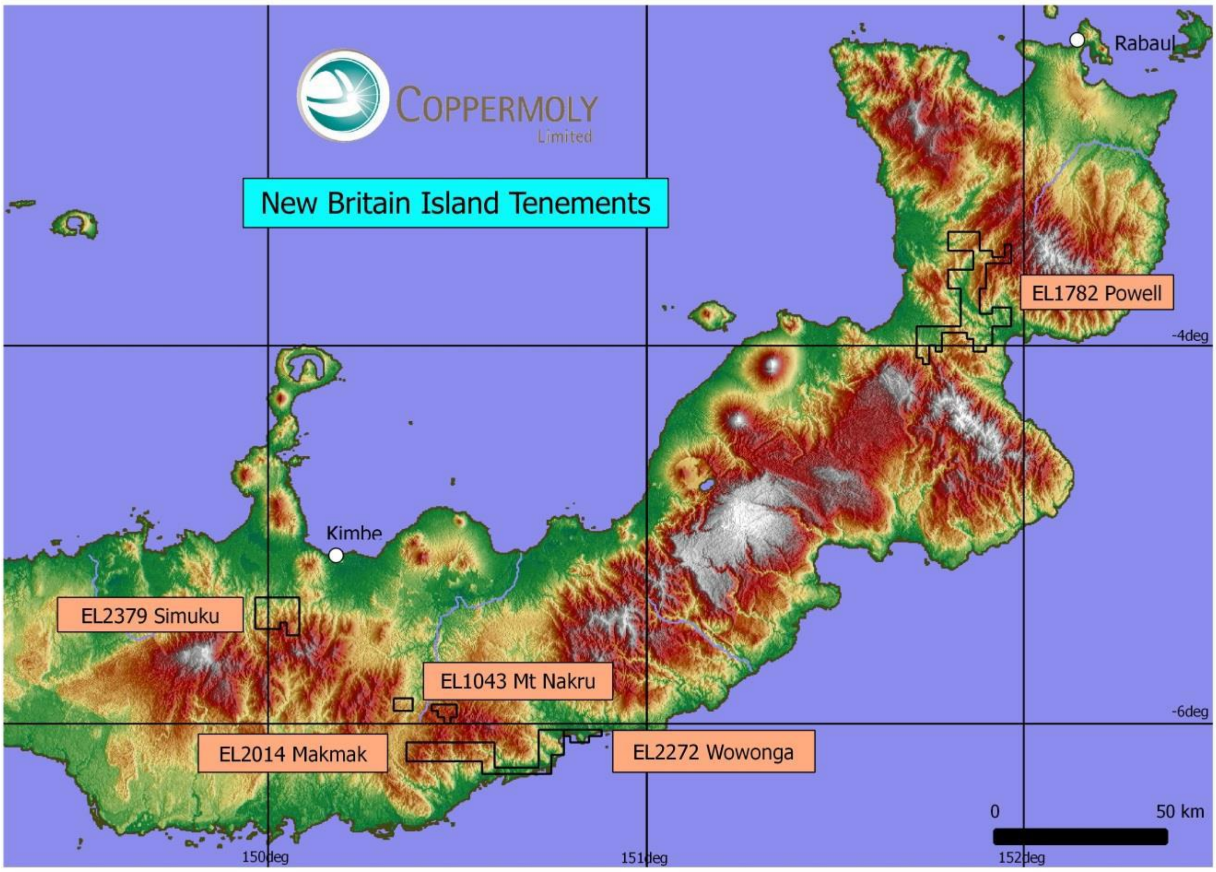

Figure 1: Coppermoly's Exploration Licences on New Britain

Project review

EL 1043 Mt Nakru

Although no field work was undertaken during this reporting period, it is anticipated that a drilling program will commence in the fourth quarter of 2016. This work will concentrate on the Nakru-1 and Nakru-2 prospects where past drilling has intersected high grade near-surface copper mineralisation. The drilling program will focus on identifying a commercially viable resource close to surface. It will also attempt to increase the JORC ranking from the currently inferred category to an indicated resource.

EL 2379 Simuku

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. This style of mineralisation is typically large and lower grade. As the Simuku prospect extends over both the Simuku and Talelumas exploration licences, Coppermoly decided to consolidate the two licences into EL 2379. 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 Company anticipates more substantial work being performed on the Simuku tenement in the next 12 months.

EL 2014 Makmak

The main area of focus on the Makmak tenement is the Pulding prospect. Previous sampling and prominent aeromagnetic anomalies show a prospective SSE-NNW trending lineament which will be targeted for further evaluation.

The Exploration Licence is currently in the process of renewal awaiting the next Mining Advisory Council meeting after a successful recent Warden's Hearing.

EL 1782 Powell

The Powell EL is located in East New Britain and was renewed during the period for a further two years following a successful Warden's Hearing held on site. Following a compulsory reduction in the size of the Licence this tenement now covers 111 sub blocks or 378.5 square kilometres. A data review has indicated copper geochemical anomalies in the south west of the tenement which warrants future follow up.

EL 2272 Wowonga

Wowonga is a small, greenfields exploration licence located on the south coast of 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.

This Exploration Licence is also in the process of renewal awaiting the next Mining Advisory Council meeting after a successful recent Warden's Hearing.

Financial Review

Profit or Loss

Costs, before foreign exchange differences, for the year ended 30 June 2016 were down by approximately $58,200, or 7% less than the previous year's total costs. The decreased costs were largely attributable to lower Employee benefits expenses, down $115,400, or 26%, on last year due to fewer employees and most continuing employees working on a part-time basis. Other significant reductions in 2016 costs included reduced Corporate compliance costs, down by $35,200, or 25%, due mainly to lower legal fees and public relations expenses; lower Depreciation charges year on year of $16,300, or 57% less, primarily due to the impairment and write off of old machinery; and a year on year reduction in Office rental, communication and consumables of $6,800, or 24.6%, mostly due to lower rental costs. These lower costs were offset by an increase in Finance costs of $76,600, an increase of 84% on last year. These additional Finance costs were due to increased interest & other charges accrued on outstanding Convertible notes. Other increases in costs included an additional $35,831 in Other expenses due to Losses on the aforementioned impairment and write off of old equipment; and an additional $7,300 in insurance costs.

Statement of Financial Position

Total assets increased over the year by $946,400 due largely to the increase in Cash of $1,628,300 which was supplemented by the $2.5M in capital raisings in January and April 2016. This was offset by a reduction in the capitalised values of Mineral exploration and evaluation assets of $645,800 which was made up of a decrease of $963,500 from Foreign currency exchange differences and an increase in Capitalised exploration expenditure of $317,700.

Total liabilities increased by approximately $200,100 primarily due to an additional $153,400 in accrued interest and charges on the outstanding Convertible notes and an increase in Trade and other creditors of $40,100.

Total equity increased by $746,400 during the year due to new securities issued during the year of $2.5M offset by the Total comprehensive loss for the year of $740,700 and a decrease of $995,900 in the Foreign currency translation reserve.

Cash Flows

Cash used in operations during the year was down by approximately $189,900 compared to the prior year, an improvement of more than 29% and largely due to lower Employee benefits cash expenses, down $115,400 on last year due to fewer employees and most continuing employees working on a part-time basis. Other material savings included lower Corporate compliance and Office rental, communication and consumables costs paid in 2016.

Cash used for investment activities was also lower in 2016 compared to the prior year by approximately $9,900. This reduction was due to a slightly lower amount recognised in exploration costs in 2016.

Net cash inflows from financing activities were higher during the current year by approximately $1,045,400. The increase was due almost entirely from net cash raised from the issue of securities during the year which was $2,447,000. This contrasts with net cash raised of $1,381,900 from the issue of securities in 2015.

As at 30 June 2016 Coppermoly had $2,116,674 in Cash and cash equivalents compared to $488,351 at 30 June 2015.

Capital Raising and Debt Financing

There was one main funding event during the year ended 30 June 2016:

On 21 January 2016, the Company entered into a Placement Agreement with new investor Ever Leap Services Limited (**Ever Leap**) to raise a total of $2.5M (**Agreement**).

Ever Leap is a purposely established project company, which is a wholly owned subsidiary of Shanxi Xierun Investment Limited (**Shanxi Xierun**). Shanxi Xierun is a diversified private investment company, with significant interests in various civil engineering and infrastructure projects in the Peoples Republic of China and Bauxite mines in the Shanxi region. Shanxi Xierun is controlled by interests associated with Mr Yu Chao. Mr Yu Chao is a qualified senior engineer with over 20 year of experience in the construction and mining industries.

The Agreement comprised:

(a) an upfront placement of 57,750,000 fully paid ordinary shares in Coppermoly (**Shares**) at an issue price of $0.004 (0.4 cents) per Share to raise approximately $231,000 (**Initial Placement**). The Initial Placement was completed on 28 January 2016 and undertaken without Shareholder approval using Coppermoly's existing placement capacity under ASX Listing Rules 7.1; and

(b) the subsequent issue on 11 April 2016 of 317,250,000 Shares, at an issue price of $0.004 (0.4 cents) per Share, and 250,000,000 Deferred Options and 83,333,333 Attached Options, at an issue price of $0.004 (0.4 cents) per Deferred Option (**Conditional Placement Securities**), to raise approximately $2,269,000, which was subject to Coppermoly first receiving Shareholder approval in accordance with the Corporations Act and the ASX Listing Rules (**Conditional Placement**). Specifically, as Coppermoly did not have sufficient 'placement capacity' to issue the Conditional Placement Securities in reliance on the exceptions to Listing Rules 7.1 and 7.1A, shareholder approval was required for the purpose of the Listing Rules. As the issue of Conditional Placement Securities resulted in Ever Leap obtaining voting power in Coppermoly of more than 20%, Shareholder approval was also required for the purpose of Chapter 6 of the Corporations Act.

Shareholder approval was received at a Shareholders' meeting held on 30 March 2016 for that purpose.

(c) Other features of the Agreement:

i. each Deferred Option was issued at $0.004 per Deferred Option. The Deferred Options are exercisable at any time between 1 February 2017 and 31 January 2020 and have an exercise price of $nil; and

ii. each Attached Option was issued based on a ratio of 1 for every 3 Deferred Options issued, resulting in a total of 83,333,333 Attached Options. Each Attached Option has an exercise price of $0.008 per shares. The Attached Options are exercisable at any time between 1 February 2017 and 31 January 2020.

iii. In addition, the Deferred Options and the Attached Options:
   - will become immediately exercisable in the event a takeover bid is made for the Shares in Coppermoly or a Court approving the convening of a scheme of arrangement between Coppermoly and its Shareholders;
   - are not be Quoted on the ASX and will not be transferable or assigned unless Coppermoly agrees in writing (which agreement may be given or withheld in the absolute discretion of Coppermoly); and
   - do not provide any right to participate in any new issue of securities or other entitlements offered to Shareholders.

iv. Ever Leap confirms:
   - It intends to support the current management and strategy of Coppermoly and has no intention to change Coppermoly's current business strategy, financial management, or employee arrangements;
   - the purpose of making the Placement is to help the company progress its exploration program in order to further evaluate the economic potential of its copper-gold projects; and
   - it is not an associate of any existing shareholder, management or director of Coppermoly.

v. For a period of 12 months following completion of the Conditional Placement (**Standstill Period**), Ever Leap and its related bodies corporate must not undertake certain actions without Coppermoly's prior written consent, including:
   - acquiring or offering to acquire, any Shares or right or option to acquire any Shares or other securities in Coppermoly;

- soliciting proxies from Shareholders or otherwise seeking to influence the composition of the Board or control the management of Coppermoly.

vi. On completion of the Conditional Placement, Ever Leap was entitled to nominate a representative to be a Director of Coppermoly. On 11 April 2016 Ever Leap representative Mr Zule Lin was appointed as a Director of Coppermoly.

vii. Voting Power:

- Ever Leap obtained voting power in Coppermoly of approximately 13.0% immediately following completion of the Initial Placement.
- After Shareholders approved the Conditional Placement, Ever Leap obtained voting power in Coppermoly of 49.3% as a result of the issue of Shares pursuant to the Conditional Placement. Additionally, Ever Leap may obtain a relevant interest in a further 333,333,333 Shares, providing an aggregate voting power of up to 64.8%, as a result of the issue of Shares on the exercise of Deferred Options and the Attached Options to be issued pursuant to the Conditional Placement.

On 7 December 2015 the Company also issued 1,755,024 Shares and 585,008 unlisted options to acquire shares in Coppermoly (**Attaching Options**) (together **Payment Securities**) to former Director Mr Michael Howard in lieu of unpaid accrued Director's fees.

The Shares had an issue price of $0.02 (2 cents) per share with one free Attaching Option for every three Shares issued. Each Attaching Option is exercisable into one Share at any time prior to 3 December 2018 at an exercise price of $0.03 (3 cents).

The Payment Securities were approved for issue by Coppermoly Shareholders at the Company's 2015 Annual General Meeting.

<u>Business strategies and prospects for future financial years</u>

The successful private equity placement, which raised $2.5 million in January and April 2016, put Coppermoly in a sound financial standing for the medium term and will allow the Company to recommence its exploration plans. Those plans will focus initially on the Company's most advanced project, the Mt Nakru tenement, which includes the Nakru 1 and adjacent Nakru 2 prospects where drilling in 2014 intersected high grade near-surface copper mineralisation.

The ability to raise further funds in the future is a critical factor for the Company and the success of the Company's exploration activities will be a key determinant, along with the on-going support of its shareholders. The general state and sentiment of the equity and commodities markets and the demand for exploration and development investments are also vital considerations. While the Company has no control over macro-economic factors they nevertheless define the broad setting in which the Company makes strategic decisions.

The Company's primary strategy is to actively explore and evaluate its exploration assets. The main focus of this exploration and evaluation is to efficiently and effectively assess the potential for advancing the Company's tenements. The current 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.

<u>Material business risks</u>

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 Securities, it may be forced to dispose of some or all of its interest in one of 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 Securities 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 2017;
4. EL 2014 (Makmak) has been granted for a two year term ending on 14 May 2016. Coppermoly has lodged an application to extend the term of this Exploration Licence until 14 May 2018. A successful Warden's Hearing was held on 7 September 2016 with the next step being assessment at the next Mining Advisory Council meeting; and
5. EL 2272 (Wowonga) has been granted for a two year term ending on 24 February 2016. Coppermoly has lodged an application to extend the term of this Exploration Licence until 24 February 2018. A successful Warden's Hearing was held on 6 September 2016 with the next step being assessment at the next Mining Advisory Council meeting.

As at the date of this report, the current terms of the Makmak and Wowonga Exploration Licences have expired. However, Coppermoly has applied to extend the term of these Exploration Licences, and they continue in force until a determination is made regarding the applications to extend their terms. Accordingly, while Coppermoly has applied to renew the Makmak and Wowonga Exploration Licences, there is no certainty that the terms of the Exploration Licences 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. The Company is not aware of any reasons why the two exploration licences will not be renewed.

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.

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

One additional Director was added to the board during 2016. The board now comprises 4 Directors being:

- Dr Wanfu Huang,
- Mr Kevin Grice,
- Mr Jincheng Yao and
- Mr Zule Lin.

Mr Zule Lin was appointed as a Director on 11 April 2016.

Please see page 9 of the Directors' Report for further details on each director.

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.

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 2016.

ENVIRONMENTAL REGULATION

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

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

INFORMATION ON DIRECTORS

Director and Experience	Special Responsibilities	Ordinary Shares	Listed Options
		Particulars of Directors' interest in shares and options of Coppermoly Ltd	
Kevin Grice			
Non-Executive Director since 15 July 2014. Age 67. 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 43. 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 54. 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
Zule Lin			
Non-Executive Director since 11 April 2016. Age 36. Mr Lin holds a master's degree in finance, and is currently the Chief Financial Officer of Coppermoly investor Ever Leap Services Ltd parent company Shanxi Xierun Investment Limited. Mr Lin has more than 15 years of experience in financial management. Mr Lin has not served as a Director on any other public listed companies during the last three years.		Nil	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' MEETINGS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Mr K Grice	4	4	2	2
Mr J Yao	0	4	*	*
Mr W Huang	4	4	1	2
Mr Z Lin (appointed 11 April 2016)	0	0	*	*

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

REMUNERATION REPORT (Audited)

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

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

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

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

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

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

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

Relationship between remuneration and Company performance

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

Overview of the Company's ordinary share price and other key metrics at year end for the last five years ended 30 June 2016:

	2012	2013	2014	2015	2016
Share price at year end	$0.027	$0.034	$0.016	$0.005	$0.008
Change in share price [1]	($0.067)	$0.007	($0.018)	($0.011)	$0.003
TSR – year on year [2]	(71.3%)	25.9%	(52.9%)	(68.8%)	60.0%
Loss for the year	$1,476,601	$1,000,406	$787,337	$798,960	$740,740
KMP remuneration	$377,023	$356,050	$384,640	$262,567	$132,658
Market Capitalisation at year end	$4,306,487	$6,162,335	$4,664,027	$1,928,289	$6,083,876

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 2016.

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

REMUNERATION REPORT (Audited) (continued)

Options issued to KMP have performance "premiums" factored into their exercise prices. The cash component of remuneration is kept relatively low. However there are no current options on issue to KMP.

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

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

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

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

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.

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.

The Company does not currently employ any executive Directors.

(b) Service Agreements

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

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

K. Grice, Non-Executive Director

- Base Salary, inclusive of superannuation, as at 30 June 2016 of $43,800 to be reviewed annually.

J. Yao, Non-Executive Director

- Base Salary as at 30 June 2016 of $40,000 to be reviewed annually.

W. Huang, Non-Executive Director

- Base Salary as at 30 June 2016 of $40,000 to be reviewed annually.

Z. Lin, Non-Executive Director

- Base Salary as at 30 June 2016 of $40,000 to be reviewed annually.

REMUNERATION REPORT (Audited) (continued)

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.

(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 2016 and 30 June 2015 are set out in the following tables:

2016	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits		Share-based payments		Proportion of remuneration that is performance based %
Name	Cash salary & fees $	Cash Bonus $	Super-annuation $	Long Service Leave $	Termination Benefits $	Options $	Total $	
Directors								
K. Grice [1]	40,000	-	3,800	-	-	-	43,800	-
J. Yao [2]	40,000	-	-	-	-	-	40,000	-
W. Huang [3]	40,000	-	-	-	-	-	40,000	-
Z. Lin [4]	8,858	-	-	-	-	-	8,858	-
Total	128,858	-	3,800	-	-	-	132,658	

2015	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits		Share-based payments		Proportion of remuneration that is performance based %
Name	Cash salary and fees $	Cash Bonus $	Super-annuation $	Long Service Leave $	Termination Benefits $	Options $	Total $	
Directors								
K. Grice [1] (from 15 Jul 2014)	38,333	-	3,642	-	-	-	41,975	-
J. Yao [2] (from 5 Mar 2015)	12,959	-	-	-	-	-	12,959	-
W. Huang [3] (from 11 Mar 2015)	12,302	-	-	-	-	-	12,302	-
B. Faulkner (1 Jul 2014 – 11 Mar 2015)	27,872	-	2,648	-	-	-	30,520	-
M. Howard (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	-
Total	128,221	-	18,461	22,135	93,750	-	262,567	

[1] Includes accrued & unpaid Directors fees of $40,000 for y/e 30 June 2016 and $32,500 for y/e 30 June 2015.
[2] Includes accrued & unpaid Directors fees of $40,000 for y/e 30 June 2016 and $12,959 for y/e 30 June 2015.
[3] Includes accrued & unpaid Directors fees of $40,000 for y/e 30 June 2016 and $12,302 for y/e 30 June 2015.
[4] Includes accrued & unpaid Directors fees of $8,858 for y/e 30 June 2016 from 11 April 2016 to 30 June 2016.

REMUNERATION REPORT (Audited) (continued)

(d) Options and rights granted as remuneration

There were no options granted during the year ended 30 June 2016.

(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 key management personnel

(i) Share holdings

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

2016 Name	Balance at the start of the year Number	Changes during the year Number	Balance at the end of the year Number
K. Grice	-	-	-
J. Yao [1]	30,000,000	-	30,000,000
W. Huang [2]	56,501,133	-	56,501,133
Z. Lin	-	-	-

[1] *includes 30,000,000 shares held by related parties*

[2] *includes 56,054,613 shares held by related parties*

(ii) Option holdings

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

2016 Name	Balance at the start of the year 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
K. Grice	-	-	-	-	-	-
J. Yao [1]	19,999,999	-	-	-	19,999,999	19,999,999
W. Huang	-	-	-	-	-	-
Z. Lin	-	-	-	-	-	-

[1] *Options are unlisted options issued in conjunction with the convertible notes issued to a related party – Jade Triumph International Limited*

(iii) Convertible notes

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

2016 Name	Balance at the start of the year Number	Changes during the year Number	Balance at the end of the year Number
K. Grice	-	-	-
J. Yao [1]	60,000,000	-	60,000,000
W. Huang	-	-	-
Z. Lin	-	-	-

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

(iv) Other transactions with Directors and executives

There were no other transactions with Directors and executives.

END OF REMUNERATION REPORT (Audited)

SHARES UNDER OPTION

Unissued ordinary shares of Coppermoly Limited under option at the date of this report are as follows:

Options	No. of Options 2016
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
Unlisted Options exercisable at 3 cents, expiry 3 December 2018	585,008
Unlisted Options exercisable between 1 February 2017 and 31 January 2020	250,000,000
Unlisted Options exercisable at 0.8 cents between 1 February 2017 and 31 January 2020	83,333,333
	375,882,273

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Coppermoly Ltd were issued during the year ended 30 June 2016 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*.

NON-AUDIT SERVICES (continued)

	2016 $	2015 $
During the year the following fees were paid or payable for services provided by the auditors, their related practices and non-related audit firms.		
Assurance Services		
1. Audit Services – audit or review of financial statements		
BDO Audit Pty Ltd Australian firm:	34,856	36,080
Sinton Spence Chartered Accountants PNG firm:	6,829	6,694
Total remuneration for audit services	41,685	42,774
2. Other Assurance Services		
BDO Audit Pty Ltd Australian firm:	-	-
Sinton Spence Chartered Accountants PNG firm:	5,236	1,324
Total remuneration for other assurance services	5,236	1,324
Total remuneration for assurance services	46,921	44,098
Taxation Compliance Services		
BDO (QLD) Pty Ltd Australian firm:	6,500	7,500
Sinton Spence Chartered Accountants PNG firm:	664	862
Total remuneration for taxation services	7,164	8,362

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 16.

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
27 September 2016

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.

AUDITOR’S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Coppermoly Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 27 September 2016

CONTENTS

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 Directors' Report on pages 2 to 15, both of which are not part of the financial report.

The financial report was authorised for issue by the Directors on 27 September 2016. 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.

For queries in relation to our reporting please call +61 7 5510 3994 or e-mail 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 2016

	Notes	2016 $	2015 $
Revenue	5	10,866	6,609
		10,866	6,609
Depreciation		(12,289)	(28,612)
Employee benefits expense		(323,705)	(439,067)
Insurances		(50,733)	(43,454)
Corporate compliance and shareholder relations		(107,711)	(142,868)
Office rental, communication and consumables		(38,208)	(45,054)
Finance costs		(167,422)	(90,807)
Other expenses		(51,538)	(15,707)
Loss before income tax		(740,740)	(798,960)
Income tax (expense) / benefit	7	-	-
Net Loss for the year		(740,740)	(798,960)
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		(995,852)	840,445
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the year		(995,852)	840,445
Total comprehensive income for the year		(1,736,592)	41,485
		Cents	**Cents**
Basic and diluted loss per share	23	(0.15)	(0.24)

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 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	2,116,674	488,351
Trade and other receivables	9	47,770	20,569
Total Current Assets		2,164,444	508,920
Non-Current Assets			
Receivables	10	24,979	25,288
Property, plant and equipment	11	18,401	81,362
Mineral exploration and evaluation assets	12	10,975,314	11,621,139
Total Non-Current Assets		11,018,694	11,727,789
Total Assets		13,183,138	12,236,709
LIABILITIES			
Current Liabilities			
Trade and other payables	13	261,060	221,005
Provisions	14	15,566	11,208
Borrowings	15	1,288,627	16,864
Total Current Liabilities		1,565,253	249,077
Non-Current Liabilities			
Provisions	14	13,711	11,450
Borrowings	15	-	1,118,369
Total Non-Current Liabilities		13,711	1,129,819
Total Liabilities		1,578,964	1,378,896
Net Assets		11,604,174	10,857,813
EQUITY			
Contributed equity	16	18,405,791	15,922,838
Reserves	17	2,342,783	3,338,635
Accumulated losses		(9,144,400)	(8,403,660)
Total Equity		11,604,174	10,857,813

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 2016

	Contributed Equity $	Accumulated Losses $	Reserves $	Total $
Balance at 30 June 2015	15,922,838	(8,403,660)	3,338,635	10,857,813
Comprehensive income for the year				
Loss for the year	-	(740,740)	-	(740,740)
Foreign currency translation difference	-	-	(995,852)	(995,852)
Total Comprehensive Income	-	(740,740)	(995,852)	(1,736,592)
Transactions with owners in their capacity as owners				
Contributions of equity	2,535,100		-	2,535,100
Costs of share issue	(52,147)	-	-	(52,147)
Value of conversion rights on convertible notes	-	-	-	-
Share option expired	-	-	-	-
Total transactions with owners In their capacity as owners	2,482,953	-	-	2,482,953
Balance at 30 June 2016	18,405,791	(9,144,400)	2,342,783	11,604,174
Balance at 30 June 2014	14,772,591	(7,604,700)	2,355,924	9,523,815
Comprehensive income for the year				
Loss for the year	-	(798,960)	-	(798,960)
Foreign currency translation difference	-	-	840,445	840,445
Total Comprehensive Income	-	(798,960)	840,445	41,485
Transactions with owners in their capacity as owners				
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	-	-	-	-
Total transactions with owners In their capacity as owners	1,150,247	-	142,266	1,292,513
Balance at 30 June 2015	15,922,838	(8,403,660)	3,338,635	10,857,813

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 2016

	Notes	2016 $	2015 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations (incl. GST)		25,960	29,331
Interest received		6,768	5,552
Interest paid		(2,894)	(16,433)
Payments to suppliers and employees (incl. GST)		(489,252)	(667,742)
Net cash inflow (outflow) from operating activities	25	(459,418)	(649,292)
Cash Flows From Investing Activities			
Payments for exploration and evaluation activities		(332,042)	(346,211)
Security deposits recovered / (paid)		(4,926)	-
Payments for property, plant and equipment		-	(694)
Proceeds from sale of property, plant and equipment		-	82
Net cash inflow (outflow) from investing activities		(336,968)	(346,823)
Cash Flows From Financing Activities			
Proceeds from issues of shares and options		2,500,000	300,000
Cost of share and option issues		(52,968)	(104,346)
Proceeds from the issue of convertible notes		-	1,200,000
Cost of convertible note issue		-	(13,739)
Proceeds from borrowings		57,446	553,649
Repayment of borrowings		(68,455)	(544,954)
Net cash inflow (outflow) from financing activities		2,436,023	1,390,610
Net increase/(decrease) in cash and cash equivalents		1,639,637	394,495
Cash and cash equivalents at the beginning of the financial year		488,351	90,522
Exchange difference on cash		(11,314)	3,334
Cash and cash equivalents at the end of the financial year	8	2,116,674	488,351

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

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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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The Group incurred a net loss of $740,740 for the year ended 30 June 2016. As at 30 June 2016 the Group had cash reserves of $2,116,674, working capital of $599,191 and net assets of $11,604,174. The company has not generated revenues from operations. The Group has committed to re-acquire Barrick (PD) Australia Ltd's (**Barrick**) nominal 28% interest in tenements EL1043 and EL2379 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. The Group's exploration expenditure commitments for the next 12 months are $612,300 (Refer Note 18). Also 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 or sale 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 2016 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.

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.

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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 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 has not yet evaluated the impact adoption of this standard will have.

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

(v) New Accounting Standards and Interpretations

The Group adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2016. There were no material impacts on the financial statements of the Group as a result of adopting these standards.

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.

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

	2016 $	2015 $
Current assets	2,164,444	508,920
Current liabilities	1,565,253	249,077
Surplus / (deficit)	599,191	259,843

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturity analysis

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

	Carrying amount $	Contractual cashflow $	Within 1 year $	1-2 years $
2016				
Trade and other payables	261,060	261,060	261,060	-
Borrowings	1,288,627	1,360,094	1,360,094	
2015				
Trade and other payables	221,005	221,005	221,005	-
Borrowings	1,118,369	1,360,094	-	1,360,094

(d) Interest rate risk

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

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	2,116,674	488,351
Trade and other receivables	-	-
	2,116,674	488,351
Financial Liabilities		
Trade and other payables	-	-
Borrowings	-	-
	-	-
Net exposure	2,116,674	488,351

Sensitivity Analysis
June 2016

		Interest Rate Risk - 1%		Interest Rate Risk + 1%	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
Cash and cash equivalents	2,116,674	(21,167)	(21,167)	21,167	21,167
Total increase / decrease	-	(21,167)	(21,167)	21,167	21,167

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

Sensitivity Analysis
June 2015

		Interest Rate Risk - 1%		Interest Rate Risk + 1%	
	Carrying amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
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

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:

	2016 Kina	2015 Kina
Financial Assets		
Cash and cash equivalents	325,517	104,909
Trade and other receivables	112,266	45,231
	437,783	150,140
Financial Liabilities		
Trade and other payables	95,217	40,173
	95,217	40,173
Net exposure	342,566	109,967

Sensitivity Analysis		**Foreign Exchange Risk**			
June 2016		**- 10%**		**+ 10%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Financial Assets and Liabilities					
Net exposure – AUD	145,773	(14,577)	(14,577)	14,577	14,577

Sensitivity Analysis		**Foreign Exchange Risk**			
June 2015		**- 10%**		**+ 10%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Financial Assets and Liabilities					
Net exposure - AUD	53,494	(5,349)	(5,349)	5,349	5,349

(f) Commodity price risk

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

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Note 1(a) - going concern assessment
Note 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

	2016 $	2015 $
ASSETS		
Current Assets	1,997,302	455,342
Non-Current Assets	11,144,978	12,277,089
Total Assets	13,142,280	12,732,431
LIABILITIES		
Current Liabilities	1,524,503	229,211
Non-Current Liabilities	13,603	1,129,783
Total Liabilities	1,538,106	1,358,994
Net Assets	11,604,174	11,373,437
EQUITY		
Contributed equity	18,405,791	15,922,838
Reserves		
- Unlisted options	40,000	40,000
- Share option reserve	2,909,931	2,909,931
Accumulated losses	(9,751,548)	(7,499,332)
Total Equity	11,604,174	11,373,437
Net Profit (Loss) for the year	(2,252,215)	557,108
Total comprehensive income for the year	(2,252,215)	557,108

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 2016 and 2015.

NOTE 5 REVENUE

Interest income – unrelated parties	8,379	5,552
Other	2,487	1,057
	10,866	6,609

NOTE 6 EXPENSES

	2016 $	2015 $
Loss before income tax includes the following specific expenses:		
Depreciation	12,289	28,612
Net loss on disposal of property, plant and equipment	46,174	8,218
Rental expenses on operating leases – minimum lease payments	24,819	24,232
Defined contribution superannuation expense	21,066	37,353

NOTE 7 INCOME TAX

(a) The prima facie tax on loss before income tax is reconciled to the income tax as follows:

Loss before income tax expense	(740,740)	(798,960)
Tax at the Australian (and PNG) tax rate of 30%	(222,222)	(239,688)
Non-deductible expenses	49,358	540
Deferred tax assets not recognised	172,864	239,148
Income tax expense / (benefit)	-	-

(b) Recognised deferred tax assets

Unused tax losses	315,278	269,271
Deductible temporary differences	126,385	173,282
	441,663	897,570

(c) Recognised deferred tax liabilities

Assessable temporary differences	441,663	442,553
	441,663	442,553

(d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in the Statement of Financial Position for the following items:

Unused tax losses for which no deferred tax asset has been recognised	10,431,394	11,508,291
Potential benefit at 30% (2015: 30%)	3,129,418	3,452,487

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	1,116,674	488,351
Cash on short-term deposit	1,000,000	-
	2,116,674	488,351

NOTE 9 CURRENT ASSETS: TRADE AND OTHER RECEIVABLES

Other receivables	30,235	2,545
Prepayments	17,535	18,024
	47,770	20,569

NOTE 10 NON-CURRENT ASSETS: RECEIVABLES

Deposits – tenements and premises	24,979	25,288
	24,979	25,288

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

	2016	2015
	$	$
Plant and Equipment		
Plant and equipment at cost	125,946	522,208
Less accumulated depreciation	(107,545)	(440,846)
	18,401	81,362
Reconciliation		
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	81,362	107,738
Additions	-	715
Disposals	(42,660)	(10,494)
Depreciation expense	(12,289)	(28,612)
Foreign currency exchange differences	(8,012)	12,015
Carrying amount at the end of the financial year	18,401	81,362

NOTE 12 MINERAL EXPLORATION AND EVALUATION ASSETS

	2016	2015
Papua New Guinea		
Balance at the beginning of the financial year	11,621,139	9,612,723
Capitalised exploration expenditure	317,685	1,233,309
Foreign currency exchange differences	(963,510)	775,107
Balance at the end of the financial year	10,975,314	11,621,139

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

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

As at the date of this report, the current terms of the Makmak and Wowonga Exploration Licences have expired. However, Coppermoly has applied to extend the term of these Exploration Licences, and they continue in force until a determination is made regarding the applications to extend their terms. Accordingly, while Coppermoly has applied to renew the Makmak and Wowonga Exploration Licences, there is no certainty that the terms of the Exploration Licences will be extended.

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 an adverse impact on the performance of Coppermoly. The Company is not aware of any reasons why the two exploration licences will not be renewed.

West New Britain Project Exploration Licences

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

Reacquisition Deed

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

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

NOTE 13 CURRENT LIABILITIES: TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade and other payables		
Unsecured:		
Trade creditors	32,505	10,705
Other creditors	228,555	210,300
	261,060	221,005

NOTE 14 PROVISIONS

Current liabilities		
Annual Leave	15,566	11,208
	15,566	11,208
Non-current liabilities		
Long Service Leave	13,711	11,450
	13,711	11,450

NOTE 15 BORROWINGS

Borrowings		
Unsecured:		
Convertible notes (a)	1,162,157	1,081,629
Accrued interest	120,740	36,740
Other borrowings	5,730	16,864
	1,288,627	1,135,233

(a) Convertible notes

The terms of the convertible notes are as follows:

	Initial Tranche	Second Tranche
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%.

NOTE 15 BORROWINGS (continued)

(a) Convertible notes (continued)

	2016 $	2015 $
The convertible notes are presented in the statement of financial position as follows:		
Face value of notes issued	1,200,000	1,200,000
Other equity securities – value of options issued	(142,266)	(142,266)
Cost of convertible notes issue	(13,739)	(13,739)
	1,043,995	1,043,995
Unwinding of equity portion - interest expense	118,162	37,634
Repayment of convertible notes	-	-
Convertible notes liability	1,162,157	1,081,629

NOTE 16 CONTRIBUTED EQUITY

	2016 Shares	2015 Shares	2016 $	2015 $
(a) Paid Up Capital				
Ordinary shares – fully paid – no par value	760,484,473	383,729,449	18,405,791	15,922,838

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 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[1]	65,891,800	0.013	856,593
	Less costs of raising capital	-		(19,346)
30 Jun 2015	Balance	383,729,449		15,922,838
7 Dec 2015	Shares issued in lieu of directors fees[2]	1,755,024	0.020	35,100
28 Jan 2016	Private Placement	57,750,000	0.004	231,000
11 Apr 2016	Private Placement[3]	317,250,000	0.004	2,269,000
	Less costs of raising capital	-		(52,147)
30 Jun 2016	Balance	760,484,473		18,405,791

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

[2] Issued with 585,008 Unlisted Options exercisable at 3 cents and expiring 3 December 2018

[3] Issued with 250,000,000 Deferred Options and 83,333,333 Attached Options, at an issue price of $0.004 per Deferred Option

(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.

NOTE 16 CONTRIBUTED EQUITY (continued)

(d) Options

	No. of Options 2016	No. of Options 2015
The number of unissued ordinary shares relating to options not exercised at year end:		
Over shares in the Parent Entity:		
Listed Options exercisable at 5 cents, expiry 1 July 2015	-	3,373,008
Unlisted Options exercisable at 5 cents, expiry 1 July 2015	-	4,308,329
Unlisted Options exercisable at 5 cents, expiry 4 February 2016	-	2,000,000
Unlisted Options exercisable at 3 cents, expiry 19 December 2016	19,999,999	19,999,999
Unlisted Options exercisable at 3 cents, expiry 24 March 2017	21,963,933	21,963,933
Unlisted Options exercisable at 3 cents, expiry 3 December 2018	585,008	-
Unlisted Options exercisable at 0 cents between 1 February 2017 and 31 January 2020	250,000,000	-
Unlisted Options exercisable at 0.8 cents between 1 February 2017 and 31 January 2020	83,333,333	-
	375,882,273	51,645,269

(e) Option Issues

Date	Details	Number of Options	Exercise Price	Expiry Date
2016	Unlisted Options	585,008	$0.030	3 Dec 2018
	Unlisted Options	250,000,000	$0.000	31 Jan 2020
	Unlisted Options	83,333,333	$0.008	31 Jan 2020
2015	Unlisted Options	19,999,999	$0.030	19 Dec 2016
	Unlisted Options	21,963,933	$0.030	25 Mar 2017

(f) Option Exercise

No options were exercised during the financial years 2015 and 2016.

(g) Option Expiry

9,681,337 options expired during the financial year (2015: Nil).

Date	Details	Number of Options
1 Jul 2015	Listed Options exercisable at 5 cents	3,373,008
1 Jul 2015	Unlisted Options exercisable at 5 cents	4,308,329
4 Feb 2016	Unlisted Options exercisable at 5 cents	2,000,000

NOTE 17 RESERVES

	2016 $	2015 $
Share option reserve	3,949,931	2,949,931
Foreign currency translation reserve	(607,148)	388,704
	3,342,783	3,338,635
Movements:		
Share option reserve		
Balance at the beginning of the financial year	2,949,931	2,807,665
Options issued	-	-
Convertible notes – value of conversion feature and options issued	-	142,266
Balance at the end of the financial year	2,949,931	2,949,931
Foreign Currency Translation Reserve		
Balance at the beginning of the financial year	388,704	(451,741)
Currency translation difference arising during the year	(995,852)	840,445
Balance at the end of the financial year	(607,148)	388,704

NOTE 17 RESERVES (continued)

Nature and purpose of reserves

(i) Share Option Reserve

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

(ii) Foreign Currency Translation Reserve

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

NOTE 18 COMMITMENTS

	2016 $	2015 $
(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	612,300	753,500
Later than 1 year but not later than 5 years	57,200	152,100
	669,500	905,600
(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	37,092	11,116
Later than 1 year but not later than 5 years	23,404	-
	60,496	11,116
(c) Capital Commitments		
Payments required under the Barrick Reacquisition Deed [1]:		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
	-	-

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 2016.

NOTE 20 KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

	2016 $	2015 $
Key management personnel compensation:		
Short-term employee benefits:		
Cash and accrued directors fees	128,858	128,221
Post-employment benefits	3,800	18,461
Long service leave	-	22,135
Termination benefits	-	93,750
	132,658	262,567

Transactions with other related parties

During the year ended 30 June 2015 the Group issued convertible notes to Jade Triumph International Limited (**Jade Triumph**) an entity related to Jincheng Yao. The terms and conditions of the notes are included in Note 15 including details of the amounts provided, interest accrued and repayments made. As at 30 June 2016 the balance owed to Jade Triumph was $1,320,740.

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	2016	14,430	11,004,264
	2015	17,814	11,709,975

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

	2016 $	2015 $
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:	34,856	36,080
Sinton Spence Chartered Accountants PNG firm:	6,829	6,694
Total remuneration for audit services	41,685	42,774
2. Other Assurance Services		
BDO Audit Pty Ltd Australian firm:	-	-
Sinton Spence Chartered Accountants PNG firm:	5,236	1,324
Total remuneration for other assurance services	5,236	1,324
Total remuneration for assurance services	46,921	44,098
Taxation Services		
BDO (QLD) Pty Ltd Australian firm:	6,500	7,500
Sinton Spence Chartered Accountant PNG firm:	664	862
Total remuneration for taxation services	7,164	8,362

NOTE 23 EARNINGS PER SHARE ("EPS")

	2016	2015
Basic and diluted earnings (losses) per share (cents per share)	(0.15)	(0.24)
Loss used in calculating basic and diluted earnings per share is the net loss for the year.	$740,740	$798,960
	No.	No.
Weighted average number of shares used in the calculation of the basic and diluted EPS	479,390,077	339,010,277
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.	435,882,273	51,645,269

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

	2016 $	2015 $
Reconciliation of loss after income tax to net cash inflow from operating activities		
Profit / (loss) after income tax	(740,740)	(798,960)
- Loss/(gain) on disposal of fixed assets	46,174	8,218
- Depreciation expense	12,289	28,612
- Non-cash interest expense	164,528	74,374
- Net exchange differences	660	122
Change in operating assets and liabilities:		
- Payables and provisions	61,758	38,233
- Trade and other receivables	(4,576)	3,722
- Prepayments	489	(3,612)
Net cash inflow / (outflow) from operating activities	(459,418)	(649,292)

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 2016 %	Equity Holding 2015 %
Copper Quest PNG Ltd	PNG	Ordinary	100	100

NOTE 27 NON-CASH FINANCING AND INVESTING ACTIVITIES

Activities during the 2016 financial year:

Shares were issued in satisfaction of accrued directors fees:

Date	Issued to	Number of Shares	Issue Price $	$
7 Dec 2015	Michael Howard	1,755,024	0.02	35,100

Unlisted options were issued in satisfaction of accrued directors fees:

Date	Issued to	Number of Options	Exercise Price	Expiry Date
7 Dec 2015	Michael Howard	585,008	$0.03	3 Dec 2018

The following unlisted options were issued in conjunction with the shares and deferred options issued on the same date:

Date	Issued to	Number of Options	Exercise Price	Expiry Date
11 Apr 2016	Ever Leap Services Limited	83,333,333	$0.008	31 Jan 2020

Activities during the 2015 financial year:

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

Date	Issued to	Number of Shares	Issue Price $	$
15 Aug 2014	Barrick (PD) Australia Limited	1,000,000	0.013	13,000
19 Dec 2014	Barrick (PD) Australia Limited[1]	65,891,800	0.013	856,593
		66,891,800		869,593

[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:

Date	Issued to	Number of Options	Exercise Price	Expiry Date
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:

Date	Issued to	Number of Options	Exercise Price	Expiry Date
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
		19,999,999		

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 17 to 41 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 2016 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 10 to 13 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
27 September 2016

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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 2016, 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 Stat*ements, 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 2016 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 10 to 13 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 27 September 2016

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 2016

a) Distribution of Shareholders

Size of Holding	**Number of Shareholders**
1 – 1,000	31
1,001 – 5,000	47
5,001 – 10,000	145
10,001 – 100,000	402
100,001 and over	161
	786

b) Number of holders of less than marketable parcels — 508

c) Percentage holding of 20 largest holders — 90.327%

d) There were five substantial shareholders listed in the Company's register as at 31 August 2016.

e) Twenty largest shareholders (as at 31 August 2016):

COY Shareholders

Name	**Quantity**	**% of Total Holding**
EVER LEAP SERVICES LIMITED	375,000,000	49.311
BARRICK (PD) AUSTRALIA LIMITED	73,201,447	9.626
JELSH HOLDINGS PTY LTD [GROUP]	56,501,133	7.430
MR MA PIWU	52,737,609	6.935
JADE TRIUMPH INTERNATIONAL LTD	30,000,000	3.945
MR JOSEPH TULLIO [GROUP]	14,596,948	1.919
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,946,344	1.702
NATIONAL NOMINEES LIMITED	11,601,465	1.526
MR HAO MA	10,835,790	1.425
MR PETER JOHANNES POORT	10,000,000	1.315
MR BEN MICHAEL FAULKNER [GROUP]	5,929,810	0.780
MR CHRIS & MS FIONA WALLIN <CHRIS WALLIN SUPERFUND A/C>	5,500,000	0.723
MR DAVID THOMAS WHITE	5,071,768	0.667
HOLICARL PTY LTD <HUNTER GRAIN PL SF A/C>	4,545,454	0.598
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,427,646	0.582
MR DAVID LAWSON	3,606,936	0.474
MR GOPAL KRISHNA BOSE & MRS SHARMILA BOSE	3,000,000	0.394
MR JOHN DOUGLAS BENSEMAN	3,000,000	0.394
LJR CONSTRUCTIONS PTY LTD	2,360,000	0.310
CITICORP NOMINEES PTY LTD	2,061,105	0.271
TOTAL	686,923,455	90.327

STATEMENT OF UNQUOTED SECURITIES AS AT 31 AUGUST 2016

The following unquoted securities are on issue:	**Quantity**
Convertible notes maturing on 19 December 2016	60,000,000
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
Options exercisable at 3 cents per share on or before 3 December 2018	585,008
Options exercisable at 0 cents per share between 1 February 2017 and 31 January 2020	250,000,000
Options exercisable at 0.8 cents per share between 1 February 2017 and 31 January 2020	83,333,333

DIRECTORS

Kevin Grice
Jincheng Yao
Wanfu Huang
Zule Lin

COMPANY SECRETARY

Paul Schultz

HEAD OFFICE & REGISTERED OFFICE

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Boardroom Pty Limited
Level 7
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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 27 SEPTEMBER 2016

PROJECT		EFFECTIVE OWNERSHIP	LOCATION
EL 1043	Mt Nakru (47.7km²)	100% Copper Quest PNG Ltd[1]	New Britain Island PNG
EL 2379	Simuku (122.7km²)	100% Copper Quest PNG Ltd[1]	New Britain Island PNG
EL 2014	Makmak (255.3km²)	100% Copper Quest PNG Ltd	New Britain Island PNG
EL 1782	Powell (378.0km²)	100% Copper Quest PNG Ltd	New Britain Island PNG
EL 2272	Wowonga (30.7km²)	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.