

28 October 2016

ASX Code: **COY**

### **September 2016 Quarterly Activity Report**

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 30 September 2016 and to the date of this report.

#### **Summary for the Quarter Ended 30 September 2016**

- Drilling Contract Signed
- Successful warden's hearings for EL 2014 Makmak and EL 2272 Wowonga
- Current Exploration Portfolio
- Extension of Convertible Notes' Term

#### **Exploration Activity**

##### **Drilling Contract Signed**

On 13 October 2016 the Coppermoly announced that it had signed an agreement with international drilling contractor Quest Exploration Drilling (**QED**) to carry out an exploration drilling program at the Company's most advanced project, the Mt Nakru Copper-Gold project. The project area hosts two known mineralisation zones: Nakru 1 and adjacent Nakru 2 prospects where drilling in 2014 intersected high grade near-surface copper mineralisation.

The agreement provides for the drilling of 15 HQ diamond drill holes for a total of 2,730 metres. The 15 drill holes are planned as infill drilling to define the extension of mineralisation systems at both Nakru 1 and Nakru 2. Mobilisation of the drilling and other equipment has commenced and drilling is expected to begin next week.

Coppermoly Non-executive Director, Dr Wanfu Huang, said of the upcoming campaign:

"This drilling program marks the restart of substantive ground exploration on the Company's key copper and gold exploration tenement. We are delighted to have engaged such a well credentialed and locally experienced operator as QED.

The drill program will provide further data to enhance our understanding of the mineralisation systems in the project area, and advance our knowledge about the economic potential of ore bodies at Nakru."

##### **Successful warden's hearings**

As part of the normal tenement renewal application process two successful warden's hearings were held on 6 September (EL 2272 Wowonga) and 7 September 2016 (EL 2014 Makmak). The hearings were held on each respective tenement with full support of each group of landowners from Wowonga & Makmak to renew the respective licenses for another two years.

The next step is assessment of the applications at the next Mining Advisory Council meeting. The Company is not aware of any reasons why the two exploration licences will not be renewed.

### Current Exploration Portfolio

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

PROJECT	PERIOD ACQUIRED	LOCATION
EL 1043 Mt Nakru (47km <sup>2</sup> )*	Jan 2008	West New Britain
EL 2379 Simuku (122km <sup>2</sup> )*	Jan 2008	West New Britain
EL 2014 Makmak (255km <sup>2</sup> )	May 2012	East New Britain
EL 1782 Powell (378km <sup>2</sup> )	Sep 2013	East New Britain
EL 2272 Wowonga (31km <sup>2</sup> )	Feb 2014	East New Britain

\* Two of the Company's exploration licences, EL 1043 Mt Nakru and EL 2379 Simuku, (EL 2379 Simuku is a newly consolidated exploration licence combining EL 1077 Simuku and EL 1445 Talelumas), together known as the West New Britain Projects (**WNB Projects**) were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the WNB Projects by spending more than \$20 million on exploration. In July 2013 Coppermoly entered into an agreement with Barrick to reacquire 100% ownership of the WNB Projects' licences on a staged basis. Barrick still holds a nominal 28% interest in the WNB Projects, which the Company has a binding agreement to acquire, completion of which will be effected on the payment of a further \$4.5 million to Barrick within 6 months following the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs for exploration or development of the WNB Projects nor are they entitled to any profits from the projects.

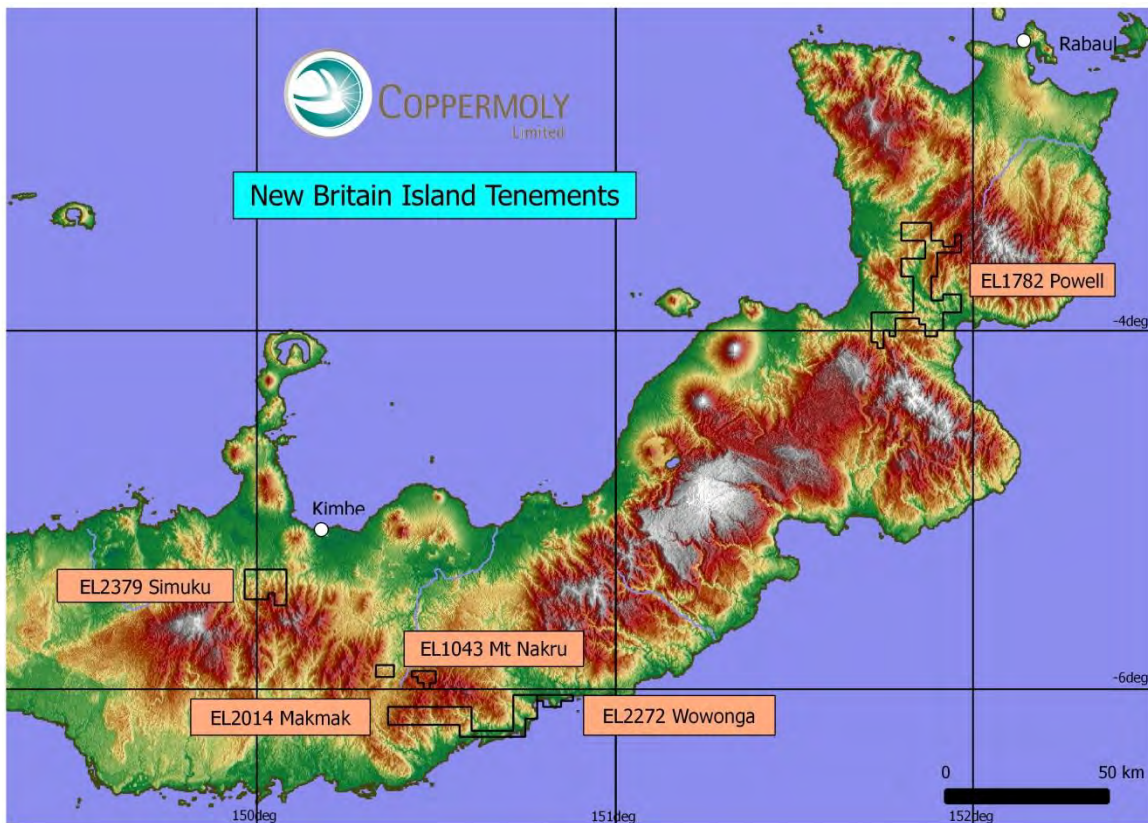


Figure 1: Coppermoly's Exploration Licences on New Britain Island

## **Competent Person Statement**

The information in this report that relates to Exploration Results is based on information compiled by Mr 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.

## **Corporate Activity**

### **Extension of Convertible Notes' Term**

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

Each Convertible Note is convertible, at the option of the holder, into one new fully paid ordinary share on or before 5:00pm on the maturity date, unless repaid earlier, subject to such conversion not resulting in the holder breaching the Corporations Act 2001. There have been no other changes to the Convertible Notes other than the extension of the maturity date.

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

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

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

## **About Coppermoly**

Coppermoly (COY) is an ASX listed junior exploration company which has been listed on the ASX since 2008. Coppermoly's mineral exploration activities are focused entirely on the island of New Britain in PNG where it holds five exploration licences. These licences cover copper, gold, silver, zinc, molybdenum and iron mineralisation. The five current tenements are **Mt Nakru**, **Simuku** (a newly consolidated licence combining old EL 1077 Simuku and EL 1445 Talelumas), **Makmak**, **Powell** and **Wowonga**.

## Appendix 5B

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

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

**Name of entity**

**COPPERMOLY LIMITED**

**ABN**

54 126 490 855

**Quarter ended ("current quarter")**

30 September 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(115)	(115)
(b) development	-	-
(c) production	-	-
(d) staff costs	(48)	(48)
(e) administration and corporate costs	(37)	(37)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	4	4
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(188)</b>	<b>(188)</b>

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

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

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issue of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(6)	(6)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(6)</b>	<b>(6)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,117	2,117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(188)	(188)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	2	2
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(6)	(6)
4.5 Effect of movement in exchange rates on cash held	(3)	(3)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,922</b>	<b>1,922</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	915	1,117
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) - fixed term deposit	1,007	1,000
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,922</b>	<b>2,117</b>

**6. Payments to directors of the entity and their associates**

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

<b>Current quarter \$A'000</b>
1

Directors' fees

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

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

<b>Current quarter \$A'000</b>

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

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


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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	800
9.2 Development	-
9.3 Production	-
9.4 Staff costs	50
9.5 Administration and corporate costs	60
9.6 Other (provide details if material)	-
9.7 <b>Total estimated cash outflows</b>	<b>910</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

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

Sign here:  Date: October 28, 2016  
.....  
(Director/Company secretary)

Print name: Paul Schultz  
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### Notes

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