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ASX Announcement

28th September 2010 **ASX Code: COY**

ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2010

We attach the Annual Report for the year ended 30 June 2010.

The Annual General Meeting of Shareholders will be held at Coppermoly's office at Level 1, 94 Bundall Road, Bundall, Queensland on Wednesday 17th November 2010 at 1.00pm (AEST).

Yours faithfully

M. Gannon
Director & Company Secretary

Encl.

Kc/mg012.10

2010 ANNUAL REPORT

COPPERMOLY Limited

ABN 54 126 490 855

LISTINGS: ASX: COY, PoMSOX: COY, Berlin: 5C5.BE, Frankfurt: 5C5.F Website: www.coppermoly.com.au

CONTENTS

THE CHAIRMAN'S LETTER

Dear Shareholder,

It is with pleasure that the Board of Directors present you with the third Annual Report of Coppermoly Limited ("the Company"). It has been a very productive and rewarding year for the Company.

Substantial future exploration funding was secured on excellent terms during the 2010 financial year for the Company's Papua New Guinea projects. The funding is through an Earn-In Joint Venture with Barrick Gold Corporation ("Barrick"), one of the largest and most successful gold mining companies in the world.

Barrick have agreed to sole fund up to AUD$20 million to earn up to a 72% interest in the Company's three tenements on New Britain Island. Coppermoly will retain a 28% interest in the projects that is carried to completion of a Bankable Feasibility Study.

Company and JV activities have substantially enhanced our exploration projects by identifying additional potentially economic grades of mineralisation, while also improving the understanding of the mineralised systems.

There has been a more than fourfold improvement in the Company's market capitalisation without significantly diluting shareholder equity. Coppermoly has strengthened its cash position and broadened its shareholder base, with Barrick becoming a 5% shareholder.

Additional funding was also raised by a non-renounceable rights issue with attaching free options. The share price has trebled since the time of the rights issue and the options that were attached are now in-the-money. The unsubscribed portion of the rights issue was fully taken-up by a spread of new shareholders. The result has been substantial appreciation in the Company's share price coupled with enhanced liquidity.

Coppermoly has always sought to keep its operating 'overheads' to a bare minimum and it continues to do so. During the 2010 financial year the cash position was improved by approximately $1.7 million. After balance sheet date the Company also made a small placement to 'activate' its Port Moresby Stock Exchange (POMSoX) listing, thereby raising an additional $246,864.

The Company has substantially advanced its Exploration Licences in less than three years of listing on the Australian Securities Exchange. It has also secured the future (to the extent that is possible) for the on-going exploration of those tenements and, if ultimately proven feasible, the development of any resources that may be discovered. Coppermoly has also sought out new exploration areas in Papua New Guinea where it will seek success utilising the Company's exploration expertise.

Applications were lodged for two new Exploration Licences on New Britain Island, being 'Fulleborn' to the south and west of the Nakru exploration licence and 'Powell' in East New Britain. The Company expects to begin the exploration of these new tenements when they are granted later in 2010.

Your company continues to prove itself to be a highly successful and well managed explorer. The Directors are confident that Coppermoly is now poised to take the next steps forward in its success. On behalf of the Board I would like to thank all shareholders and the Company's personnel for their continued support.

P. McNeil M.Sc.
Chairman

Since listing on the ASX in 2008, the Company has successfully advanced its copper projects to attract funding from Barrick Gold Corporation. This funding is being applied to drilling and sampling programmes which will help provide an improved understanding of the size and grade of Nakru and Simuku copper-gold-molybdenum systems. Barrick also invested in the Company and are currently the third largest shareholder at 4.5%.

Coppermoly recently announced major mineralisation intersections at the Nakru-1 copper – gold breccia system with drilling results of 213.75 metres grading 0.92% copper and 0.33 g/t gold including: 13.55 metres of 2.8% copper and 0.23 g/t gold in an upper zone of secondary enrichment at 64 metres vertical depth. This intersection is directly related to an Induced Polarisation (I.P.) geophysical anomaly.

A second I.P. anomaly 1,200 metres to the west at Nakru-2 is also being drill tested by Barrick. The first ever diamond drill holes by Coppermoly into this sulphide copper system returned intersections of 27.7 metres grading 1.90% copper, including 6.7 metres grading 3.8% copper from 25 metres depth in a massive sulphide primary copper lens. These breccia type systems usually occur as clusters, so there is potential for additional high grade copper systems.

The Coppermoly projects are accessible via roads and logging tracks and are close to infrastructure including an airfield and an operating deep water port at the provincial capital of Kimbe (Figure 1). Access to Kimbe from Australia is via daily flights to the PNG capital of Port Moresby. Topography throughout the project areas is moderate at between 300 metres and 800 metres above sea level. Favourable logistics and infrastructure are important for the future development of these projects.

Exploration is being carried out by a Barrick subsidiary under an agreement with Coppermoly Ltd. The agreement allows Barrick to spend A$20 million to earn 72% of EL 1043 (Nakru), EL1077 (Simuku) and EL1445 (Talelumas). Coppermoly Ltd retains 100% ownership of all three tenements until earn-in is complete. Barrick have met the minimum earn-in amount to be spent within two years by incurring exploration expenditure in excess of the required A$3 million.

With the assistance of Coppermoly, Barrick has established its own exploration base in Kimbe and brought together a highly skilled exploration workforce. A safe working environment is of paramount importance and Barrick are continuing with their on-site geotechnical assessments and high Occupational Health and Safety standards.

Coppermoly remains focused on exploring for copper-gold-molybdenum and gold deposits on the Island of New Britain. There has been a big infusion of investment on the island over the past few years and prospective ground is tightly held. Coppermoly has applied for two exploration licences covering over 1,400 square kilometres which are not subject to any agreement with Barrick. The Fulleborn (ELA 1813) tenement application occurs 8 kilometres to the south and 12 kilometres to the east of the Nakru project. The Powell (ELA 1782) tenement application neighbours the Mt. Likuruanga tenement belonging to the recently formed Frontier Resources Ltd/OK Tedi Mining joint venture.

With the discovery of major new higher grade copper systems at Nakru, we look forward to an improvement of our project value through a sustained drilling campaign. We believe the agreement with Barrick is important in helping improve project value and shareholder rewards.

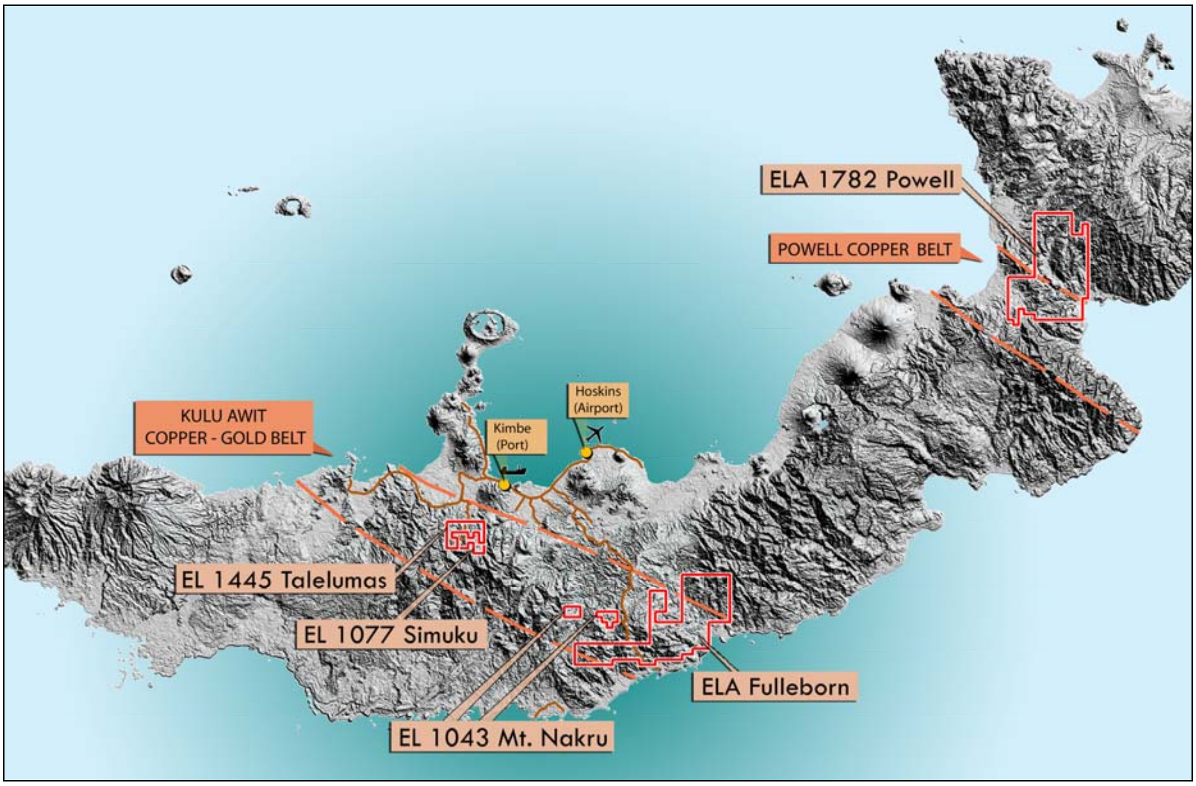

Figure 1: Coppermoly Projects on New Britain Island

NAKRU PROJECT

The Mt. Nakru property is accessible by a four hour drive from the provincial capital and deep water port of Kimbe. Four copper-gold prospects have been defined by historical surface geochemistry and airborne geophysics. They occur within an interpreted volcanic rim (Figure 2). In light of the recent discovery of significant copper mineralisation at Nakru-1 and 2, other prospects become highly significant.

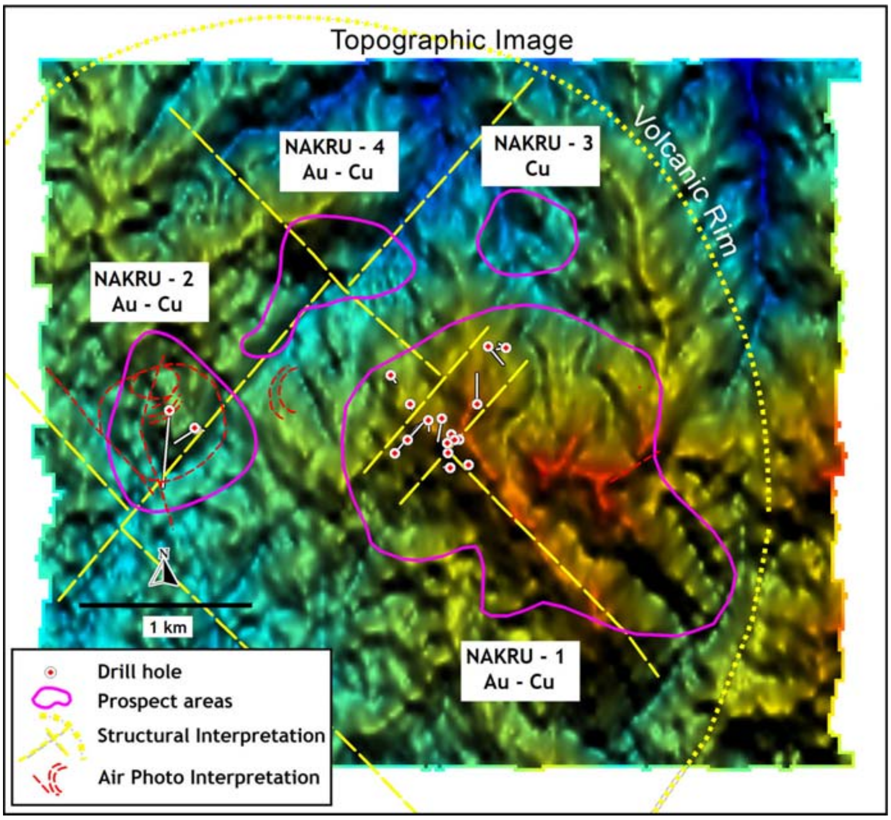

Figure 2: Nakru Prospects within an Interpreted Volcanic Rim

The Nakru-1 prospect possesses a strong and sizeable Three Dimensional Induced Polarisation (3DIP) anomaly associated with anomalous copper from drilling and surface bulldozer trenching results. Four historical drillholes tested the south-western portion of the I.P. anomaly where Coppermoly's last drillhole (NAK017) intersected 210.1 metres grading 0.45% copper (including 8.8 metres grading 1.95% copper from 61.2 metres depth).

The first Barrick drill hole (BWNBDD0001) tested the central and more intense part of the 3DIP anomaly which intersected 213.75 metres grading 0.92% copper and 0.33 g/t gold from 74.45 metres depth downhole (Figure 2 and Photo 1). This mineralised intersection includes two zones of secondary copper enrichment of 13.55 metres grading 2.8% copper and 0.23 g/t gold (from 74.45 metres depth) and 22.25 metres grading 1.47% copper and 0.13 g/t gold (from 98.75 metres depth) (refer to Table 1). No significant mineralisation was intersected from 288.2 metres to the end of the hole at 361.1 metres.

Table 1: Mineralised Intercepts in drillhole BWNBDD0001

Mineralisation Style	Depth From (metres)	Depth To (metres)	Intercept Width (metres)	Copper (%)	Cut-off (% Cu)	Gold (g/t)
Secondary and Primary	74.45	288.2	**213.75**	**0.92**	Nil	0.33
Including						
Secondary	74.45	88	**13.55**	**2.8**	0.2	0.23
	98.75	121	**22.25**	**1.47**	0.5	0.13
Primary	121	175.4	54.4	0.9	0.2	0.27
	178.4	201.5	23.1	1.14	0.2	0.54
	206	236	30	1.17	0.2	0.87
	238.7	265.3	26.6	0.43	0.2	0.35
	273.6	288.2	14.6	0.30	0.2	0.11

Diamond drillhole BWNBDD0002 was terminated at 276.7m depth due to poor ground conditions and did not reach its intended target. Further drilling will help determine the geometry of mineralisation and provide a better estimate of tonnage potential.

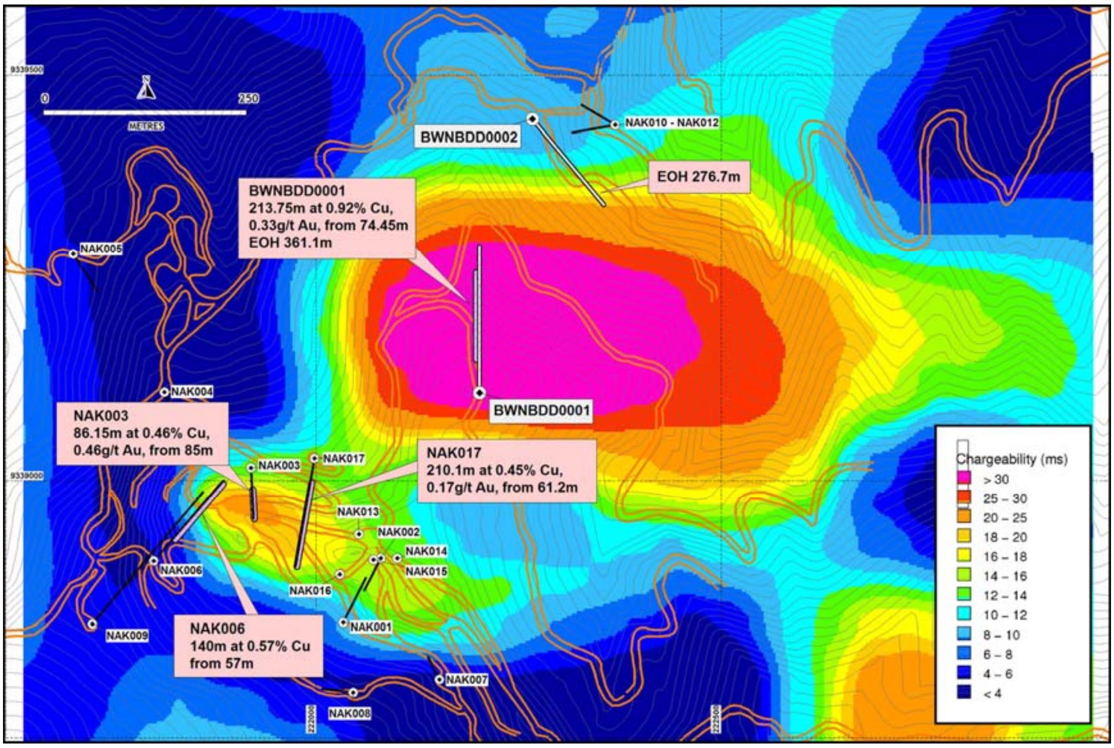

Figure 3: Nakru-1 Induced Polarisation at 200m depth with drilling results.

The Nakru-2 polymetallic system occurs as a 700 metre diameter hydrothermal breccia or VHMS system. Historical exploration has included stream, rock chip, trench and soil sampling. Airborne geophysics including magnetics and Dighem was also completed by previous explorers which showed anomalies of interest northwest of Nakru-2. Coppermoly completed a ground 3DIP survey which produced a significantly sized and strong I.P. anomaly coincident with the centre of a circular topographic feature defined by air photo interpretation.

The first ever drillhole into this system was completed by Coppermoly (NAK2-001) and it intersected 51.7 metres grading 1.21% copper including 6.7 metres grading 3.80% copper and 1.66% zinc. The second drillhole (NAK2-002) intersected 73 metres grading 0.96% copper, including 7 metres grading 3.36% copper. This 3% to 4% massive sulphide lens occurs 25 to 30 metres below surface.

Copper mineralisation has been intersected to over 200m metres depth within the geophysical anomaly, which remains largely untested by drilling. Barrick are currently undertaking a diamond drilling programme to test for mineralisation to over 600 metres in BWNBDD003 (Figure 4).

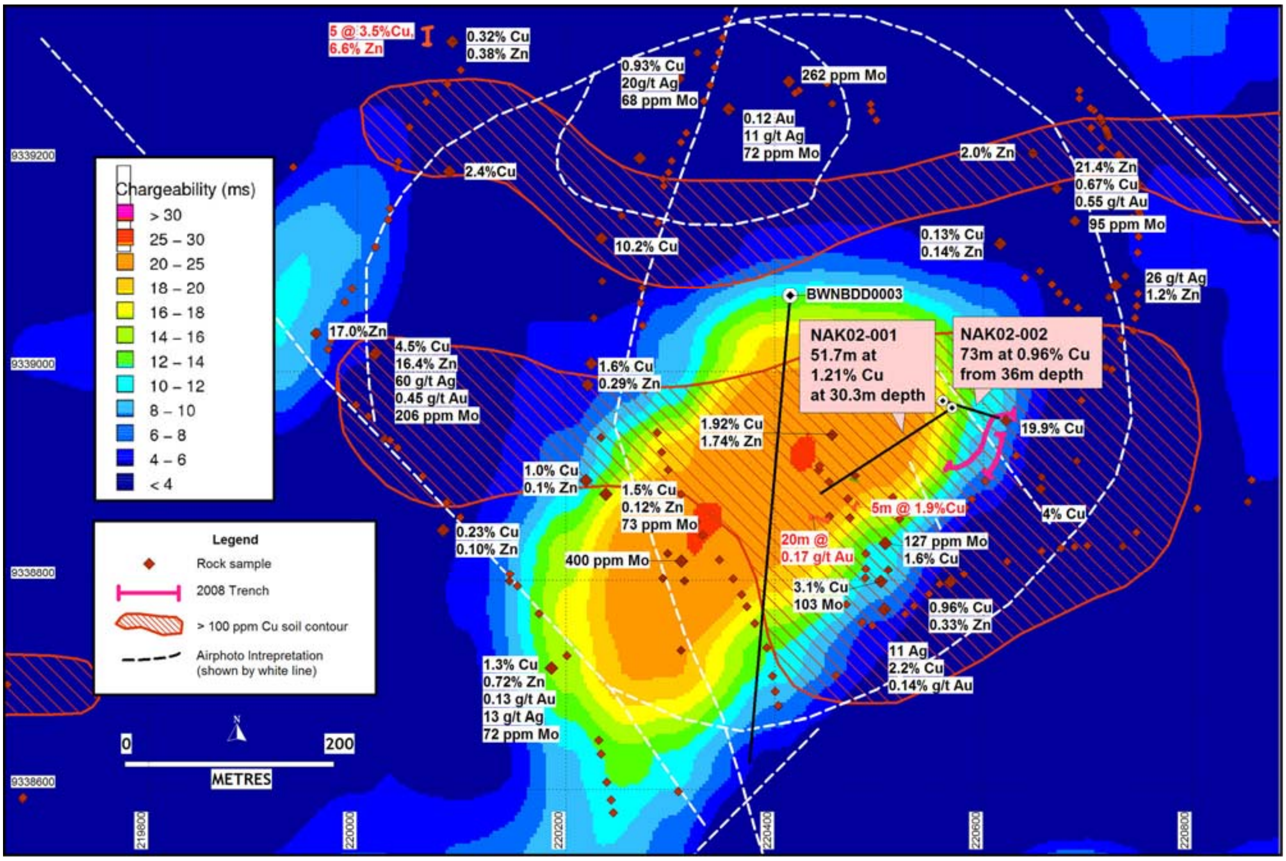

Figure 4: Nakru-2 Induced Polarisation at 150m depth with select surface samples.

Copper bearing massive sulphide encountered in the two Coppermoly drill holes at Nakru-2 is considered to have formed as a fine grained massive sulphide deposit of exhalative sedimentary origin. The sulphides (pyrite > chalcopyrite >> sphalerite) are inferred to have been deposited on the ocean floor by sudden cooling of mineralising hydrothermal fluid mixed with seawater. It is possible that the inferred massive sulphide "lens" represents a sea floor exhalative expression of a deeper epithermal system.

Photo 1: Nakru-1 Primary Copper Mineralisation

Photo 2: Nakru Core Shed

SIMUKU PROJECT

Barrick has commenced a drilling and sampling programme on Coppermoly's Simuku porphyry copper system. A camp has been set-up near the current drilling site. A total of 155 rock chip samples have been collected by Barrick in order to help design a drilling programme.

Major exploration programs have historically been completed at Simuku including 6,021 metres of drilling in 31 diamond drillholes, 28 kilometres of bulldozer surface trenching, airborne magnetics and ground Gradient Array I.P. geophysics. This data has defined a 3,500 metre by 650 metre envelope of copper mineralisation (Figure 5). A maiden Inferred Resource has been estimated at 200 million tonnes of 0.47% copper equivalent* within one-third of the "envelope".

The first Barrick diamond drillhole (Dip of -60 degrees) has a planned depth of 600 metres. The hole will test for additional copper mineralisation to the south of the existing Inferred Resource.

The Simuku porphyry copper deposit contains 700,000 tonnes of copper, 12,000 tonnes of molybdenum, 12 tonnes of gold and 391 tonnes of silver (or 1.5 billion pounds of copper, 26 million pounds of molybdenum, 0.4 million ounces of gold and 13 million ounces of silver).

Higher grades of secondary copper enrichment nearer the surface occur in eleven drill holes including a 16 metre thick horizon grading 1.0% copper (from 16 metres depth) at the Nayam Prospect. Higher grades of primary copper were intersected at the Nayam Prospect including 16 metres grading 1.24% copper from 240 metres down hole depth.

High grade zones of molybdenum are yet to be fully tested by drilling. At the Horseshoe prospect, diamond drillhole SMD-014 intersected 19 metres grading 0.32% molybdenum, including 7 metres grading 0.61% molybdenum from surface.

The Talelumas Exploration Licence encompasses the northern periphery of the Simuku tenement. The Isme Creek Prospect includes rock sample results of 0.86% copper, 0.77 g/t gold and a sample by Coppermoly containing 9.47 g/t gold, 552 g/t silver, 0.15% copper, 7.94% zinc and 7.05% lead.

At the Mt. Misusu Prospect, anomalous copper occurs in an area of 850 metres by 500 metres with rock sample results of 7.89% copper and 0.85 g/t gold, 3.66% copper and 0.80 g/t gold. This system occurs as a geophysical Gradient Array I.P. feature and further exploration is required to possibly define a mineralised system sub-parallel to the Simuku porphyry copper deposit.

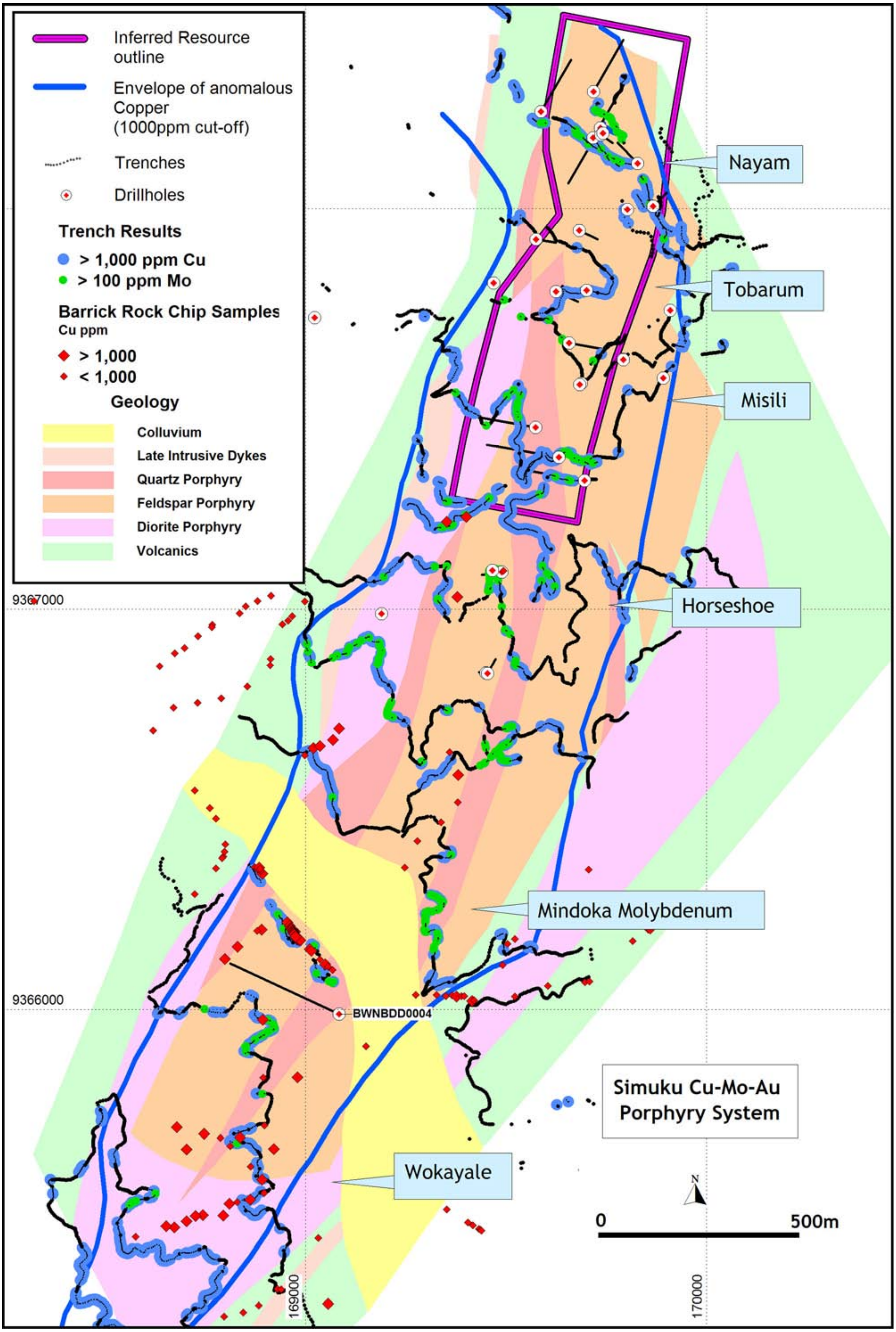

Figure 5: Simuku Porphyry Copper System

On behalf of the board,

Peter Swiridiuk

The information in this report that relates to Exploration Results and is based on information compiled by Peter Swiridiuk, who is a Member of the Australian Institute of Geoscientists. Peter Swiridiuk is a consultant to Coppermoly Ltd and employed by Aimex Geophysics. Peter Swiridiuk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Swiridiuk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Notes:

- *Copper Equivalent
  Mineralisation at Simuku consists of copper, molybdenum, gold and silver. Copper equivalent* is calculated as follows:

Metal (assay results) A				**Metal Price 9 Dec 2008** B		**Factors** C		**Value Calculation**	**Metal value US$**
1	Copper	Cu	ppm	1.44	US$/lb	453.59	ppm/lb	1A x (1B/1C) =	M
2	Molybdenum	Mo	ppm	11.00	US$/lb	453.59	ppm/lb	2A x (2B/2C) =	N
3	Gold	Au	g/t	772.00	US$/oz	31.103	g/oz	3A x (3B/3C) =	O
4	Silver	Ag	g/t	10.00	US$/oz	31.103	g/oz	4A x (4B/4C) =	P
Sum of metal values								S	M+N+O+P
Metal equivalent in Copper ppm								**Cu. Eq***	**S / 1B x 1C**

- The copper equivalent* values for intersections are quoted in addition to individual metal values, as they provide the most meaningful comparisons between different drill holes and trenches. The copper equivalent value will vary with the metal prices.

- All stated intersections are weighted assay averages ([Sum of each total interval x grade] / Total length of intersection) with a cut-off of 0.1 g/t gold or 0.2% copper.

- Copper Equivalent* (Cu.Eq*) is the contained copper, molybdenum, gold and silver converted to an equal amount of pure copper and summed (based on assays of mineralised rock and actual metal prices). It is used to allow interpretation of the possible theoretical 'value' of mineralised rock, without consideration of the ultimate extractability of any of the metals.

- Island Arc related porphyry copper – molybdenum - gold – silver deposits such as Simuku typically recover those metals subject to prevailing metal prices and metallurgical characteristics.

- The ASX requires a metallurgical recovery be specified for each metal, however, no testwork has ever been undertaken at Simuku and recoveries can only be assumed to be typical for Island Arc porphyry copper -molybdenum–gold–silver deposits.

- It is the Company's opinion that each of the elements included in the metal equivalents calculation has reasonable potential to be recovered if the project proceeds to mining.

- The reported mineral resource estimate has been rounded to appropriate significant figures.

- Drillhole samples from drillholes were transported to the camp site, logged, orientated and sampled between 1m and 2 metre intervals from core split by saw. The split samples are then transported to the town of Kimbe where they are air freighted to Intertek in Lae (PNG) for sample preparation. Samples are dried to 106 degrees C and crushed to 2-3 mm. Samples greater than 2kg are rifle split down to 1.5kg and pulverised to 75 microns. The final 300g sized pulp samples are then sent to Intertek laboratories in Jakarta for geochemical analysis. Intertek analyse for gold using a 50g Fire Assay with Atomic Absorption Spectroscopy finish. Other elements are assayed with ICPAES Finish. Copper values greater than 1000ppm are re-assayed using a multi acid digest (hydrochloric, nitric, perchloric and hydrofluoric acid) to leach out the copper with an ICP finish. Molybdenum samples greater than 100ppm were check assayed using X-Ray diffraction. Intertek laboratories have an ISO 17025 accreditation. Unused half core is stored on site before being transported to the town of Kimbe for permanent storage.

- Drillhole BWNBDD0001 Drill Core is PQ, HQ and NQ in size with core recovery predominantly 100%. It is angled at -60 degrees from horizontal.

- All maps are produced in UTM Zone 56, AGD66 Datum.

- Mineralised intersections are quoted as downhole widths.

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 2010.

DIRECTORS

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

R.D. McNeil
P. Swiridiuk
P.A. McNeil
D.S. Brynelsen
C.E. Iewago

M.J. Gannon was appointed as a Director on 1 October 2009 and continues in office at the date of this report.

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 $2,099,504 (2009: $3,934,553). No dividend has been paid or recommended during the three years ended 30 June 2010.

The result of the consolidated entity was significantly affected by exploration expenditure of $579,499 (2009: $2,992,225) written off in accordance with company policy as outlined in Note 1 and share based payments (i.e. non-cash) of $742,960 (2009: $Nil).

REVIEW OF OPERATIONS

The Managing Director's Review of Operations and Activities is given on pages 2 to 8.

During the financial year;

(i) The consolidated entity supported, through its agreement with Barrick (PNG Exploration) Limited, ongoing exploration and evaluation work on its exploration areas, with particular emphasis on Simuku, Nakru and Talelumas projects in Papua New Guinea.

(ii) The consolidated entity evaluated and applied for two new Exploration Licences on the island of New Britain.

(iii) The Company increased its issued capital by $2,889,188 (2009: $2,919) after costs, from the issue of shares and options as detailed in notes 16(b) and 17 to the Financial Statements.

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

The Company raised a total of $1,540 in August 2010 pursuant to the exercise of options. A further $246,864 was raised by way of a placement in September 2010. Details are disclosed at Note 20.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely future developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years are:-

- continuing exploration of the Mt Nakru, Simuku and Talelumas projects in Papua New Guinea; and
- evaluation and exploration of new project initiatives which could meet corporate strategic guidelines.

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	Particulars of Directors' interest in shares and options of Coppermoly Ltd: Ordinary Shares	Options
Robert D. McNeil			
Non-Executive Director and previously Chairman from July 2007 to November 2008.	N/A	1,181,000	396,500 Listed
Age 72. B.Sc., M.Sc. Mr McNeil has 50 years industry experience in Australia, Papua New Guinea, U.S.A., Indonesia, Thailand and other countries. He was formerly General Manager of Esso Papua New Guinea Inc. where he was based in Lae, Papua New Guinea for 6 years. Before this assignment he resided in the U.S.A. for 5 years and prior to that worked for several major and minor companies mainly in Australia. He has been associated with the discovery of several orebodies, specifically the Juno and Warrego orebodies at Tennant Creek by Peko in the 1960's.			2,000,000 Unlisted

During the last three years Mr McNeil has served as a Director of the following public listed companies:-

- Chairman, CEO and President of New Guinea Gold Corporation, a British Colombia company listed on the TSX Venture Exchange (Canada) (appointed 3 May 1996, resigned as President 4 February 2010).
- Non-Executive Chairman of Frontier Resources Ltd (ASX) (23 January 2001 to 20 January 2010).
- Non-Executive Chairman and Director Gold Tiger NL (ASX) (2 September 2004 to 28 November 2009).
- Chairman of Macmin Silver Ltd (ASX) (12 August 1992 to 15 September 2009).

INFORMATION ON DIRECTORS (continued)

Director and Experience	Special Responsibilities	Particulars of Directors' interest in shares and options of Coppermoly Ltd: Ordinary Shares	Options
Peter Swiridiuk			
Managing Director since July 2007. Age 43. BSc (Hons), DipEd, MAIG. Mr Swiridiuk has over 20 years experience exploring for VMS style copper deposits in Oman, Cyprus and PNG, copper-gold deposits in Mexico, Solomon Islands and PNG, diamond pipes throughout Australia and coal-copper-gold systems in eastern Australia. He has spent over 15 years managing the exploration, discovery and resource definition for copper deposits. Prior to this, he spent six years with DeBeers diamond services as a geophysicist in their Research and Technical Services Division. This involved the management of contractors and data analysis to explore for diamond deposits. He has written numerous independent technical geological reports on over 20 projects for the British Columbia Securities Commission (TSX-V). Mr Swiridiuk has not served as a Director of any other public listed companies during the last three years.	Member of Planning & Operations Committee. Member of Risk Management Committee.	320,000	110,000 Listed 2,500,000 Unlisted
Peter A. McNeil			
Non-Executive Director and Chairman from November 2008 and previously Non-Executive Director. Age 49. B.Sc., M.Sc. Mr McNeil has 27 years exploration experience in Papua New Guinea, U.S.A. and Australia including programs at the Lihir gold deposit and in the Goldfields and Kimberley regions of Western Australia and Tasmania. He has been associated with the discovery of a number of orebodies including Nimary and Sunrise Dam in Western Australia. During the last three years Mr McNeil has served as a Director of the following public listed companies:- ▪ Managing Director of Frontier Resources Ltd (ASX) (appointed 23 January 2001). ▪ Non-Executive Director of New Guinea Gold Corporation (TSX-Venture) (3 May 1996 to 1 February 2010). ▪ Non-Executive Director of Macmin Silver Ltd (ASX) from 28 October 1994 to 6 November 2008.	Member of Planning & Operations Committee. Member of Audit Committee. Member of Risk Management Committee.	115,000	5,000 Listed 2,000,000 Unlisted

INFORMATION ON DIRECTORS (continued)

Director and Experience	Special Responsibilities	Ordinary Shares	Options
		Particulars of Directors' interest in shares and options of Coppermoly Ltd	
Dal Brynelsen			
Non-Executive Director since September 2007.	Member of Audit Committee.	1,450,000	748,750 Listed 1,500,000 Unlisted
Ces Iewago			
Non-Executive Director since November 2008.	N/A	390,000	130,000 Listed 1,000,000 Unlisted

Dal Brynelsen

Non-Executive Director since September 2007.

Age 63. Mr Brynelsen holds a Diploma in Urban Land Economics from the University of British Columbia and is a licensed real estate broker of the Real Estate Council of British Columbia. Mr Brynelsen has over 30 years of experience in the mining industry including the discovery, financing and bringing into production of two gold mines in Canada. He was a Founding Director of Griffin Mining NPL, being the first Western company to build a mine in China in 100 years. Griffin operates a zinc mine and has approximately 400 employees.

During the last three years Mr Brynelsen has served as a Director of the following public listed companies:-

- President and Chief Executive Officer of Vangold Resources Ltd (TSX-Venture) (appointed September 1990).
- Founding Director of Griffin Mining NPL (AIM-London) (appointed January 2001).
- Director of Janina Resources Limited (TSX-IB) (appointed November 2007).
- President, Chief Executive Officer and Director of Vanoil Energy Ltd (TSX-Venture) appointed September 2009.

Ces Iewago

Non-Executive Director since November 2008.

Age 50. Mr Iewago is a citizen of Papua New Guinea. He holds an MBA and BA Commerce degrees and is a Fellow of the Australian Institute of Directors. He has over 25 years experience in the business banking, financial services and investments sectors in Papua New Guinea. Mr Iewago previously served as Managing Director of Public Officers Superannuation Fund. He was Country Director and General Manager of investment bank Merrill Lynch in Papua New Guinea (1997 to 2000) and was responsible for its corporate and retail business. He also held the position of Deputy Managing Director of Papua New Guinea's first merchant bank, Resources & Investment Finance Ltd (1990 to 1996) responsible for Marketing, Corporate Business and Portfolio Management. He is a Director of New Guinea Gold Corporation and a number of Papua New Guinea companies.

During the last three years Mr Iewago has served as a Director of the following public listed companies:-

- Non-Executive Director of Frontier Resources Ltd (ASX) from 6 February 2008 to 27 October 2008.
- Non-Executive Director of New Guinea Gold Corporation (TSX-Venture) (appointed 5 December 2005).

INFORMATION ON DIRECTORS (continued)

Director and Experience	Special Responsibilities	Particulars of Directors' interest in shares and options of Coppermoly Ltd: Ordinary Shares	Options
Maurice Gannon			
Alternate Director since October 2009. Executive Director since February 2010. Age 53. BSc, GAICD, FCIS, AFAIM, MAusIMM. Mr Gannon holds a Bachelor of Science Degree, a Graduate Diploma in Applied Corporate Governance and a Business Management Certificate. He has over twenty years experience in business and financial management and a professional background in earth and environmental sciences. Mr Gannon is a Graduate Member of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Chartered Secretaries, an Associate Fellow of the Australian Institute of Management and a member of the Australasian Institute of Mining and Metallurgy. He is President of New Guinea Gold Corporation, a TSX listed exploration and mining company, which is a substantial shareholder of Coppermoly Ltd. Mr Gannon has not served as a Director of any other public listed companies during the last three years.	Member of Audit Committee. Member of Planning & Operations Committee. Member of Risk Management Committee.	500,000	125,000 Listed 1,200,000 Unlisted

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Maurice J. Gannon

See information on Directors.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2010, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit Committee Meetings		Planning & Operations Committee Meetings		Risk Management Committee Meetings	
	A	B	A	B	A	B	A	B
Mr R.D. McNeil	4	4	*	*	*	*	*	*
Mr P. Swiridiuk	4	4	*	*	5	5	5	5
Mr P.A. McNeil	4	4	2	2	5	5	5	5
Mr D. Brynelsen	3	4	2	2	*	*	*	*
Mr C.E. Iewago	4	4	*	*	*	*	*	*
Mr M.J. Gannon (appointed 1 Oct 2009)	3	3	2	2	5	5	5	5

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

REMUNERATION REPORT (Audited)

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

The following people were the Directors, Executives and key management personnel of the Group during the period covered by this report:-

Name	Position	Period Position Held
R.D. McNeil	Non-Executive Director and Chairman Non-Executive Director	27 July 2007 -18 November 2008 19 November 2008 - Current
P. Swiridiuk	Managing Director	27 July 2007 – Current
P.A. McNeil	Non-Executive Director Non-Executive Director and Chairman	25 September 2007 -18 November 2008 19 November 2008 - Current
D. Brynelsen	Non-Executive Director	25 September 2007 - Current
C.E. Iewago	Non-Executive Director	1 November 2008 - Current
M.J. Gannon	Assistant Company Secretary and Financial Controller Company Secretary Alternate Director Executive Director	14 March 2008 - 29 July 2008 30 July 2008 - Current 1 October 2009 - Current 12 February 2010 - 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.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to shareholder growth
- provides a clear structure for earning rewards
- provides recognition for contribution.

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.

Details of market price movements in the Company's ordinary share price for the two years ended 30 June 2010:

		2009	2010
Share price at year end	Cents	0.055	0.086
TSR – year on year [1]	Per cent	(38.8%)	63.95%
Share price movement [2]	Per cent	(38.8%)	(4.65%)

1. Total shareholder return (TSR) – measured as the change in share price at the end of the year from opening share price.
2. Share price movement measured as the change from 2008 (0.090).

There were no dividends paid during the year ended 30 June 2010.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

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

Options issued to Key Management Personnel have performance "premiums" factored into their exercise prices. The cash component of remuneration is kept relatively low. Therefore, there is a significant performance component in remuneration arrangements.

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

Non-Executive Directors
Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually 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 with effect from 18 November 2008. 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 has three components:

- base pay and benefits
- long-term incentives through options (see note 22 to the Financial Statements), and
- other remuneration such as superannuation.

Base pay
Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' 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
Information on the Coppermoly Ltd Employee Incentive Option Plan is set out in Note 22. Directors, including Executive Directors, may not participate in the Employee Incentive Option Plan.

REMUNERATION REPORT (Audited) (continued)

Employee options are not performance related except to the extent that they are awarded at the discretion of the Board in recognition of performance. In the interest of encouraging employee retention, options issued under the Plan vest one year after the date of issue. Therefore, allocation of options under the Plan is subject to the Board's assessment of individual performance and vesting of the options to the employee requires a further twelve months of satisfactory performance subsequent to the date of issue. Options may be forfeited at the discretion of the Board if an individual's performance is considered unsatisfactory or employment ceases.

The Coppermoly Ltd Employee Incentive Option Plan rules contain a restriction on removing the 'at risk' aspect of the options granted to employees. Participants in the Coppermoly Ltd Employee Incentive Option Plan may not enter into derivative transactions with third parties in regard to the options. The Plan does not include any limitation of risk for the option holders. All employees who are issued options under the Plan are given a full copy of the Plan rules.

Options issued to Directors and Officers are subject to the Terms and Conditions of The Directors' & Officers Option Plan and vest at the date of issue. The rules of the Plan preclude the granting of a security interest over the options. Therefore, the participants cannot use the options for any form of mortgage, loan or any other third party interest of any nature. Options issued under the Plan to-date have significant premiums factored into their exercise prices in order to establish explicit performance criteria. Substantial share price appreciation is required in order for the options to obtain a realisable value. If a Director ceases to hold office, either as a result of suspension or vacation of office, their options are forfeitable, at the discretion of the remaining directors.

The Group has no Board policy in relation to the Directors and Officers limiting their exposure to risk from the share-based compensation granted to them.

(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.

P.A. McNeil, *Non-Executive Director and Chairman*

- Base salary, inclusive of superannuation, as at 30 June 2010 of $43,600 to be reviewed annually.

P. Swiridiuk, *Managing Director*

- Base salary, as at 30 June 2010 of $750 per day, to be reviewed annually.

R.D. McNeil, *Non-Executive Director*

- Base salary, inclusive of superannuation, as at 30 June 2010 of $21,800 to be reviewed annually.

D.S. Brynelsen, *Non-Executive Director*

- Base salary, as at 30 June 2010 of $20,000, to be reviewed annually.

C.E. Iewago, *Non-Executive Director*

- Base salary, as at 30 June 2010 of $20,000, to be reviewed annually.

M. Gannon, *Executive Director & Company Secretary*

- Base salary, inclusive of superannuation, as at 30 June 2010 of $141,700, to be reviewed annually.

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.

REMUNERATION REPORT (Audited) (continued)

(c) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel of the Company and the consolidated entity for the years ended 30 June 2010 and 30 June 2009 are set out in the following tables:

2010	Short-term employee benefits			Post Employment Benefits	Long-term Benefits		Share-based payments		Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
Name	Cash salary and fees $	Cash Bonus $	Non-Monetary benefits $	Super-annuation $	Long Service Leave $	Termin-ation Benefits $	Options* $	Total $		
Directors										
R.D. McNeil	30,000	-	-	1,800	-	-	96,900	128,700	75	75
P. Swiridiuk^°	131,300	-	-	-	-	-	145,350	276,650	53	53
P.A. McNeil	59,600	-	-	3,600	-	-	145,350	208,550	70	70
D. Brynelsen	30,000	-	-	-	-	-	96,900	126,900	76	76
C. Iewago	32,800	-	-	-	-	-	96,900	129,700	75	75
M. Gannon• (from 1 October 2009)	101,981	-	-	8,278	-	-	96,900	207,159	47	47
Other key management personnel										
M. Gannon^• (from 1 July 2009 – 30 September 2009)	26,250	-	-	2,363	-	-	-	28,613	-	-
Total	411,931	-	-	16,041	-	-	678,300	1,106,272		

2009	Short-term employee benefits			Post Employment Benefits	Long-term Benefits		Share-based payments		Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
Name	Cash salary and fees $	Cash Bonus $	Non-Monetary benefits $	Super-annuation $	Long Service Leave $	Termin-ation Benefits $	Options* $	Total $		
Directors										
R.D. McNeil	27,640	-	-	2,488	-	-	-	30,128	-	-
P. Swiridiuk^°	158,900	-	-	5,355	-	-	-	164,255	-	-
P.A. McNeil	32,359	-	-	2,912	-	-	-	35,271	-	-
D.S. Hutchison^# (from 1-30 July 2008)	15,750	-	-		-	-	-	15,750	-	-
D. Brynelsen	20,000	-	-		-	-	-	20,000	-	-
C. Iewago (from 1 Nov 2008)	13,333	-	-		-	-	-	13,333	-	-
Other key management personnel										
T. Smith^ (from 1 July 2008 - 1 November 2008)	50,000	-	-	4,500	-	27,212	-	81,712	-	-
M. Gannon^•	98,167	-	-	8,835	-	-	-	107,002	-	-
D.S. Hutchison^ # (from 31 July – 4 November 2008)	26,100	-	-		-	-	-	26,100	-	-
Total	442,249	-	-	24,090	-	27,212	-	493,551		

REMUNERATION REPORT (Audited) (continued)

^These executives are/were the 5 highest paid executives of the Company and group.

*Option value calculation using Black-Scholes Model
D.S. Hutchison was a Director for the period 1-30 July 2008 and a Contractor for the period 31 July to 4 November 2008.
° P. Swiridiuk was an employee for the period 1 July to 31 October 2008 during which time he received superannuation benefits. He was a Contractor for the period 1 November 2008 to 30 June 2010 and did not receive superannuation benefits for this period.
• M. Gannon was Company Secretary for the period from 30 July 2008. He was also appointed Director from 1 October 2009.

(d) Share-based Compensation

Options
Some options were granted to Directors and Officers under conditions approved by the Directors at a meeting held on 22 October 2007, being the key people involved in the exploration of the Company's tenements prior to the Company's float and in the management of the float of the Company. The options were issued in recognition of and relative to their roles in the establishment of the Company.

Other options are granted to Directors and Officers under conditions approved by the Shareholders at the 2009 Annual General Meeting. Options are granted to other key management personnel under the Coppermoly Ltd Employee Incentive Option Plan which was approved by the Directors by way of Written Resolution dated 17th October 2007. Employee options are not performance related except to the extent that they are issued at the discretion of the Board in recognition of performance. Any options issued to employees under the Employee Incentive Option Plan vest to the employee only when they have achieved one continuous year of service to the entity. If the employee leaves, regardless of whether the options have vested or not, the options may be forfeited at the discretion of the Directors.

The terms of the Coppermoly Ltd Employee Incentive Option Plan are outlined in note 22 to the Financial Statements.

Options are granted under the Plan for no consideration. Options are granted for between 2-5 year periods.

The details of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Type of Options	Grant date	Expiry date	Exercise price	Value per option at grant date	% vested	% forfeited	Date exercisable
Directors	22 Oct 2007	22 Oct 2010	$0.30	$0.06	100	25	Between 22 Oct 2009 and 22 Oct 2010
Officers	22 Oct 2007	22 Oct 2010	$0.30	$0.06	100	100	Between 22 Oct 2008 and 22 Oct 2010
Employee	13 Mar 2008	13 Mar 2011	$0.25	$0.0125	28.6	71.4	Between 13 Mar 2009 and 13 Mar 2011
Employee	5 Oct 2009	5 Oct 2012	$0.10	$0.0488	0	18.9	Between 5 Oct 2010 and 5 Oct 2012
Directors	1 Dec 2009	1 Dec 2012	$0.19	$0.0969	100	0	Between 1 Dec 2009 and 1 Dec 2012
Directors	1 Dec 2009	1 Dec 2012	$0.23	$0.0969	100	0	Between 1 Dec 2009 and 1 Dec 2012

Options granted under the Plans carry no dividend or voting rights.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Coppermoly Ltd and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Coppermoly Ltd. Further information on the options is set out in note 22 to the Financial Statements.

Name	Number of Options granted during the year	Number of options vested during the year	Number of options forfeited during the year
	2010	2010	2010
Directors of Coppermoly Ltd			
R.D. McNeil	1,000,000	1,000,000	-
P. Swiridiuk	1,500,000	1,500,000	-
P. A. McNeil	1,500,000	1,500,000	-
D. Brynelsen	1,000,000	1,000,000	-
C.E. Iewago	1,000,000	1,000,000	-
M. Gannon	1,000,000	1,000,000	-

REMUNERATION REPORT (Audited) (continued)

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, 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.

(e) Options and rights granted as remuneration

Details of the terms and conditions of options and rights granted to key management personnel and executives as compensation during the reporting period are as follows:

2010	No. options/ rights granted	No. options/ rights vested	Fair value per option/right at grant date	Exercise Price	Amount paid or payable	Expiry date	Date exercisable
Directors							
R.D. McNeil	500,000	500,000	$0.0969	$0.19	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
R.D. McNeil	500,000	500,000	$0.0969	$0.23	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
P. Swiridiuk	750,000	750,000	$0.0969	$0.19	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
P. Swiridiuk	750,000	750,000	$0.0969	$0.23	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
P.A. McNeil	750,000	750,000	$0.0969	$0.19	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
P.A. McNeil	750,000	750,000	$0.0969	$0.23	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
D. Brynelsen	500,000	500,000	$0.0969	$0.19	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
D. Brynelsen	500,000	500,000	$0.0969	$0.23	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
C.E. Iewago	500,000	500,000	$0.0969	$0.19	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
C.E. Iewago	500,000	500,000	$0.0969	$0.23	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
M. Gannon	500,000	500,000	$0.0969	$0.19	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
M. Gannon	500,000	500,000	$0.0969	$0.23	-	1-Dec-12	1 Dec 2009 to 1 Dec 2012
	7,000,000	7,000,000					

No options were issued to other key management personnel or executives during the period.

(f) Equity instruments issued on exercise of remuneration options

No equity instruments were issued during the period to key management personnel and executives as a result of options exercised that had previously been granted as compensation.

2010	Number of shares issued on exercise of options	Number of options exercised	Amount paid per share	Amount unpaid per share
Directors	-	-	-	-
Other key management personnel	-	-	-	-
Other executives	-	-	-	-
	-	-		

The following options were granted during the year ended 30 June 2010:

Number of Options	Issued to	Exercise Price	Exercise Period
3,500,000	Directors	19 cents	Between 1 December 2009 and 1 December 2012
3,500,000	Directors	23 cents	Between 1 December 2009 and 1 December 2012
1,325,000	Employees	10 cents	Between 5 October 2010 and 5 October 2012

REMUNERATION REPORT (Audited) (continued)

Shares provided on exercise of remuneration options
No shares were issued as a result of the exercise of options by Directors or employees.

Employee incentive option plan
None of the Directors of Coppermoly Ltd are eligible to participate in the Company's Employee Incentive Option Plan.

END OF REMUNERATION REPORT (Audited)

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors of Coppermoly Ltd or the executives of the consolidated entity, including their personally-related entities.

SHARE OPTIONS GRANTED TO DIRECTORS AND THE MOST HIGHLY REMUNERATED OFFICERS

As detailed above options over unissued ordinary shares of Coppermoly Ltd were granted during the financial year to the Directors and the most highly remunerated officers of the Company and consolidated entity as part of their remuneration.

SHARES UNDER OPTION

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

Date options granted	Expiry date	Issue price of shares	Number under option
22 October 2007	22 October 2010	$0.30	3,000,000
22 January 2008	30 April 2011	$0.30	2,000,955
13 March 2008	13 March 2011	$0.25	1,700,000
19 June 2008	30 April 2011	$0.30	17,914,385
15 July 2008	30 April 2011	$0.30	2,589,437
15 September 2009	1 December 2011	$0.07	5,309,898
28 September 2009	1 December 2011	$0.07	15,576,359
29 September 2009	1 December 2011	$0.07	1,200,000
1 October 2009	1 December 2011	$0.07	1,585,000
5 October 2009	5 October 2012	$0.10	1,325,000
1 December 2009	1 December 2012	$0.19	3,500,000
1 December 2009	1 December 2012	$0.23	3,500,000
			59,201,034

No optionholder has any right under the options to participate in any other share issue of the Company or of any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

44,472 shares of Coppermoly Ltd were issued during the year ended 30 June 2010 on the exercise of options. 22,000 shares have been issued from the exercise of options since that date. No amounts are unpaid on any of the shares.

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 or Auditor of the Company or any of its controlled entities against a liability incurred as such an Officer or 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 (QLD) 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*.

	2010 $	**2009 $**
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		
BDO Audit (QLD) Pty Ltd Australian firm:	32,325	31,457
Sinton Spence Chartered Accountants PNG Firm:	3,065	7,656
Total remuneration for audit services	35,390	39,113
2. Other Assurance Services		
BDO Audit (QLD) Pty Ltd Australian firm:	-	15,000
Sinton Spence Chartered Accountants PNG firm:	1,359	2,853
Total remuneration for other assurance services	1,359	17,853
Total remuneration for assurance services	36,750	56,966
Taxation Services		
BDO Audit (QLD) Pty Ltd Australian firm:	9,000	11,980
Sinton Spence Chartered Accountants PNG firm:	590	1,322
Total remuneration for taxation services	9,590	13,302

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 23.

ROUNDING OF AMOUNTS

Amounts in the Directors' report have been rounded to the nearest dollar.

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.

P. Swiridiuk
Managing Director

Bundall, Queensland
27 September 2010

AUDITOR'S INDEPENDENCE DECLARATION

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Australia

Declaration of Independence by Christopher Skelton to the Directors of Coppermoly Ltd.

As lead auditor for the audit of Coppermoly Ltd for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit*.*

This declaration is in respect of Coppermoly Ltd and the entities it controlled during the year.

BDO Audit (QLD) Pty Ltd

Christopher J. Skelton
Director

Brisbane
27 September 2010

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2010

In accordance with the Australian Securities Exchange Corporate Governance Council's recommendations the Corporate Governance Statement must contain certain specific information and also report on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Corporate Governance Council's best practice recommendations are as follows:

1. Lay solid foundations for Management and oversight.
2. Structure the Board to add value.
3. Promote ethical and responsible decision-making.
4. Safeguard integrity in financial reporting.
5. Make timely and balanced disclosure.
6. Respect the rights of shareholders.
7. Recognise and manage risk.
8. Remunerate fairly and responsibly.

This statement outlines the main Corporate Governance practices that were in place throughout the period, unless otherwise stated.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of Directors is accountable to shareholders for the performance of Coppermoly Ltd.

In carrying out its responsibilities the Board undertakes to serve the interests of shareholders, employees and the broader community honestly, fairly, diligently and in accordance with applicable laws.

The respective roles of the Board and Senior Executives are clearly defined.

The Board's responsibilities encompass the following:

1. set the strategic direction of the Group and monitor Management's implementation of that strategy;

2. select and appoint and, if appropriate, remove from office, the Company Secretary and Chief Executive Officer. Determine his/her conditions of service and monitor his/her performance against established objectives;

3. ratify the appointment and, if appropriate, the removal from office of the Chief Financial Officer;

4. monitor financial outcomes and the integrity of reporting; in particular approve annual budgets and longer-term strategic and business plans;

5. set specific limits of authority for Management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;

6. ensure that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;

7. monitor compliance with regulatory requirements, including continuous disclosure, and ethical standards;

8. review, on a regular basis, Senior Management succession planning and development; and

9. ensure effective and timely reporting to Shareholders.

The Board delegates to the Chief Executive Officer responsibility for implementing the strategic direction and for managing the day-to-day operations of the Group. The Chief Executive Officer consults with the Chairman, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

The Board acknowledges that it is responsible for the overall internal control framework. The system is based upon procedures, policies and guidelines, organisation structures that seek to provide an appropriate division of responsibility and the careful selection and training of qualified personnel.

The Board, particularly through the Planning and Operations Committee, sets the strategic direction of the Company with Management and monitors Management's implementation of strategy.

The Planning and Operations Committee consists of the Chairman, the Managing Director and the Company Secretary. It meets after every Board Meeting (generally at least once every three months). The Committee evaluates past and proposed exploration activities, strategies and results, administration and capital expenditures.

Minutes of the Planning and Operations Committee meetings are copied to the Board.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The full Board determines the Board size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a minimum of three Directors and a maximum of ten. Given the Company's background, nature and size of its business and the current stage of its development, the Board is comprised of six Directors, four of whom are Non-Executive. The Board believes that this is both appropriate and acceptable at this stage for the Company's development.

The positions of Chairman and Managing Director are held by separate persons.

Succession planning for the Board is reviewed regularly by the full Board. In considering potential new Directors to commend to shareholders, the Board seeks to identify candidates with appropriate skills and experience to contribute to effective direction of the Company, who can exercise an independent and informed judgement on matters which come to the Board, and who are free of any business or other relationship that may interfere materially with the exercise of that independent judgement.

The Chairman and Deputy Chairman, if applicable, are elected by the full Board.

Role of Chairman

The Chairman presides over Board and General Meetings of the Company. He has the task of making sure the Board is well informed and effective; that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company.

The Chairman is responsible for ensuring that the meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for the Group.

He must ensure that General Meetings, too, are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

Among the Chairman's other responsibilities are:

1. To see that new Board members are well briefed and have access to information on all aspects of the Company's operations;
2. To act as the primary counsellor to the Chief Executive Officer; and
3. To represent the views of the Board to the public, governments, etc on appropriate occasions.

Board Meetings

The Board meets formally at least 4 times a year (in addition to General Meetings of shareholders) and whenever necessary to deal with urgent matters which might arise between scheduled meetings.

Senior members of Management may be requested to attend Board Meetings to present reports on, or seek approvals within, their areas of responsibility. In certain circumstances, Board members may (a) request that aspects of a meeting be held 'in camera' and non directors will be requested to leave the meeting or (b) agree to hold a separate meeting involving Directors only or Non-Executive Directors only. Non-Executive Directors may meet without the Managing Director when discussing matters pertaining to his performance, salary review, CEO succession planning or other personal matters.

Directors' Independence

None of the Company's Directors are independent.

The Board reviews annually the independence of Directors having regard to ASX Corporate Governance Council Recommendation 2.1.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the consolidated entity's expense.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

All Directors, senior executives and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with customers, suppliers, advisors and regulators, competitors, the community and each other in each country where the consolidated entity operates.

The Company has established a Corporate Code of Conduct which is available at www.coppermoly.com.au or by contacting the registered office.

Dealings in Company Securities by Directors and Employees

The Company's securities trading policy for Directors and employees is available at www.coppermoly.com.au or by contacting the registered office.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Company's CEO and Chief Financial Officer report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Audit Committee

An Audit Committee has been established and is documented in a Charter which is approved by the Board of Directors and is available at www.coppermoly.com.au or by contacting the registered office. In accordance with this Charter, all members of the Committee must be Directors, executives of the Company or qualified consultants. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The members of the Audit Committee during the year were Messrs P.A. McNeil (Chairman), D. Brynelsen (Director) and M. Gannon, (Director and Company Secretary). Information on the qualifications of the Directors on the Audit Committee and attendance at Audit Committee meetings are contained in the Directors' Report.

The Audit Committee meets at least twice a year with the Company's External Auditor required to be in attendance.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure to ASX

The Company's Continuous Disclosure Policy is available at www.coppermoly.com.au or by contacting the registered office.

The Continuous Disclosure Policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Company's policy regarding Communication with Shareholders is available at www.coppermoly.com.au or by contacting the registered office.

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs.

All announcements and reports submitted to ASX are posted on the Company's website www.coppermoly.com.au.

The Company maintains an investor database to distribute significant announcements by email.

The Company's practice is to invite the auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A Risk Management Committee has been established. The members of the Committee during the year were P. Swiridiuk, P. McNeil and M. Gannon. The Committee meets (at least four times a year) at the same time as the Planning & Operations Committee.

The Company has a Risk Management Policy which is available at www.coppermoly.com.au or by contacting the registered office.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board considers that the Company is not currently of a size to justify the formation of a separate Remuneration Committee, therefore the Board as a whole, serves as a Remuneration Committee. The Company's Remuneration Policy is available at www.coppermoly.com.au or by contacting the registered office.

The broad Remuneration Policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components and incentives that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

Details of the Company's remuneration policies are contained in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

ADOPTION OF ASX CORPORATE GOVERNANCE RECOMMENDATIONS

The Company has adopted the ASX Corporate Governance Principles and Recommendations for the whole period, as outlined in the Corporate Governance Statement, with the following exceptions:

Composition of the Board
Council Principle 2: Structure the Board to add value

Council Recommendation 2.1: A majority of the Board should be Independent Directors.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of Independent Non-Executive Directors.

Four Directors are Non-Executive Directors. These Non-Executive Directors are not Independent Directors in accordance with the Best Practice Recommendations.

The Board is of the opinion that each Director on the Board holds sufficient experience to make quality and independent judgments and decisions in their role as Director in the best interests of the Company on all relevant issues.

Further Independent Directors may be appointed depending upon the future acquisitions and growth of the Company.

Council Recommendation 2.2: The chair should be an Independent Director.

The Chairperson, Mr P.A. McNeil, is not considered independent under ASX guidelines. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an Independent Non-Executive Chairman.

Integrity of Financial Reporting
Council Principle 4: Safeguard integrity in financial reporting.

Council Recommendation 4.2: Structure the audit committee so that it consists of:

- only Non-Executive Directors;
- a majority of Independent Directors;
- an independent chairperson, who is not chairperson of the Board;
- at least three members.

The Audit Committee consists of one Executive Director/Company Secretary and two Non-Executive Directors, but does not have a majority of Independent Directors. The Board considers the mix of two Non-Executive Directors and the Executive Director/Company Secretary appropriate for the Company given the current size of the Company and the Board and role of the Committee.

Remuneration
Council Principle 8: Remunerate fairly and responsible

Council Recommendation 8.2: The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a separate Nomination Committee, therefore the Board as a whole, serves as a Nomination Committee. The Company's Policy and Procedure for Nomination and Appointment of Directors is available at www.coppermoly.com.au or by contacting the registered office.

Where necessary, the Nomination Committee seeks advice of external advisors in connection with the suitability of applicants for Board membership.

Council Recommendation 8.2: Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executives.

The Non-Executive Directors should not receive options or bonus payments.

Non-Executive Directors have been issued options (although lesser amounts thereof) on the same terms and conditions as Executive Directors in accordance with the Company's prospectus dated 25 October 2007. The Non-Executive Directors were also issued options on 1 December 2009, in accordance with the Directors & Officers Option Plan as approved by shareholders at the 2009 Annual General Meeting.

The Directors' & Officers' Option Plan is designed to require the achievement of substantial share price "hurdles" for the options to be of value. Directors' & Officers' options are, therefore, incentive based and will only attain a value in the context of generation of significant benefits to all shareholders.

The Board is of the view that all Directors have the potential to influence strategic direction and achievements of the Company for the benefit of shareholders and believe that the granting of options to Non-Executives is an appropriate method to potentially supplement Non-Executive Directors' cash remuneration, which is kept relatively low (currently $20,000 p.a.) and to provide incentive without further use of cash while the Company is reliant upon shareholder funds to operate.

CONTENTS

This financial report covers both 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. Its registered office and principal place of business is:

Coppermoly Ltd
Level 1
94 Bundall Road
Bundall Qld 4217

A description of the nature of the consolidated entity's operations and its principal activities is included in the Managing Director's review of operations and activities on pages 2 to 8 and in the Directors' Report on pages 9 to 22, both of which are not part of the financial report.

The financial report was authorised for issue by the Directors on 27 September 2010. The Company has 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 5592 2274 or e-mail mgannon@coppermoly.com.au.

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009
		$	$
Revenue	5	157,035	148,912
		157,035	148,912
Depreciation		(120,741)	(179,171)
Directors' and employee benefits expense	17(a), 22	(1,123,032)	(514,441)
Exploration expenditure	6, 12	(579,499)	(2,992,225)
Administration and insurances		(42,488)	(70,479)
Corporate compliance and shareholder relations		(103,920)	(100,300)
Office rental, communication and consumables		(23,766)	(33,403)
Other expenses		(263,093)	(193,446)
Profit / (Loss) before income tax		(2,099,504)	(3,934,553)
Income tax (expense)/credit	7	-	-
Net Profit / (Loss) for the year		(2,099,504)	(3,934,553)
Other comprehensive income			
Exchange differences on translation of foreign operations	17(a)	(252,358)	92,685
Income tax on items of other comprehensive income		-	-
Other comprehensive income / (loss) for the year		(252,358)	92,685
Total comprehensive income / (loss) for the year		(2,351,862)	(3,841,868)
		Cents	**Cents**
Basic and diluted earnings / (loss) per share	25	(1.70)	(4.80)

The above consolidated statement of 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 2010

	Notes	2010 $	2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	2,167,437	488,991
Trade and other receivables	9	63,210	111,855
Total Current Assets		2,230,647	600,846
Non-Current Assets			
Receivables	10	13,803	14,816
Property, plant and equipment	11	349,692	523,380
Mineral exploration and evaluation expenditure	12	1,472,209	1,642,413
Total Non-Current Assets		1,835,704	2,180,609
Total Assets		4,066,351	2,781,455
LIABILITIES			
Current Liabilities			
Trade and other payables	13	75,780	85,180
Provisions	14	18,140	21,147
Total Current Liabilities		93,920	106,327
Non-Current Liabilities			
Provisions	15	2,519	6,948
Total Non-Current Liabilities		2,519	6,948
Total Liabilities		96,439	113,275
Net Assets		3,969,912	2,668,180
EQUITY			
Contributed equity	16	10,624,369	8,518,007
Reserves	17	1,922,886	628,012
Accumulated losses	17	(8,577,343)	(6,477,839)
Total Equity		3,969,912	2,668,180

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 2010

	Contributed Equity	Accumulated Losses	Share-Based Payments Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$	$
Balance at 30 June 2009	**8,518,007**	**(6,477,839)**	**423,307**	**205,038**	**(333)**	**2,668,180**
Comprehensive income for the year						
Loss for the year	-	(2,099,504)	-	-	-	(2,099,504)
Foreign currency translation difference	-	-	-	-	(252,358)	(252,358)
Total Comprehensive Income	**-**	**(2,099,504)**	**-**	**-**	**(252,358)**	**(2,351,862)**
Transactions with owners in their capacity as owners						
Contributions of equity	2,321,937	-	-	736,294	-	3,058,231
Costs of share issue	(215,575)	-	-	-	-	(215,575)
Share-based payments expense	-	-	764,406	-	-	764,406
Share option premium	-	-	-	46,532	-	46,532
Total transactions with owners in their capacity as owners	**2,106,362**	**-**	**764,406**	**782,826**	**-**	**3,653,594**
Balance at 30 June 2010	**10,624,369**	**(8,577,343)**	**1,187,713**	**987,864**	**(252,691)**	**3,969,912**
Balance at 30 June 2008	**8,540,982**	**(2,543,286)**	**423,307**	**179,144**	**(93,018)**	**6,507,129**
Comprehensive income for the year						
Loss for the year	-	(3,934,553)	-	-	-	(3,934,553)
Foreign currency translation difference	-	-	-	-	92,685	92,685
Total Comprehensive Income	**-**	**(3,934,553)**	**-**	**-**	**92,685**	**(3,841,868)**
Transactions with owners in their capacity as owners						
Contributions of equity	-	-	-	-	-	-
Costs of share issue	(22,975)	-	-	-	-	(22,975)
Share-based payments expense	-	-	-	-	-	-
Share option premium	-	-	-	25,894	-	25,894
Total transactions with owners in their capacity as owners	**(22,975)**	**-**	**-**	**25,894**	**-**	**2,919**
Balance at 30 June 2009	**8,518,007**	**(6,477,839)**	**423,307**	**205,038**	**(333)**	**2,668,180**

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 2010

	Notes	2010 $	2009 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations (incl. GST)		153,386	186,100
Interest received		66,560	147,222
Payments to suppliers and employees not included as part of exploration and evaluation activities (incl. GST)		(860,324)	(1,092,408)
Net cash inflow (outflow) from operating activities	27	(640,378)	(759,086)
Cash Flows From Investing Activities			
Exploration and evaluation activities		(260,420)	(3,848,115)
Security deposits recovered /(paid)		(264)	1,897
Payments for property, plant and equipment		(1,033)	(394,892)
Proceeds from sale of property, plant and equipment		-	10,551
Net cash (outflow) inflow from investing activities		(261,717)	(4,230,559)
Cash Flows From Financing Activities			
Proceeds from issues of shares and options		2,779,864	25,894
Cost of share and option issues		(194,130)	(18,361)
Cash proceeds from share subscription money held pending issue of shares		-	(350)
Net cash inflow (outflow) from financing activities		2,585,734	7,183
Net increase/(decrease) in cash and cash equivalents		1,683,639	(4,982,462)
Cash and cash equivalents at the beginning of the financial year		488,991	5,444,437
Exchange difference on cash		(5,193)	27,016
Cash and cash equivalents at the end of the financial year	8	2,167,437	488,991

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, 94 Bundall Rd, 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.*

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 and recovery of exploration and evaluation assets

The financial statements have been prepared on the going concern basis. As at 30 June 2010 the Group had net assets of $3,969,912 (2009: $2,668,180) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2010 the Group had $2,167,437 (2009: $488,991) in cash and cash equivalents. 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. Ultimate exploitation through the development of mines will depend on raising necessary funding. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2010. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the exploitation of areas of interest not be successful or the Group not continue as a going concern. The Directors are of the view that the Group will 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 2010 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 consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(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

The 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.

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. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the organisation will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit an income tax benefit to be obtained.

(g) Impairment of assets

Assets are reviewed 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 an 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 cost, being the fair value of consideration given plus any directly attributable transaction costs. 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 arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. 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 included in receivables in the statement of financial position (notes 9 and 10).

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 fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) 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.

(o) 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.

(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 are provided to employees via the Coppermoly Ltd Employee Incentive Option Plan. Information relating to this Plan is set out in note 22.

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 become exercisable. 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.

(p) 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.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(r) Mineral exploration and evaluation expenditure

The Group has adopted a policy of writing off exploration and evaluation expenditure at the end of the period in which it is incurred, unless a mineral resource has been estimated for the area of interest.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the consolidated entity.

Costs arising from exploration and evaluation activities are written-off where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of any exploration and evaluation costs carried forward is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

(s) Accounting standards issued not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 30 June 2010 (or for late financial reports of earlier periods). They have not been adopted in preparing the financial statements for the year ended 30 June 2010 (or for late financial reports of earlier periods) and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.
AASB 101	Presentation of Financial Statements	Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity does not have any current liabilities where the counterparty has the option to have the liabilities settled by the issue of equity instruments.
AASB 107	Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010	The entity currently classifies all expenditure relating to exploration and evaluation activities (which have been expensed in profit or loss) as cash flows from investing activities. On initial application of this amendment, $260,420 of net cash outflows from investing activities will be restated in the statement of cash flows for the year ended 30 June 2010 and $260,420 reclassified as net cash outflows from operating activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 124 (issued December 2009)	Related Party Disclosures	Clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.

(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.

(u) New standards applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

a. Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

b. Operating Segments

From 1 July 2009, AASB 8 requires segment information to be presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions).

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 fair value 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.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

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) Fair value interest rate risk

Refer to (d) below.

(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.

(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 and support facilities (eg related parties)
- 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.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Summary quantitative data

	2010 $	2009 $
Current assets	2,230,647	600,846
Current liabilities	93,920	106,327
Surplus / (deficit)	2,136,727	494,519

Maturity analysis

Financial liabilities have differing maturity profiles depending on the contractual term. The table shows the period in which recognised financial liability 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	Contract cashflow	Within 1 year	1-2 years
Trade and other payables	$75,780	$75,780	$75,780	-

(d) Cash flow and fair value interest rate risk

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

	2010 $	2009 $
Financial Assets		
Cash and cash equivalents	2,167,437	488,991
Trade and other receivables	-	-
	2,167,437	488,991
Financial Liabilities		
Trade and other payables	-	-
	-	-
Net exposure	2,167,437	488,991

Sensitivity Analysis		Interest Rate Risk		Interest Rate Risk	
June 2010		- 1%		+ 1%	
	Carrying amount	Profit	Equity	Profit	Equity
	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	2,167,437	(21,674)	(21,674)	21,674	21,674
Total increase / decrease	-	(21,674)	(21,674)	21,674	21,674

Cash and cash equivalents include deposits at call at floating and short-term interest rates. At the end of the reporting period $67,630 was denominated in PNG Kina.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Sensitivity Analysis		**Interest Rate Risk**		**Interest Rate Risk**	
June 2009		**- 1%**		**+ 1%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	488,991	(4,890)	(4,890)	4,890	4,890
Total increase / decrease	-	(4,890)	(4,890)	4,890	4,890

Cash and cash equivalents include deposits at call at floating and short-term interest rates. At the end of the reporting period $20,817 was denominated in PNG Kina.

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:

	2010	**2009**
	Kina	**Kina**
Financial Assets		
Cash and cash equivalents	162,968	44,965
Trade and other receivables	74,842	206,309
	237,810	251,275
Financial Liabilities		
Trade and other payables	53,635	63,133
	53,635	63,133
Net exposure	184,175	188,142

The Group's financial liabilities are comprised solely of accounts payable, all of which are payable within the next twelve months.

(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 1(r) - expense or capitalise mineral exploration and evaluation expenditure
Note 12 - currency of mineral explorations and evaluation expenditure
Note 22 - the measurement of share based payments

Estimates and assumptions are reviewed on an ongoing basis.

NOTE 4 PARENT ENTITY INFORMATION

	2010 $	2009 $
ASSETS		
Current Assets	2,143,122	496,691
Non-Current Assets	1,898,915	2,238,550
Total Assets	4,042,037	2,735,241
LIABILITIES		
Current Liabilities	69,742	66,300
Non-Current Liabilities	2,383	761
Total Liabilities	72,125	67,061
Net Assets	3,969,912	2,668,180
EQUITY		
Contributed equity	10,624,369	8,518,007
Reserves	2,175,577	628,345
Accumulated losses	(8,830,034)	(6,478,172)
Total Equity	3,969,912	2,668,180
Net Loss for the year	(2,351,862)	(3,841,868)
Total comprehensive income for the year	(2,351,862)	(3,841,868)

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, commitments and contingencies.

NOTE 5 REVENUE

	2010 $	2009 $
Interest income – unrelated parties	73,296	147,222
Other	83,739	1,690
	157,035	148,912

NOTE 6 EXPENSES

	2010 $	2009 $
Loss before income tax includes the following specific expenses:		
Depreciation	120,741	179,171
Exploration expenditure		
EL 1043 Mt Nakru	138,840	1,168,906
EL 1077 Simuku	403,538	1,799,290
EL 1445 Talelumas	7,896	24,029
ELA 1782 Powell	19,445	-
ELA 1813 Fulleborn	9,780	-
	579,499	2,992,225
Net loss on disposal of property, plant and equipment	2,472	61,962
Rental expenses on operating leases – minimum lease payments	15,076	21,096
Defined contribution superannuation expense	28,699	69,988

NOTE 7 INCOME TAX

	2010 $	2009 $
(a) The prima facie tax on profit before income tax is reconciled to the income tax provided in the financial statements as follows:		
Prima facie tax payable on profit / (loss) before income tax at 30% (2009: 30%)	(629,851)	(1,180,366)
Add tax effect of:		
Deferred tax not recognised on current year loss	453,917	1,345,899
Share based payments	222,888	-
Timing differences related to deferred tax assets	469	(5,001)
Timing differences related to deferred tax liabilities	51,061	(74,983)
Less tax effect of:		
Timing differences on deferred tax assets recognised in equity	98,484	85,549
Income tax expense / (benefit) attributable to profit before income tax	-	-

(b) Deferred tax assets and liabilities

	2010 $	2009 $
The balance comprises temporary differences attributable to:		
Deferred tax assets:		
Unused tax losses	441,663	492,724
Deferred tax liabilities:		
Exploration expenditure	(441,663)	(492,724)
Net deferred tax assets	-	-

(c) Unrecognised deferred tax assets

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

	2010 $	2009 $
Unused tax losses for which no deferred tax asset has been recognised	2,512,261	2,007,284
Deductible temporary differences	237,612	270,954
Potential benefit at 30% (2009: 30%)	2,749,873	2,278,238

There is no expiry date on the future deductibility of unused tax losses.

NOTE 8 CURRENT ASSETS: CASH & CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank and on hand	234,437	488,991
Cash on short-term deposit	1,933,000	-
	2,167,437	488,991

The cash at bank earns floating interest at between 2.75% and 3.45% (2009: 2.75% - 7.05%).

The cash on deposit of $1,933,000, maturing 7 July 2010, is earning 5.3% per annum (2009: nil).

NOTE 9 CURRENT ASSETS: TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
Related party receivables	3,981	53,886
Other receivables	15,571	11,118
Prepayments	43,658	46,851
	63,210	111,855

NOTE 10 NON-CURRENT ASSETS: RECEIVABLES

	2010 $	2009 $
Deposits – tenements and premises	13,803	14,816
	13,803	14,816

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

	2010 $	2009 $
Plant and Equipment		
Plant and equipment at cost	618,650	689,601
Less accumulated depreciation	(268,958)	(166,221)
	349,692	523,380
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	523,380	355,554
Additions	973	345,037
Disposals	(2,453)	(67,826)
Depreciation expense	(119,894)	(168,774)
Foreign currency exchange differences	(52,314)	59,389
Carrying amount at the end of the financial year	349,692	523,380

NOTE 12 MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	2010 $	2009 $
Balance at the beginning of the financial year	1,642,413	1,392,470
Expenditure during the year	266,012	2,992,225
10% of Simuku acquired by issue of shares and options (see Note 26(ii))	313,487	-
Amounts written off during the year	(579,499)	(2,992,225)
Foreign currency exchange differences	(170,204)	249,943
Balance at the end of the financial year	1,472,209	1,642,413

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. The term of the Simuku Exploration Licence (EL1077) expired on 28 November 2009 and is currently subject to an application for renewal (lodged 18 August 2009). The term of the Talelumas Exploration Licence (EL 1445) expired on 28 May 2010 and is currently subject to an application for renewal (lodged 26 February 2010). The Group has fully complied with all licence requirements and has exceeded expenditure requirements. It therefore expects that the licences will be renewed in the near future.

The Group signed a Letter Agreement with Barrick (PNG Exploration) Limited to sole fund AUD$20 million to earn up to 72% interest in Coppermoly Limited's projects (Mt Nakru, Simuku and Talelumas) on the island of West New Britain in Papua New Guinea. Once Barrick has earned 72% equity, Coppermoly can elect that the payment of its share (28%) of ongoing costs incurred up to the production of a feasibility study will be delayed until that stage and will be repaid from 50% of its share of the revenue.

During the financial year the Group applied for an additional two tenements:

- ELA 1782 Powell was applied for on 10 February 2010
- ELA 1813 Fulleborn was applied for on 13 April 2010

NOTE 13 CURRENT LIABILITIES: TRADE AND OTHER PAYABLES

	2010 $	2009 $
Unsecured:		
Trade creditors	34,523	47,458
Other creditors	41,257	37,722
	75,780	85,180

NOTE 14 CURRENT LIABILITIES: PROVISIONS

Annual leave and field break	18,140	21,147
	18,140	21,147

NOTE 15 NON-CURRENT LIABILITIES: PROVISIONS

Long Service Leave	2,519	6,948
	2,519	6,948

NOTE 16 CONTRIBUTED EQUITY

	2010 Shares	2009 Shares	2010 $	2009 $
(a) Paid Up Capital				
Ordinary shares – fully paid – no par value	137,197,051	82,015,288	10,624,369	8,518,007

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 2008	Balance	82,015,288		8,540,982
	Less costs of raising capital	-		(22,975)
30 Jun 2009	Balance	82,015,288		8,518,007
31 Aug 2009	Shares issued to WS Yeaman re 6% interest in EL1077	3,450,000	0.05	172,500
15 Sep 2009	Non-renounceable Rights Issue	10,702,738	0.033	356,758
28 Sep 2009	Non-renounceable Rights Issue Shortfall	30,304,906	0.033	1,010,163
29 Sep 2009	Shares issued to WS Yeaman re 4% interest in EL1077	1,200,000	0.087	104,400
01 Oct 2009	Non-renounceable Rights Issue Private Placement	3,170,000	0.033	105,667
13 Nov 2009	Shares issued to Barrick (PNG Exploration) Limited	6,309,647	0.09	567,868
1 Dec 2009	Exercise of listed options for shares (COYOA)			
	Proceeds received	1,972	0.07	138
	Transfer from listed options reserve	-	0.033	65
21 Dec 2009	Exercise of listed options for shares (COYOA)			
	Proceeds received	25,000	0.07	1,750
	Transfer from listed options reserve	-	0.033	825
13 May 2010	Exercise of listed options for shares (COYOA)			
	Proceeds received	17,500	0.07	1,225
	Transfer from listed options reserve	-	0.033	578
	Less costs of raising capital	-	-	(215,575)
30 Jun 2010	Balance	137,197,051		10,624,369

NOTE 16 CONTRIBUTED EQUITY (continued)

(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.

(d) Options	No. of Options 2010	No. of Options 2009
The number of unissued ordinary shares relating to options not exercised at year end:		
Over shares in the Parent Entity:		
Directors' Options exercisable at 30 cents, expiry 22 October 2010	3,000,000	3,000,000
Brokers' Options exercisable at 30 cents, expiry 30 April 2011	-	2,000,955
Employee Options exercisable at 25 cents, expiry 13 March 2011	700,000	700,000
Consultants' Options exercisable at 25 cents, expiry 13 March 2011	1,000,000	1,000,000
Listed Options exercisable at 30 cents, on or before 30 April 2011	22,504,777	20,503,822
Listed Options exercisable at 7 cents, on or before 1 December 2011	23,673,257	-
Employee Options exercisable at 10 cents, expiry 5 October 2012	1,325,000	-
Directors' Options exercisable at 19 cents, expiry 1 December 2012	3,500,000	-
Directors' Options exercisable at 23 cents, expiry 1 December 2012	3,500,000	-
	59,203,034	27,204,777

(e) Option Issues

Date	Details	Number of Options	Exercise Price	Expiry Date
Opening balance		27,204,777		
15 Sep 2009	Listed Options	5,351,370	$0.07	01 Dec 2011
28 Sep 2009	Listed Options	15,581,359	$0.07	01 Dec 2011
29 Sep 2009	Listed Options	1,200,000	$0.07	01 Dec 2011
01 Oct 2009	Listed Options	1,585,000	$0.07	01 Dec 2011
05 Oct 2009	Employee Options	1,325,000	$0.10	05 Oct 2012
01 Dec 2009	Directors' Options	3,500,000	$0.19	01 Dec 2012
01 Dec 2009	Directors' Options	3,500,000	$0.23	01 Dec 2012
02 Feb 2010	Brokers' Options (restriction expired)	(2,000,955)	$0.30	30 Apr 2011
02 Feb 2010	Listed Options	2,000,955	$0.30	30 Apr 2011
30 Jun 2010	Balance	59,247,506		

NOTE 17 RESERVES AND ACCUMULATED LOSSES

	2010 $	2009 $
(a) Reserves		
Share-based payments reserve	1,187,713	423,307
Share option reserve	987,864	205,038
Foreign currency translation reserve	(252,691)	(333)
	1,922,886	628,012
Movements:		
Share-based payments reserve		
Balance at the beginning of the financial year	423,307	423,307
Option expense	764,406	-
Transfer to share capital (options exercised)	-	-
Balance at the end of the financial year	1,187,713	423,307
Share option reserve		
Balance at the beginning of the financial year	205,038	179,144
Options issued	784,294	25,894
Transfer to share capital (options exercised)	(1,468)	-
Balance at the end of the financial year	987,864	205,038
Foreign Currency Translation Reserve		
Balance at the beginning of the financial year	(333)	(93,018)
Currency translation difference arising during the year	(252,358)	92,685
Balance at the end of the financial year	(252,691)	(333)
(b) Accumulated losses		
Balance at the beginning of the financial year	(6,477,839)	(2,543,286)
Net Profit / (Loss) for the year	(2,099,504)	(3,934,553)
Balance at the end of the financial year	(8,577,343)	(6,477,839)

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options granted as part of remuneration but not exercised. Refer note 22.

(ii) Share Option Reserve

The share option reserve represents accumulation of option premium paid on issuing listed options.

During the financial year:
- 1,200,000 listed options (COYOA) at $0.04 per option were issued in part payment of the 10% interest in Simuku.
- 22,088,823 listed options (COYOA) at $0.033 per option were issued pursuant to the Non-renounceable Rights Issue.
- 44,472 listed options (COYOA) at $0.033 per option were exercised.

20,503,822 listed options (COYO) at $0.01 per option were issued in June and July 2008.

(iii) 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 of.

NOTE 18 COMMITMENTS

Under the Letter Agreement between the Company and Barrick (PNG Exploration) Limited, Barrick is committed to a minimum expenditure of AUD$3 million within the first two years (to October 2011) and must fund the minimum expenditure of AUD$20 million within 8 years (to October 2017).

	2010 $	2009 $
(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	86,456	235,217
Later than 1 year but not later than 2 years	-	96,451
	86,456	331,668
(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	71,690	29,952
Later than 1 year but not later than 2 years	17,180	24,960
	88,870	54,912

NOTE 19 RELATED PARTY TRANSACTIONS

(i) Coppermoly Ltd shares its Head Office facilities and services with New Guinea Gold Ltd. The two companies share accounting, administration and geological services. Some personnel costs may be intercharged between the two companies on a cost-recovery basis and generally on an as needed project specific basis. New Guinea Gold Ltd's parent company, New Guinea Gold Corporation, holds 15.079% of the ordinary shares of, and has two Directors in common with, Coppermoly Ltd (Ces Iewago and Robert D. McNeil).

(ii) Coppermoly Ltd has engaged Exploration & Management Consultants Pty Ltd (EMC) a company owned by Peter A. McNeil, for geological consulting services on an as-needed, commercial basis. The Group paid EMC a total of $9,600 in the current financial year ($6,000 in financial year 2009) for these services.

The wholly-owned group and the consolidated entity consist of Coppermoly Ltd and its wholly-owned subsidiary, Copper Quest PNG Ltd. Copper Quest PNG Ltd is incorporated in and operates in Papua New Guinea. The ultimate parent entity in the wholly-owned group and the consolidated entity is Coppermoly Ltd. Coppermoly Ltd funds the exploration activities of its wholly owned subsidiary, Copper Quest PNG Ltd.

During the financial year the Group has provided administrative, logistic and geological services amounting to approximately $168,000 to Vangold (PNG) Ltd (formerly Kanon Resources Ltd) in relation to Mt. Penck. As a result, as at 30 June 2010, an amount of $3,981 was receivable from Vangold (PNG) Ltd. This receivable is not secured and is expected to be settled in cash. Coppermoly Limited, Copper Quest PNG Ltd, Vangold Resources Ltd and Vangold (PNG) Ltd share some common directors.

The above transactions were made on normal commercial terms and conditions and at market rates.

NOTE 20 SUBSEQUENT EVENTS

On 19 August 2010 22,000 shares were issued on the exercise of options, raising a total of $1,540.

On 8 September 2010 1,871,599 shares were issued at PNG kina 0.3386 (AUD13.19 cents) per share, raising a total of $246,864.

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES

	2010 $	2009 $
Key management personnel compensation:		
Short-term employee benefits	411,931	442,249
Post-employment benefits	16,041	24,090
Termination benefits	-	27,212
Share-based payments	678,300	-
	1,106,272	493,551

(a) Equity Instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options over ordinary shares in the Company provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 14 to 20 and in note 22 on pages 52 to 56.

(ii) Option holdings

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

2010 Name	Balance at the start of the year Number	Granted during the year as compensation Number	Exercised during the year Number	Other changes during the year[1] Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
Directors of Coppermoly Ltd						
R.D. McNeil*	1,219,000	1,000,000	-	322,500	2,541,500	2,541,500
P. Swiridiuk	1,050,000	1,500,000	-	60,000	2,610,000	2,610,000
P.A. McNeil**	966,750	1,500,000	-	2,500	2,469,250	2,469,250
D. Brynelsen***	1,073,750	1,000,000	-	275,000	2,348,750	2,348,750
C. Iewago	65,000	1,000,000	-	65,000	1,130,000	1,130,000
M. Gannon	225,000	1,000,000	-	100,000	1,325,000	1,325,000

[1]*Other changes during the year were options issued as a result of participation in the Company's Non-renounceable Rights Issue.*

** includes 145,000 share options held by related parties, ** includes 464,250 share options held by related parties,*
**** includes 100,000 share options held by related parties*

2009 Name	Balance at the start of the year Number	Granted during the year as compensation Number	Exercised 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
Directors of Coppermoly Ltd						
R.D. McNeil	1,194,000	-	-	25,000	1,219,000	1,219,000
P. Swiridiuk	1,050,000	-	-	-	1,050,000	1,050,000
P.A. McNeil	966,750	-	-	-	966,750	966,750
D.S. Hutchison[#]	1,085,000	-	-	(1,000,000)	85,000	85,000
D. Brynelsen	775,000	-	-	298,750	1,073,750	1,073,750
C. Iewago	62,500	-	-	2,500	65,000	65,000
Other key management personnel of the Group						
G.M. Edwards[#]	800,000	-	-	(700,000)	100,000	100,000
T. Smith[#]	300,000	-	-	(300,000)	-	-
M. Gannon	225,000	-	-	-	225,000	225,000
L. Collar[#]	200,000	-	-	(200,000)	-	-

[#]*Ceased as director/key management personnel.*

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(iii) 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, are set out below.

2010 Name	Balance at the start of the year Number	Received during the year on the exercise of options Number	Other changes during the year Number	Balance at the end of the year Number
Directors of Coppermoly Ltd				
R.D. McNeil*	876,000	-	525,000	1,401,000
P. Swiridiuk	200,000	-	120,000	320,000
P.A. McNeil**	1,817,000	-	(15,000)	1,802,000
D. Brynelsen***	1,200,000	-	550,000	1,750,000
C. Iewago	260,000	-	130,000	390,000
M. Gannon	300,000	-	200,000	500,000

** includes 220,000 shares held by related parties, ** includes 1,687,000 shares held by related parties,*
**** includes 300,000 shares held by related parties*

2009 Name	Balance at the start of the year Number	Received during the year on the exercise of options Number	Other changes during the year Number	Balance at the end of the year Number
Directors of Coppermoly Ltd				
R.D. McNeil	876,000	-	-	876,000
P. Swiridiuk	200,000	-	-	200,000
P.A. McNeil	1,817,000	-	-	1,817,000
D.S. Hutchison	340,000	-	(68,000)	272,000
D. Brynelsen	1,200,000	-	-	1,200,000
C. Iewago	250,000	-	10,000	260,000
Other key management personnel of the Group				
G.M. Edwards	400,000	-	-	400,000
M. Gannon	100,000	-	200,000	300,000

No other key management personnel held shares.

No shares were granted as compensation in 2010 and 2009.

(b) Loans to Directors and executives

No loans were made to Directors of Coppermoly Ltd or the executives of the consolidated entity, including their personally-related entities.

(c) Other transactions with Directors and executives

No other transactions occurred between the Group and Directors and executives except for the reimbursement at cost of expenditure incurred on behalf of the Group.

NOTE 22 SHARE-BASED PAYMENTS

(a) Coppermoly Ltd Employee Incentive Option Plan

The Directors of the Company ("Directors") may issue options to subscribe for shares in the Company to current part time or full time employees of the Company or of an Associated Body Corporate. However, no options are to be issued to Directors of the Company pursuant to the Plan.

NOTE 22 SHARE-BASED PAYMENTS (continued)

Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.

The options are exercisable from one year after the date of issue until the expiry date. The options shall expire at 5.00 p.m. eastern standard time, on the first business day three (3) years after the date of issue of the options or such earlier date as the Directors determine at the time of issue ("expiry date"). Options may only be exercised in multiples of 5,000, unless exercising all the holder's remaining options. Any options not exercised by the expiry date shall lapse.

The exercise price of each option will be 110% of the average of the market closing price for Company ordinary shares over the 5 business days prior to the day on which options are issued (rounded up to the nearest full cent) or a greater price determined by the Directors. The amount calculated by that average is to be advised to employees at the time of issue of the options.

Exercise of the options is effected by delivery of a Notice of Exercise to the registered office of the Company together with payment of the exercise price of the options. Shares will be issued pursuant to the exercise of the options not more than 14 days after receipt by the Company from the option holder of the Notice and the exercise price in respect of the options.

Options may not be exercised if the effect of such exercise and subsequent allotment of shares would be to create a holding of less than a marketable parcel of ordinary shares unless the allottee is already a shareholder of the Company at the time of exercise.

Options are not transferable. Application will not be made to Australian Securities Exchange Limited ("ASX") for their Official Quotation.

All shares issued upon exercise of the options and payment of the exercise price will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by ASX Limited of all shares issued upon exercise of the options.

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 7 business days after the issue is announced.

This will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

In the event of any reconstruction, including a consolidation, sub-division, reduction or return of the issued capital of the Company prior to the expiry date, the number of options to which each holder is entitled or the exercise price of the options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules then applying and which will not result in any benefits being conferred on optionholders which are not conferred on shareholders, subject to such provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the options will remain unchanged.

If an optionholder under this Plan ceases to be substantially involved with the Company, the Directors, at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days notice of their intention to do so.

Set out below are summaries of options granted under the plan.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2010								
13 Mar 2008	13 Mar 2011	$0.25	1,200,000	-	-	-	1,200,000	1,200,000
05 Oct 2009	05 Oct 2012	$0.10	-	1,325,000	-	(250,000)*	1,075,000	-
		Total	1,200,000	1,325,000	-	(250,000)	2,275,000	1,200,000
Weighted average exercise price			$0.25	$0.10	-	$0.10	$0.179	$0.25
2009								
13 Mar 2008	13 Mar 2011	$0.25	1,700,000	-	-	(500,000)*	1,200,000	1,200,000
		Total	1,700,000	-	-	(500,000)	1,200,000	1,200,000

NOTE 22 SHARE-BASED PAYMENTS (continued)

* Options that have been issued to employees under the Employee Option Plan are forfeited if and when the employees' services cease.

Weighted average remaining contractual life: 1 year 5 months from 1 July 2010 (1 year 8 months from 1 July 2009).

All options granted to employees on 13 March 2008 had vested as at 30 June 2010.

All options granted to employees on 5 October 2009 will vest on 5 October 2010 if the employees remain in service.

No shares were issued as a result of the exercise of options by employees during the year ending 30 June 2010.

(b) Coppermoly Ltd Directors' & Officers' Options

Each Option entitles a Holder to subscribe for one Share at the Exercise Price.

The options are exercisable at any time during the Exercise Period.

Options may be exercised by the Holder delivering to the registered office of the Company:

(i) a Notice of Exercise signed by the Holder;
(ii) the Certificate for those Options; and
(iii) a cheque payable to the Company (or another form of payment acceptable to the Company) in the amount of the product of the number of Options then being exercised by the Holder and the Exercise Price.

A Holder may only exercise Options in multiples of 50,000 Options, unless the Holder exercises all Options covered by a Certificate able to be exercised by him or her at that time.

The exercise by a Holder of only some of the Options held by the Holder does not affect the Holder's right to exercise at a later date other Options held by the Holder.

Within 10 Business Days of receiving a Notice of Exercise, the Company must issue the Exercised Option Shares to the Holder and do or cause to be done any other act or thing that is necessary to issue the Exercised Option Shares to the Holder.

The Company is not obliged to issue Exercised Option Shares on exercise of Options until any cheque received in payment of the Exercise Price has been honoured on presentation.

If a Holder submits a Notice of Exercise in respect of only part of the Options covered by a Certificate, the Company must issue a Certificate stating the remaining number of Options held by the Holder.

The Shares issued on the exercise of the Option will rank equally in all respects as from the date of issue of those Shares with all existing ordinary shares in the capital of the Company.

If a Holder fails to exercise any Options registered in the Holder's name before 5.00 pm on the Expiry Date, those Options that the Holder has not exercised lapse and all rights of the Holder in respect of those Options cease.

If the Shares are listed on ASX, the Company will apply for quotation of the Exercised Option Shares in accordance with the Listing Rules.

There are no participating rights or entitlements inherent in the Options and Holders will not be entitled to participate in any new issue to shareholders of the Company during the currency of the Options.

If a Holder ceases to hold office as a Director of the Company, the Directors, at their discretion may cancel all or part of the Holder's Options by giving the Holder 30 days in writing of the cancellation. Any unexercised Options will be cancelled at the expiry of that 30 days notice.

If there is any reorganisation of the capital of the Company including, without limitation, a consolidation or subdivision of any of the issued capital of the Company, or a pro rata bonus issue of Shares the Options must be reorganised in the way required under the Listing Rules.

The rights of the Holder may be changed to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Set out below are summaries of options granted to Directors and officers.

NOTE 22 SHARE-BASED PAYMENTS (continued)

Coppermoly Ltd Directors' & Officers Options

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of year Number
2010								
22 Oct 2007	22 Oct 2010	$0.30	3,000,000	-	-	-	3,000,000	3,000,000
01 Dec 2009	01 Dec 2012	$0.19	-	3,500,000	-	-	3,500,000	3,500,000
01 Dec 2009	01 Dec 2012	$0.23	-	3,500,000	-	-	3,500,000	3,500,000
		Total	3,000,000	7,000,000	-	-	10,000,000	10,000,000
Weighted average exercise price			$0.30	$0.21	-	-	$0.237	$0.237
2009								
22 Oct 2007	22 Oct 2010	$0.30	4,700,000	-	-	(1,700,000)	3,000,000	3,000,000
		Total	4,700,000	-	-	(1,700,000)	3,000,000	3,000,000

Options issued to Directors and Officers under the Directors and Officers Option Plan are forfeited if and when the Director's or Officer's services cease.

Weighted average remaining contractual life: 1 year 10 months from 1 July 2010 (1 year 4 months from 1 July 2009).

All options granted to Directors and officers as at 30 June 2010 vested at the date of issue.

No shares were issued as a result of the exercise of options by Directors during the year ending 30 June 2010.

(c) Brokers' options

In accordance with the Company's Prospectus dated 25 October 2007, 2,000,955 options were issued to Novus Capital Limited as payment (in part) for its services in procurement of applications to the Company's IPO.

During the financial year 428,906 listed options were issued to Novus Capital Limited as part payment of brokerage fees in relation to the Non-renounceable Rights Issue.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of year Number
2010								
22 Jan 2008	30 Apr 2011	$0.30	2,000,955	-	-	-	2,000,955	2,000,955
28 Sep 2009	01 Dec 2011	$0.07	-	428,906	-	-	428,906	428,906
			2,000,955	428,906	-	-	2,429,861	2,429,861
Weighted average exercise price			$0.30	$0.07	-	-	$0.259	$0.259
2009								
22 Jan 2008	30 Apr 2011	$0.30	2,000,955	-	-	-	2,000,955	-
			2,000,955	-	-	-	2,000,955	-

The Brokers' options granted on 22 January 2008 were restricted until 31 January 2010. Therefore, on 1 February 2010, they were converted to listed options (COYO). Weighted average remaining contractual life: 11 months from 1 July 2010 (1 year 10 months from 1 July 2009).

All options granted to brokers as at 30 June 2010 vested at the date of issue.

No shares were issued as a result of the exercise of options by brokers during the year ending 30 June 2010.

NOTE 22 SHARE-BASED PAYMENTS (continued)

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period in profit or loss or capital raising costs, were as follows:

	2010 $	2009 $
Options issued under employee option plan*	64,660	-
Options issued to Directors and officers*	678,300	-
Options issued to brokers**	21,446	-
	764,406	-

*Total of $742,960 is recognised in profit or loss.
**Charged to contributed equity as part of capital raising cost.

(e) Fair value

Fair values at grant date are 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 weighted average fair value of options at measurement date was $0.07. This assumes that options will be exercised at the date of expiry. Volatility was calculated on the basis of the historical share price movements from the date of the Company's listing to the date of grant of the options.

The model inputs for options granted to employees and Directors during the year ended 30 June 2010 included:
(a) options are granted for no consideration
(b) exercise price: $0.10, $0.19 and $0.23
(c) grant date: 5 October 2009 and 1 December 2009
(d) expiry date: 5 October 2012 and 1 December 2012
(e) share price at grant date: $0.09 and $0.125
(f) expected price volatility of the Company's shares: 446.33% and 425.36%
(g) expected dividend yield: 0%
(h) risk-free interest rate: 6.13%

The options issued to Brokers were priced at the closing value of the listed options (COYOA) on the date of issue ($0.05).

There were no options granted during the year ended 30 June 2009.

NOTE 23 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	2010	14,407	1,821,297
	2009	21,219	2,159,390

NOTE 23 SEGMENT INFORMATION (continued)

The Group operates primarily in mineral exploration located in Papua New Guinea. The Group's headquarter office is in Australia.

The Group does not have any products/services it derives revenue from.

NOTE 24 AUDITORS' REMUNERATION

	2010 $	2009 $
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		
BDO Audit (QLD) Pty Ltd Australian firm:	32,325	31,457
Sinton Spence Chartered Accountants PNG firm:	3,065	7,656
Total remuneration for audit services	35,390	39,113
2. Other Assurance Services		
BDO Audit (QLD) Pty Ltd Australian firm:	-	15,000
Sinton Spence Chartered Accountants PNG firm:	1,360	2,853
Total remuneration for other assurance services	1,360	17,853
Total remuneration for assurance services	36,750	56,966
Taxation Services		
BDO Audit (QLD) Pty Ltd Australian firm:	9,000	11,980
Sinton Spence Chartered Accountant PNG firm:	590	1,322
Total remuneration for taxation services	9,590	13,302

NOTE 25 EARNINGS PER SHARE ("EPS")

	2010	2009
Basic and diluted earnings (losses) per share (cents per share)	(1.70)	(4.80)
The loss used in calculating basic and diluted earnings per share is the net loss for the year.	2,099,504	3,934,553
Weighted average number of shares used in the calculation of the basic EPS	123,546,109	82,015,288
The number of potential ordinary shares relating to options not exercised at year end. These potential ordinary shares are not dilutive.	59,203,034	27,204,777

NOTE 26 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 (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).

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.

NOTE 26 CONTINGENCIES (continued)

(ii) The Yeaman Trust Deed
Macmin NL's original application for EL1077 (Simuku) was lodged as agent for both itself and Mr William Stanley Yeaman (Yeaman). By two deeds of trust dated 5 June 1994 and 20 April 1996, respectively Yeaman was entitled to a 10% free carried interest (FCI) in the tenement. Upon the completion of a bankable feasibility study Yeaman could convert his FCI to either a 10% fully contributing joint venture interest or a 2% gross royalty interest payable in respect of all products mined from the Simuku property. During the financial year Coppermoly Limited acquired the 10% interest in Simuku from Yeaman for the consideration of 4,650,000 ordinary shares, 1,200,000 listed options and $20,000 cash. As the fair value of the 10% interest in Simuku could not be estimated reliably, the issued ordinary shares and listed options to Yeaman have been valued using their fair value at the date the deeds were contracted. Yeaman's interest in Simuku has therefore now been extinguished and EL 1077 is now held 100% by Coppermoly Limited.

(iii) Joint Financial Advisor and Sponsoring Broker
By an agreement dated 20 August 2007 the Company agreed to pay fees to Novus Capital Limited (Novus) for its services in raising the IPO capital. Novus had a right to be retained as joint financial advisor, together with South Pacific Securities Limited (SPS), and as exclusive broker and lead manager for a period of 24 months from the date of the Company's official listing in respect of any further capital raising. This right expired in January 2010.

(iv) Termination benefits
In circumstances where the employment of an Executive Director is terminated without cause, between three and six months' salary may be payable in lieu of notice.

NOTE 27 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 $	2009 $
Reconciliation of loss after income tax to the net cash flow from operations:		
Profit / (loss) after income tax	(2,099,504)	(3,934,553)
Adjustment for non cash items:		
- Exploration expenditure written off (included in investing activities)	579,499	2,992,225
- Loss/(gain) on disposal of fixed assets	2,472	61,962
- Depreciation expense	120,741	179,171
- Non-cash employee benefits expense – share based payments	742,960	-
- Net exchange differences	658	(2,332)
Change in operating assets and liabilities:		
- Trade and other payables and provisions	(22,163)	(12,273)
- Trade and other receivables	41,584	(34,426)
- Prepayments	(6,625)	(8,860)
Net cash inflow / (outflow) from operating activities	(640,378)	(759,086)

NOTE 28 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 2010 %	Equity Holding 2009 %
Copper Quest PNG Ltd	PNG	Ordinary	100	100

NOTE 29 NON-CASH FINANCING AND INVESTING ACTIVITIES

On 22 October 2009 the Company issued the following ordinary shares and listed options to W S Yeaman for the acquisition of the 10% interest in Simuku:

	$
3,450,000 ordinary shares valued at $0.05 cents per share, pursuant to a deed dated 31 Aug 2009	172,500
1,200,000 ordinary shares valued at $0.087 cents per share, pursuant to a deed dated 29 Sep 2009	104,400
1,200,000 listed options valued at $0.04 cents per option, pursuant to a deed dated 29 Sep 2009	48,000
	324,900

W S Yeaman's interest in Simuku has now been fully extinguished and EL 1077 is held 100% by Coppermoly Limited.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 29 to 58 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 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial period 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 14 to 20 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.

P. Swiridiuk

P. Swiridiuk
Managing Director

Bundall, Queensland
27 September 2010

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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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* would be in the same terms if it had been given to the Directors at the time that this auditor's report was made.

Auditor's 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 2010 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

BDO

Emphasis of Matters - Going Concern and Recoverable Amount of Exploration and Evaluation Assets

Without qualification to the opinion expressed above, attention is drawn to the matters detailed in Note 1(a). That note states that the financial report has been prepared on the going concern basis. The note also states that 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. Ultimate exploitation through the development of mines will depend on raising necessary funding.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the exploitation of the areas of interest not be successful or the company not continue to raise necessary funding as needed.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 20 of the Directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Coppermoly Limited for the period ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

BDO Audit (QLD) Pty Ltd

BDO

Christopher J Skelton
Director

Brisbane
Dated 27 September 2010

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 15 SEPTEMBER 2010

a) Distribution of Shareholders

Size of Holding	Number of Shareholders	Number of COYO Optionholders	Number of COYOA Optionholders
1 – 1,000	11	14	4
1,001 – 5,000	46	121	43
5,001 – 10,000	174	27	11
10,001 – 100,000	524	57	75
100,001 and over	140	20	43
	895	**239**	**176**
b) Number of holders of less than marketable parcels	25	200	48
c) Percentage holding of 20 largest holders	57.009%	89.700%	68.660%

d) There are two substantial shareholders listed in the Company's register as at 15 September 2010.

e) Twenty largest shareholders/optionholders (as at 15 September 2010).

COY Shareholder

Name	Quantity	% of Total Holding
New Guinea Gold Corporation	20,973,684	15.079
Vangold Resources Ltd	13,959,366	10.036
Auriongold Limited	6,309,647	4.536
National Nominees Limited	5,696,000	4.095
Mr William Stanley Yeaman	5,460,000	3.925
Merrill Lynch (Australia) Nominees Pty Limited	3,927,646	2.824
Mr James David Thorn & Mrs Suporn Thorn	3,000,000	2.157
Junde Pty Ltd <O'Neill Hall Super Fund A/C>	2,650,000	1.905
Alimold Pty Ltd	2,300,000	1.654
Najava Pty Ltd <Macintosh Super Fund A/C>	2,100,000	1.510
Lawnbet Pty Limited <FMD Superannuation Fund A/C>	1,700,000	1.222
Ms Anne-Carita Kontkanen & Mr John Hildred <Super Duper Super Fund A/C>	1,634,000	1.175
Mr Mark Richard Potter & Mrs Rebecca Amy Potter <Mark & Rebecca Potter A/C>	1,500,000	1.078
Ms Paige Simone Mcneil	1,487,000	1.069
AW & JE Wilks Pty Ltd	1,400,000	1.007
Mr Simon William Tritton	1,100,000	0.791
Kings Park Superannuation Fund Pty Ltd <Kings Park Super Fund A/C>	1,050,000	0.755
Mr Hardip Singh <Hardip Subscription Account>	1,047,000	0.753
Mr Peter Anthony & Mrs Maureen Helena Mc Carthy <Mc Carthy Family Super A/C>	1,000,000	0.719
Lee-Sands Nominees Pty Ltd	1,000,000	0.719
TOTAL	**79,294,343**	**57.009**

e) Twenty largest shareholders/optionholders (as at 15 September 2010) (continued)

COYO Optionholder (expiry date 30 Apr 2011)

Name	Quantity	% of Total Holding
New Guinea Gold Corporation	9,568,422	42.517
Vangold Resources Ltd	2,906,579	12.915
Novus Capital Limited	1,439,685	6.397
Felix Bay Capital Pty Ltd	1,125,000	4.999
Firebird Global Master Fund 11 Ltd	750,000	3.333
Citicorp Nominees Pty Limited	624,164	2.773
BMS Capital Pty Limited	516,125	2.293
Ms Paige Simone McNeil	464,250	2.063
Ms Kimberly Carter & Mr John McIntosh	398,837	1.772
Secret Cove Management Ltd	373,750	1.661
National Nominees Limited	325,000	1.444
Ms Bernadette Sukkar	314,895	1.399
Merrill Lynch (Australia) Nominees Pty Ltd	300,000	1.333
Mrs Rosemary Joy McNeil	150,000	0.667
SPAC Nominees Pty Ltd	142,000	0.631
Wexford Finance BV	140,625	0.625
110980 BC Ltd	125,000	0.555
Mr Garry Michael Edwards	112,500	0.500
HSBC Custody Nominees (Australia) Ltd	110,000	0.489
Archem Trading NZ Limited	100,000	0.444
Mr Greg Clarkes	100,000	0.444
1313 Investments Inc	100,000	0.444
TOTAL	**20,186,832**	**89.700**

COYOA Optionholder (expiry date 1 Dec 2011)

Name	Quantity	% of Total Holding
Mr William Stanley Yeaman	1,920,000	8.118
Mr JD Thorn & Mrs Suporn Thorn	1,500,000	6.342
Alimold Pty Ltd	1,380,000	5.835
Mr Ian Hamilton	1,200,000	5.074
Lawnbet Pty Limited <Fmd S/F A/C>	1,185,000	5.010
Najava Pty Ltd <Macintosh S/F A/C>	1,000,000	4.228
Junde Pty Ltd <O'neill Hall S/F A/C>	1,000,000	4.228
Four P Investment Company Pty Ltd <Four P Investment A/C>	900,000	3.805
Citicorp Nominees Pty Limited	750,000	3.171
MR & RA Potter <M & R Potter A/C>	750,000	3.171
Mr Simon William Tritton	700,000	2.960
Ms A-C Kontkanen & Mr J Hildred <Super Duper S/F A/C>	680,000	2.875
Vangold Resources Ltd	572,175	2.419
AW & JE Wilks Pty Ltd	500,000	2.114
Weach Pty Ltd <Lennox Family S/F>	500,000	2.114
Jaderson Pty Ltd <Fitzgibbon S/F>	395,000	1.670
Lee-Sands Nominees Pty Ltd	375,000	1.586
Novus Capital Limited	321,679	1.360
Ms Julie Anne Ireland	310,000	1.311
Mr C & Mrs N Hoffman <S/F A/C>	300,000	1.268
TOTAL	**16,238,854**	**68.660**

f) <u>Voting Rights</u>

Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.

STATEMENT OF UNQUOTED SECURITIES (OPTIONS) AS AT 15 SEPTEMBER 2010

There are on issue the following unquoted securities:-	**Quantity**
Directors options exercisable at 30 cents per share on or before 22 October 2010	3,000,000
Consultants options exercisable at 25 cents per share on or before 13 March 2011	1,000,000
Non transferable options issued under the Coppermoly Employee Incentive Option Plan exercisable at 25 cents per share on or before 13 March 2011	700,000
Non transferable options issued under the Coppermoly Employee Incentive Option Plan exercisable at 10 cents per share on or before 5 October 2012	1,325,000
Directors options exercisable at 19 cents per share on or before 1 December 2012	3,500,000
Directors options exercisable at 23 cents per share on or before 1 December 2012	3,500,000

CORPORATE DIRECTORY & SCHEDULE OF TENEMENTS

DIRECTORS

P.A. (Peter) McNeil (Non-Executive Chairman)
P. (Peter) Swiridiuk
R.D. (Bob) McNeil
D. (Dal) Brynelsen
C.E. (Ces) Iewago
M. (Maurice) Gannon

COMPANY SECRETARY

M. (Maurice) Gannon

HEAD OFFICE & REGISTERED OFFICE

Level 1, 94 Bundall Road
Bundall Qld 4217, Australia
Telephone: +61 7 5592 2274
Facsimile: +61 7 5592 2275

POSTAL ADDRESS

PO Box 6965
Gold Coast Mail Centre Qld 9726

INTERNET

Email: info@coppermoly.com.au
Website: www.coppermoly.com.au

SHARE REGISTRY

Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000

AUDITORS

BDO Audit (QLD) Pty Ltd
Level 18
300 Queen Street
Brisbane Qld 4000

BANKERS

Westpac Bank

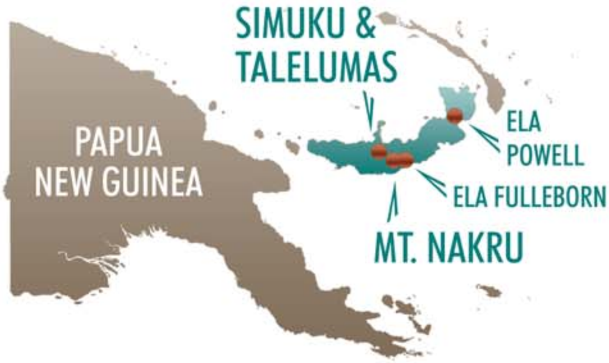
STOCK EXCHANGE

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

SCHEDULE OF TENEMENTS

PROJECT	OWNERSHIP
EL 1043 Mt Nakru (47km²)	100% Copper Quest PNG Ltd
EL 1077 Simuku (47km²)	100% Copper Quest PNG Ltd
EL 1445 Talelumas (75km²)	100% Copper Quest PNG Ltd
ELA 1782 Powell (758km²)	100% Copper Quest PNG Ltd
ELA 1813 Fulleborn (737.8km²)	100% Copper Quest PNG Ltd

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


SIMUKU &
TALELUMAS
PAPUA
NEW GUINEA
ELA
POWELL
ELA FULLEBORN
MT. NAKRU