

30 January 2023

ASX Code: **COY**

December 2022 Quarterly Activities Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 31 December 2022.

SUMMARY

- **Agreement to Sell Papua New Guinea Projects.**
- **Coppermoly is well capitalised with cash reserves of \$1.4 million as of 31 December 2022.**

Exploration Projects

Papua New Guinea Exploration Projects

The Company advised in December that it has entered into a legally binding share purchase deed (**SPA**) for the sale of all of the shares in its wholly owned subsidiary, Copper Quest PNG Limited (**Sale Shares**) (**Copper Quest**), the holder of the Company's exploration licences in West New Britain in the Independent State of Papua New Guinea (**PNG**), to Ever Leap Services Limited (**Buyer**) (the Company's largest shareholder) (**Proposed Sale**).

The Proposed Sale follows the outbreak of COVID-19 and resulting restrictions on travel and disruption to exploration activities over the last few years and will enable the Company to focus on its highly prospective grounds for copper gold and critical minerals in the Eastern Successions of Mt Isa, Northwest Queensland where management can more effectively progress exploration activities.

The consideration for the Proposed Sale comprises the buy-back and cancellation by the Company of approximately 1,955,024,388 fully paid ordinary shares in the Company (**Shares**) held (or to be held) by the Buyer and certain other major Shareholders and directors (**Buyback**), together with a cash payment to the Company of \$500,000.

As such, the Proposed Sale will also help to address any perceived concentration of voting power in the Company, with the hope that this will facilitate greater interest and financial support of the Company from the Australian financial community, reducing financial reliance on a few key shareholders.

The Proposed Sale is subject to, among, other things, Shareholder approval and other usual regulatory approvals, further details of which are contained in the Key Term Summary contained in this announcement and will be further documented in a notice of meeting seeking Shareholder approval for the Proposed Sale, which is expected to be dispatched in late February/ early March.

The Company currently has an interest in the following mineral exploration licenses in PNG:

Papua New Guinea

EL 1043 Mt Nakru ¹	7 December 2022 ²	47km ²	West New Britain
EL 2379 Simuku ¹	10 September 2021 ²	122km ²	West New Britain
EL 2514 Mak Mak	11 September 2021 ²	61km ²	West New Britain
EL 2578 Kori River	24 February 2023	396km ²	West New Britain
EL 2638 Metelen River	17 May 2022 ²	246km ²	West New Britain

The Company's exploration territory in PNG is highly prospective for large, porphyry style and shallow felsic dome hosted, copper-molybdenum-gold deposits with substantial mineral resources already defined at Mt Nakru and Simuku, which are two of the Company's most advanced projects.

Key Terms of Proposed Sale

The SPA is between, among others, the Company, the Buyer and a number of the Company's major shareholders (**Major Shareholders**) and several directors of the Company (**Directors**), and contains the following terms:

(a) **Consideration:** The purchase price comprises:

- i. \$500,000 payable to the Company on Completion (**Cash Amount**);
- ii. the Buyer, the Major Shareholders and the Directors buying back and cancelling their Shares.

(b) **Conditions Precedent:** Completion is subject to various conditions precedent being satisfied before 30 April 2023 (or such later date as the parties agree in writing), including:

- i. the Company having obtained shareholder approval for:
 - A. the acquisition and cancellation of all of the Shares held by the Major Shareholders and the Directors (**Buy-back Shares**);
 - B. the transfer of the Sale Shares to the Buyer, including for the purpose of Listing Rule 10.1; and
 - C. the variation to the number of Shares to be issued to Jade Triumph International Limited (**Jade Triumph**) under the terms of the convertible note held by it **Jade Convertible Note Agreement**) (from 60,000,000 to 170,000,000) (the **Jade Triumph Conversion Shares**);
- ii. various regulatory approvals, including:
 - A. Copper Quest having obtained shareholder approval for the transaction under section 110 of the Companies Act (PNG);
 - B. the Deed and this transaction being approved by the Minister for Mining in PNG for the purposes of the Mining Act (PNG);
 - C. the Company being satisfied that ASIC and ASX have issued or provided consents or approvals, or have done other acts or things, which have not been withdrawn or revoked before Completion, that the Company considers necessary or desirable to give effect to this transaction and the Deed;

¹ As at the date of this Notice, Coppermoly has a 72% interest in EL 1043 Mt Nakru and EL 2379 Simuku, together known as the West New Britain Projects (**WNB Projects**), which were previously subject to a farm-in agreement with Barrick, and for which Barrick still holds a nominal 28% interest, which Coppermoly has a binding agreement to acquire, completion of which will be affected on the payment of a further \$4.5 million to Barrick within 6 months following the commencement of commercial production at the WNB Projects.

² As at the date of this Notice, Coppermoly has submitted renewal applications for these tenements in accordance with the regulatory processes prescribed by the PNG Mining Act.

D. such other consents and approvals from government agencies that the Company and Buyer agree are desirable; and

iii. the Company, the Buyer and Barrick (PNG Exploration) Limited (**Barrick**) entering into a deed of novation to novate the Company's obligations and interest in the re-acquisition deed between the Company, Copper Quest and Barrick, to the Buyer, pursuant to which the Company guaranteed Copper Quest's obligation to pay Barrick \$4,500,000 on the commencement of production.

(c) **Resignation:** As part of the Completion obligations, Mr Jian Xuan is expected to resign as a Director of the Company.

The SPA also contains various representations, warranties and negative covenants usual for a transaction of this sort. To facilitate implementation of the Proposed Sale, Jade Triumph has agreed to a six (6) month extension of the Jade Triumph Convertible Note, to facilitate the calling of the necessary meeting to convert the Jade Triumph Convertible Notes into Shares.

Effect on Capital Structure

The number of Shares to be bought back include approximately 1,769,570,023 Shares on issue as at the date of this announcement, together with the 170,000,000 Jade Triumph Shares to be issued as part of the conversion of the Jade Triumph Convertible Note and any further Shares to be issued to the Directors (expected to be 5,151,455 in lieu of Directors fees per Director, subject to Shareholder approval) which are held as follows:

Shareholder Name	Buy-back Shares (Pre-Conversion)	% Pre Conversion	Buy-back Shares (Post-Conversion)	% Post Conversion
Ever Leap Services Limited	924,742,508	42.15%	924,742,508	38.86%
Shanghai Fuyuan Investments Limited	404,170,658	18.42%	404,170,658	16.99%
Shenzhen Beilite Jades Limited	364,444,444	16.61%	364,444,444	15.32%
Jade Triumph International Ltd	40,000,000	1.82%	210,000,000	8.83%
Mr Jincheng Yao	16,109,075	0.73%	21,260,530 ³	0.89%
Mr Zule Lin	14,345,057	0.65%	19,496,512 ³	0.82%
Mr Jian Xuan	5,758,281	0.26%	10,909,736 ³	0.56%

The primary effect of the Proposed Sale is to reduce the number of Shares on issue and to increase the proportionate interest of Coppermoly's remaining Shareholders.

³ Includes 5,151,455 Shares expected to be issued in lieu of Directors fees, subject to Shareholder approval.

The below table sets out the effect of the Proposed Sale on Coppermoly's capital structure if Completion of the Proposed Sale occurs, including the number and percentage of Shares on issue as at the date of this announcement and in the event that Completion occurs.

Description	As at 12 December 2022	Post Proposed Sale
Coppermoly Shares Total	2,193,956,929	424,386,906
Coppermoly Shares (excluding Buyback Shares)	424,386,906 (19.34%)	424,386,906 (100%)
Coppermoly Options	Nil.	Nil.
Coppermoly Convertible Notes	170,000,000 ⁴	Nil.

Substantial Shareholders of Coppermoly

As at the date of this Notice, the Major Shareholders hold the following fully paid ordinary shares in Coppermoly (**Shares**):

Major Shareholder	Coppermoly Shares Held	%
Ever Leap Services Limited	924,742,508	42.150%
Shanghai Fuyuan Investments Limited	404,170,658	18.422%
Shenzhen Beilite Jades Limited	364,444,444	16.611%
Jade Triumph ⁵	40,000,000	1.823%
Total securities held	1,733,357,610	79.006%

As noted above, the consideration payable for the Proposed Sale is the cancellation of Shares held by the Buyer and certain other major shareholders and directors by the Company, and a payment to Company of the Cash Amount.

As a result, immediately following Completion, it is believed that the following Shareholders will have Voting Power in the Company of five percent (5%) or more in the Company:

Holder of Voting Power	Coppermoly Shares Held	%
Dr Wanfu Huang	108,580,702	25.59%
Barrick Australia Pty Ltd	73,201,447	17.25%
Mr Ma Piwu	52,737,609	12.43%
Mr Joseph Tullio	33,417,627	7.87%

Other

The ASX has previously advised the Company that, based solely on the information provided to it, and on the basis that Shareholder approval will be required pursuant to Listing Rule 10.1 and the relevant provisions of the Corporations Act, which, in turn, requires the preparation and provision of an Independent Expert's Report opining as to whether the Proposed Sale is fair and reasonable to the shareholders whose votes are not to be disregarded, Listing Rules 11.1.2, 11.1.3 and 11.2 do not apply to the Proposed Sale.

⁴ The Jade Convertible Notes have a face value of \$1,200,000 and have accrued interest of approximately \$625,000 as at 30 June 2022, which convertible notes are proposed to be converted to 170,000,000 Shares (and bought-back) as a condition of the SPA.

⁵ As per footnote 4 above.

Exploration Projects in Australia

During the March quarter, the Queensland Department of Natural Resources, Mines and Energy (“DNR”) granted exploration license EPM 27836 (Mount Tracey Project) to the Company. Thus the Company holds substantial prospective ground for copper gold mineralisation in the Eastern Succession, Mount Isa Inlier, northwest Queensland. Ongoing data reviewing and modelling on geophysical anomalies are planned to be completed in the first quarter of 2023.

EPM 27836 (Mount Tracey Project)

EPM27836 covers an area of approximately 294 km², and lies immediately to the south of the previously granted EPM27835 (Fox Creek Project), which comprises an area of approximately 320 km².

The Queensland Mineral database records numerous Cu-Au occurrences within the Eastern Succession. The most significant occurrences include Ernest Henry (167 Mt @ 1.1% Cu; 0.54 g/t Au), Eloise (3.2 Mt @ 5.8% Cu; 1.5g/t Au; 19g.t Ag), Osborne (11.2 Mt @ 3.51% Cu; 1.49 g/t Au), Mt Elliot (3.3 Mt @ 3.6% Cu; 1.8 g/t Au), Starra (6.9 Mt @ 1.65% Cu; 4.8 g/t Au) (Figure 1).

Extensive research on mineralisation model and implication in exploring for those Cu-Au deposits highlighted several key elements: (1) contact zones across major stratigraphic packages such as the Corella/Steveley Formation and Soldiers Cap Group; (2) the district scale basement structure such as the Cloncurry Fault; (3) presence of mafic intrusives / extrusives; (4) spatial proximity to significant granitoids such as the Williams-Naraku Granite.

The Cloncurry Fault is a significant structural zone in the Eastern Succession, striking north-westerly over 150 km in length and extending continuously to at least 20km depth. This fault is broadly associated with a major lithological contact, separating cover sequence units in the Soldiers Cap and Corella/Steveley Formation. It is spatially associated with a series of plutons such as the Saxby Granite and Squirrel Hills Granite. It is recognised to have been a major fluid channel over a significant period of time. Numerous Cu-Au occurrences occur along this fault zone (Figure 2).

EPM27835, contains a significant portion of the Cloncurry Fault (Figure 2).

The tenement area is deemed highly prospective for base metal and gold mineralisation with geological resemblances to the Eloise Cu-Au and Starra Cu-Au deposits.

There are numerous historic copper workings in the tenement area. Three of those areas, are Mount Kalkadoon Cu-Au Zone, Lorna Miss Hit Cu-Au Zone and Fox Extension Cu-Au Zone. Preliminary modelling of historic data warrants further exploration on those zones (Figure 2).

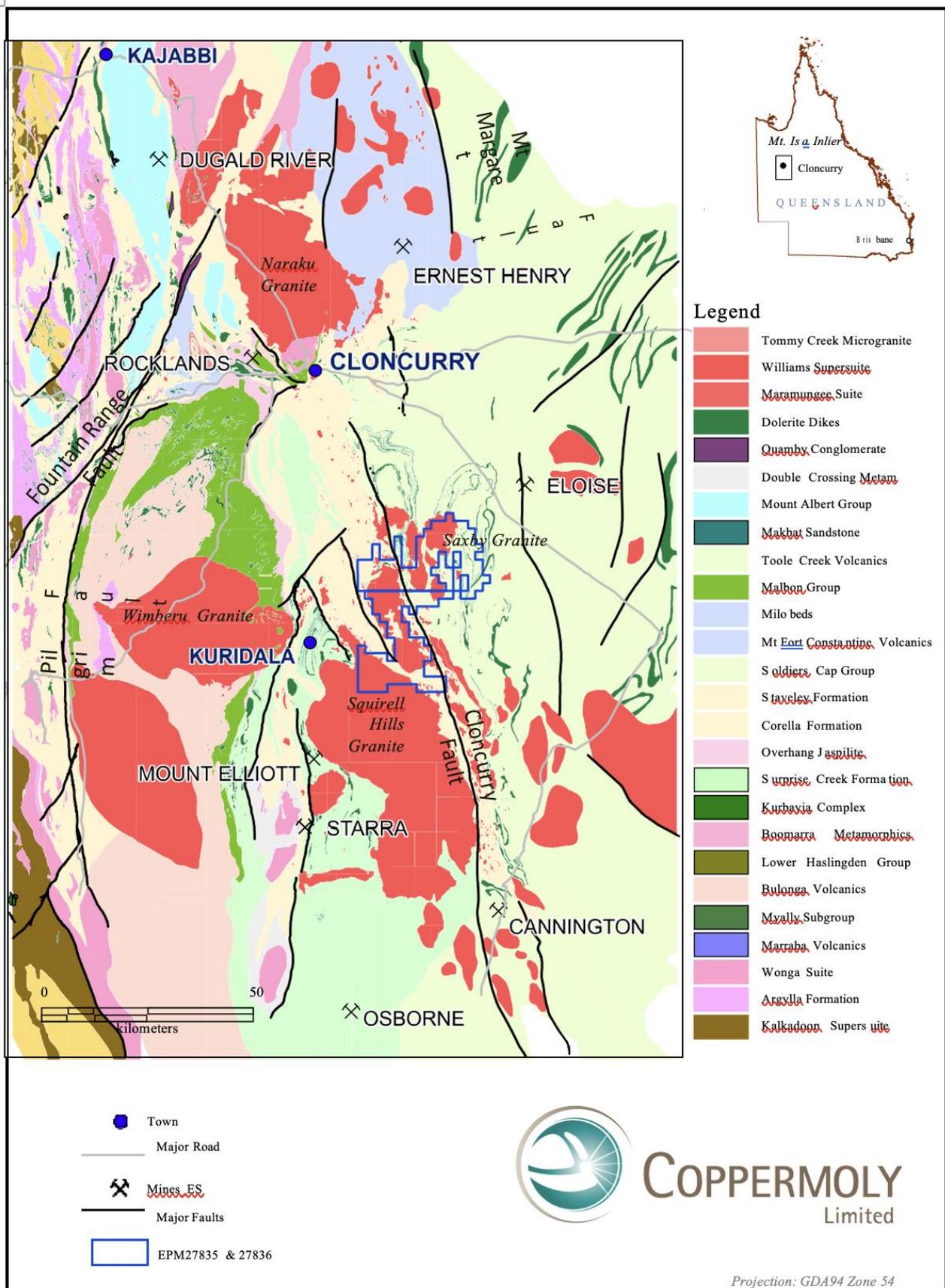


Figure 1 - Tenement location in the Eastern Succession, Mt Isa Inlier, Northwest Queensland showing significant copper, gold and zinc deposits in the region. (Map compiled after Qld's Mines Department database - NWQ Geology 2011)

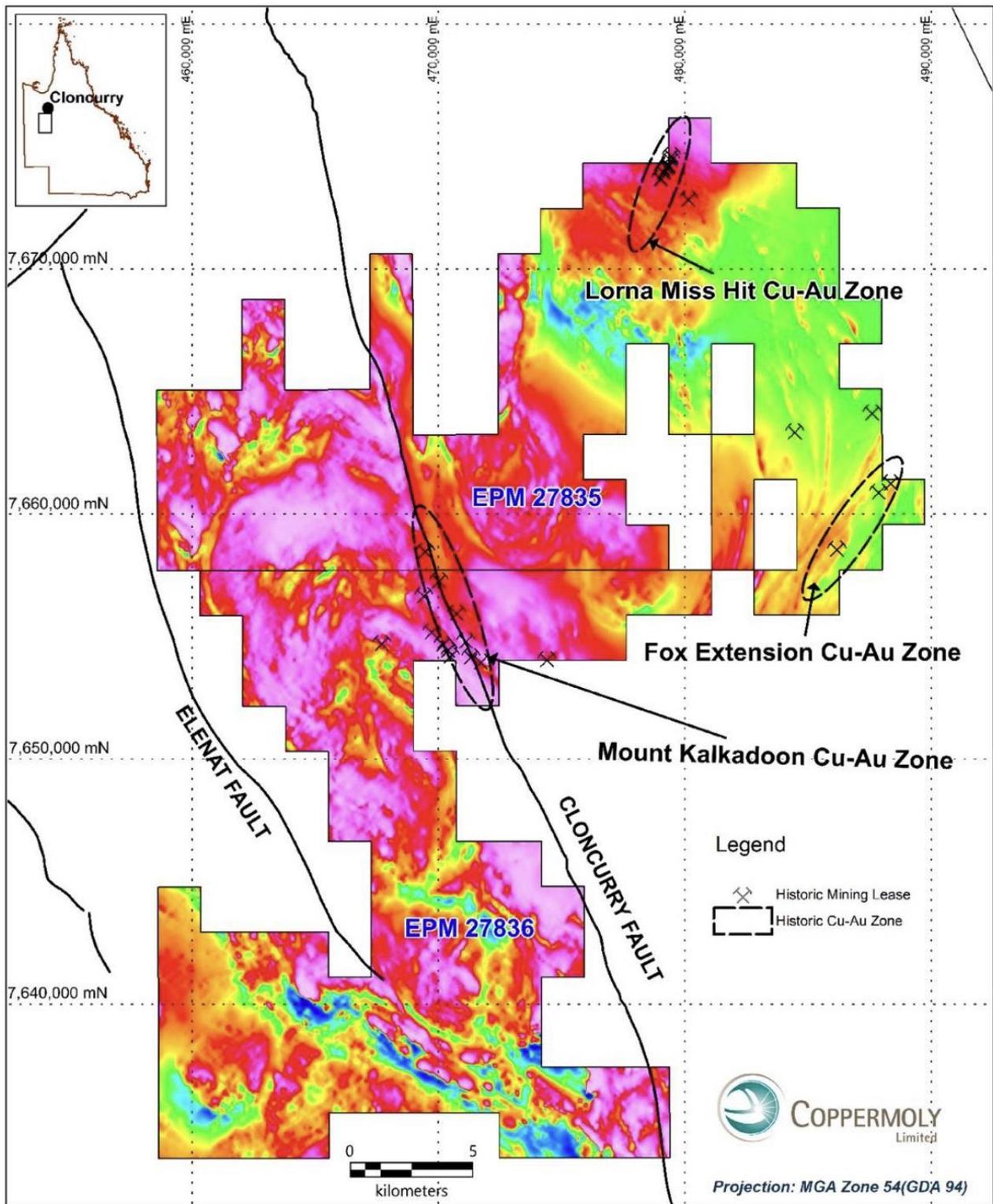


Figure 2 - Granted tenements (Fox Creek Project and Mount Tracey Project) over total magnetic Image (TMI) showing historic Copper mines zones and major fault zones. (Magnetic data clipped from Mine Department Database NWQ_TMI 2011)

Corporate Activity

As of 31 December 2022, the Company had cash reserves of \$1.4 million.

During the quarter the Company made payments totaling \$41,437 to related parties or their associates. These payments represented remuneration, including superannuation, paid to the Managing Director.

Exploration Portfolio on 31 December 2022

As of 30 September 2022, the Company had interests in the following mineral exploration tenements:

PROJECT	EXPIRY DATE	AREA	LOCATION
<u>Granted Exploration Licences – Papua New Guinea</u>			
EL 1043 Mt Nakru*	7 December 2022	47km ²	West New Britain
EL 2379 Simuku*	10 September 2021 ^{^^}	122km ²	West New Britain
EL 2514 Mak Mak [@]	11 September 2021 ^{^^}	61km ²	West New Britain
EL 2578 Kori River [@]	24 February 2021 ^{^^}	396km ²	West New Britain
EL 2638 Metelen River [@]	17 May 2022	246km ²	West New Britain
<u>Granted Exploration Licences – Australia</u>			
EPM27835 Fox Creek [@]	4 October 2026	320km ²	Queensland
EPM27836 Mount Tracey [@]	7 March 2027	294km ²	Queensland

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

[@] Other than EL 1043 and EL 2379, the Company holds, or has applied for, a 100% ownership interest in the mineral exploration tenements.

^{^^}As at the date of this Quarterly Report the Company has submitted renewal applications for these tenements for a further two year period commencing on the expiry date of the previous term as set out in the above table. The renewal application is proceeding in accordance with the regulatory processes prescribed by the PNG Mining Act. The Company believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the Company's application for renewal of the exploration licence not being granted in the ordinary course of business.

Authorised by the Managing Director of Coppermoly Limited.

For further information please contact

Dr Wanfu Huang

Managing Director

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Corporate Directory	
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Non-Executive Directors Mr Kevin Grice Mr Xuan Jian	
Company Secretary Mr Craig McPherson	

About Coppermoly

Coppermoly (COY) is an ASX listed junior exploration company which has been listed on the ASX since 2008. Coppermoly's head office is in Brisbane, Australia and mineral exploration activities are focused entirely on the island of New Britain in PNG where it is exploring for copper, gold, silver, zinc, and molybdenum.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

31 DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(52)	(104)
(e) administration and corporate costs	(182)	(289)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(230)	(387)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(152)	(230)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	(152)	(230)

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

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,824	2,054
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(230)	(387)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(152)	(230)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(5)	-
4.6	Cash and cash equivalents at end of period	1,437	1,437

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,437	1,824
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,437	1,824

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	41
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(230)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(152)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(382)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,437
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,437
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.76
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
Not applicable	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
Not applicable	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Not applicable

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 30 January 2023.....

Authorised by: The Managing Director
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.