COPPERMOLY Limited

ADDRESS
PO Box 6965
Gold Coast Mail Centre
Qld 9726 Australia

ABN 54 126 490 855

PHONE
+61(07) 5592 1001
FAX
+61 (07) 5592 1011
EMAIL
info@coppermoly.com.au
WEBSITE
www.coppermoly.com.au

ASX Announcement

13th September 2012 **ASX Code: COY**

CONCEPTUAL MINING STUDY DEMONSTRATES POSITIVE CASH FLOW AT NAKRU-01

Queensland-based copper explorer Coppermoly Limited (ASX:COY) ("Coppermoly") is pleased to announce a positive financial outcome following the completion of an independent Conceptual Mining Study (CMS) at its Nakru-01 copper-gold-silver project on New Britain Island (refer to Figure 1), Papua New Guinea ("PNG").

Swain Engineers have made the recommendation that the Nakru tenement continue to be explored for additional copper ore and for drilling to continue to at Nakru-01 and Nakru-02 in order to define the extent of mineralisation prior to feasibility studies.

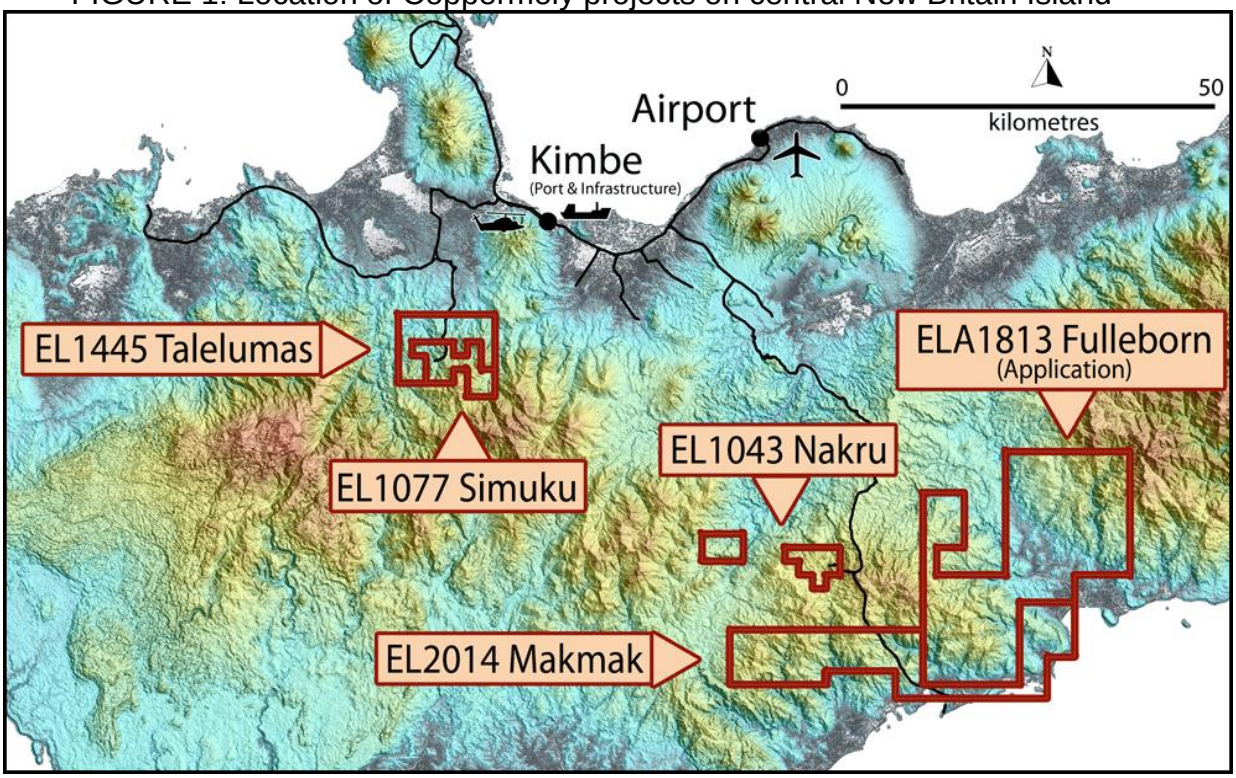
Key Results:

- An open pit containing an estimated 40 million tonnes ROM Ore
- A mining rate of 5.0 million tonnes per annum (Mtpa) for 8 year mine life
- Employment of over 400 personnel
- Recovery of approximately 90%
- Royalty to PNG 2%
- 6% Allowance for Smelter Charges
- Total Electrical demand of 27 MW/Hr
- Waste Ore Ratio of $2m^3$: 1t
- Project completes payback within 2 years
- Potential for significant increase of tonnage in the area
- Estimated capital costs of US$458 million
- Operating costs estimated at US$16.50/tonne of ore
- Shipping using existing wharf at Kimbe or a new wharf built on the south coast.

"The company is delighted that at such an early stage of drilling, the development of the Nakru-01 copper deposit could be cash flow positive within two years. The majority of holes drilled to date are mineralised, so the full extent of mineralisation is yet to be defined on the Nakru Exploration License. In addition, Nakru-02 is located one kilometre to the west with only three drill holes completed to date, all of which are all mineralised. Additional drilling is now required to define the extent of mineralisation of each target to determine the tonnage potential in the area ahead of pre-feasibility level study", Coppermoly Managing Director Peter Swiridiuk said.

"Additional drilling is being undertaken by Barrick this year to keep the tenement in good standing, while they seek to divest their 72% stake in the project. Coppermoly will continue exploring its nearby 100% wholly-owned Makmak tenement, which is immediately south of Nakru".

FIGURE 1: Location of Coppermoly projects on central New Britain Island



To date, 27 diamond core drill holes have been completed at Nakru-01 for a total of 5928.4 metres with an average depth of 220 metres, 18 of which are host to intercepts of significant mineralisation.

With the existing body of mineralisation (refer to Table 3) and six month average metal prices (refer to Table 1), a production rate of 5Mtpa demonstrates the potential for a positive cash flow (refer to Table 2) within an acceptable time frame after payback of capital expenditure of US$458M (see ‘Capital Costs ‘below). Additional drilling is required to define the overall resource of the area.

An estimate of the time required to construct the plant described in the CMS is 2.5 years, comprising design, procurement and assembly of components and personnel. The location of the project is close to existing roads and tracks and infrastructure, including a deep water port in the Provincial Capital of Kimbe. Alternatively, export and import can be achieved via the south coast with the construction of a jetty and ship-loader (refer to Figure 2).

Metallurgical testing from drill samples has yielded good results and low reagent cost. Lower cost natural gas may also become available in time for the development of the project, helping reduce operating costs.

Metal Prices used in preparation of the CMS

Table 1: Metal Prices used in the CMS

Copper Price	3.34	$/lb
Gold Price	1550	$/oz
Silver Price	26.70	$/oz
Molybdenum Price	12.50	$/lb
Lead Price	1800	$/t
Zinc Price	1800	$/t

Capital Costs

The Capital Estimate of US$458 million includes -

- Land purchase
- Mine site construction
- Mining equipment
- Jetty
- Process plant
- Plant site
- Single men housing at Nakru
- Light Vehicles
- Power lines
- Power station
- Mobilisation of equipment and personnel

FIGURE 2: Location of Nakru tenement and coastal access

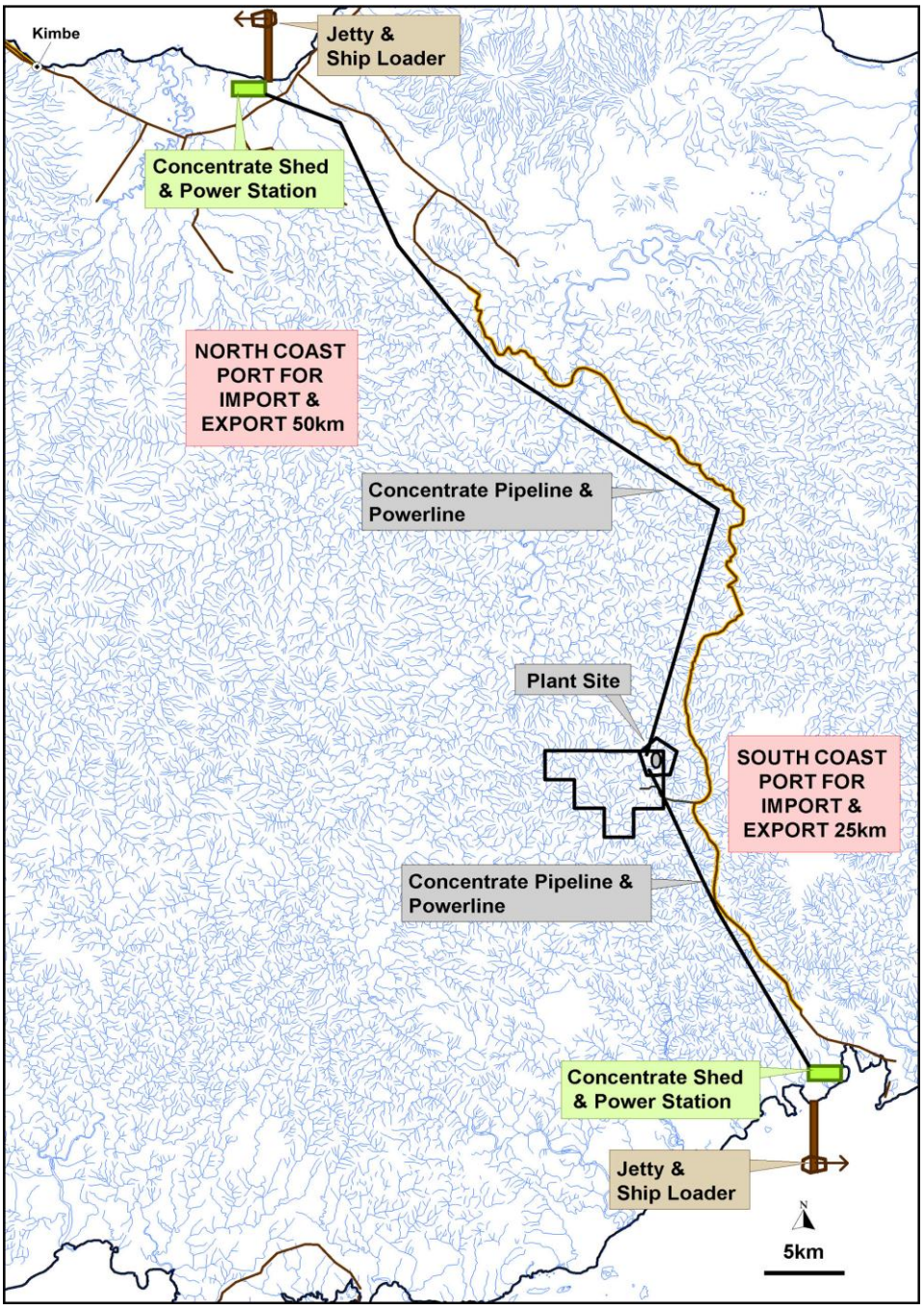


Table 2: Financial Analysis

Throughput	Mtpa	5.0
Cut-off grade of 0.2% Cu	US$M	US$M
Capital Cost		460
Return on Investment	NPV at 0%	728.0
	NPV at 10%	291.0
Project life - years		8.0
Payback time - years		2.0

NB. Estimates shown are indicative only and do not include Company Tax and other imposts payable in Papua New Guinea.

Surface geochemistry shows mineralisation to be widespread at Nakru-01, Nakru-02 and a number of other targets ready for testing by drilling.

Mineralisation at Nakru-01

Nakru-01 mineralisation consists of a zone of supergene copper enrichment above the primary copper zone. Both of these zones are overprinted with narrow zones of precious metals. The combined body of initially discovered mineralisation has been described by an Inferred Resource (refer to Table 3).

Table 3: Nakru-01 Inferred Resource

Cut-off grade % Cu	Mt	Cu%	Au g/t	Ag g/t	Mo ppm	Pb ppm	Zn ppm
0.2	38.4	0.61	0.29	1.80	13	19.29	659
0.3	31.6	0.69	0.32	1.86	14	19.79	693
0.5	21.6	0.81	0.39	1.81	13	20.21	632

An upper zone of copper enrichment (supergene zone) has been intersected within at least four drill holes including;

- 28.4m grading 1.10% Cu + 0.27g/t Au from 25.7m depth (NAK017)
- 13.55m grading 2.8% Cu + 0.23g/t Au from 74.45m depth (BWNBDD0001)
- 8.9m grading 1.02% Cu + 0.10g/t Au from 67.8m depth (BWNBDD0008)
- 7.55m grading 1.14% Cu + 0.05g/t Au from 85.75m depth (BWNBDD0009)

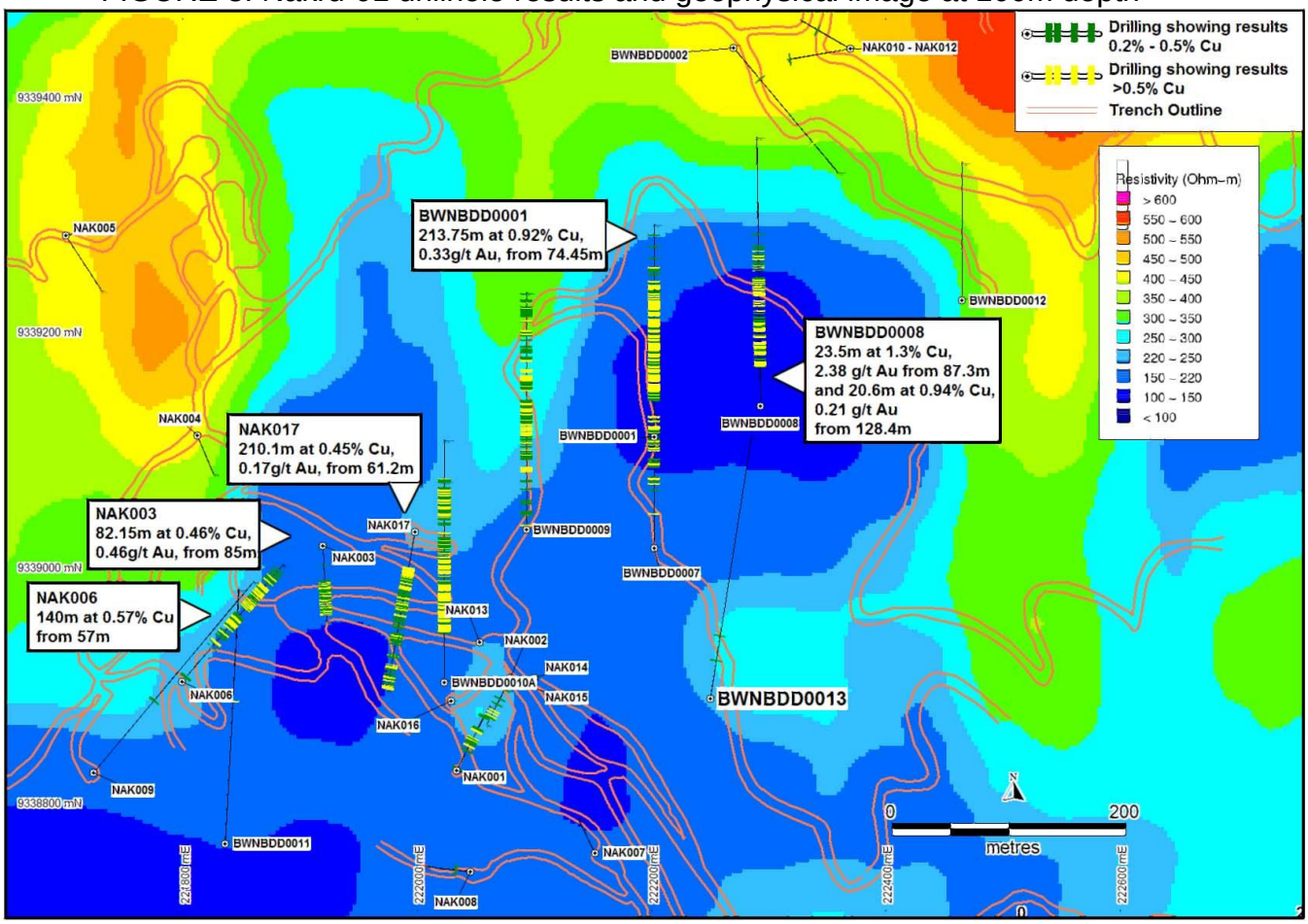
Further drilling is required to define a resource for the supergene copper zone. The low resistivity geophysical response indicates supergene continuity (refer to Figure 3). The eastern hole BWNBDD008 encountered a 1m (99m - 100m down hole) interval of 42g/t gold, 4.64% copper, 20g/t silver and 0.28% tellurium.

Mineralisation at Nakru-02

The Nakru-02 polymetallic (Cu, Au, Zn, Ag, Mo) system occurs as an 800m diameter breccia located 1km to the west of Nakru-01. The initial two drill holes drilled by Coppermoly encountered a shallow massive sulphide lens at approximately 30m depth. Hole NAK02-01 intersected 6.7m at 3.80% copper, 1.66% zinc, 9.5g/t silver and 0.19g/t gold at 30.3m depth.

Beneath the massive sulphide zone, stringer veinlets of chalcopyrite mineralisation were found to be hosted in rhyolitic breccias. The Barrick drill hole (BWNBDD0003), testing the centre of the IP ‘chargeability’ anomaly, also encountered this style of mineralisation, intersecting 64m at 0.59% copper from 141m. Between 290.1m and 295m, a zone assaying 13.6% zinc, 0.84% copper, 24g/t silver and 0.41g/t gold was encountered.

FIGURE 3: Nakru-01 drillhole results and geophysical image at 100m depth



About Coppermoly

Coppermoly is focused on exploring for and developing copper-gold deposits in Papua New Guinea. It has a 28% interest in its three tenements: Simuku, Talelumas and Nakru, on New Britain Island, Papua New Guinea. Since late 2009, Joint Venture partner Barrick (PNG Exploration) ("Barrick") Limited have spent over A$21.6 million on drilling and exploration to earn-in a 72% stake in the tenements. Barrick will fund and conduct a $2.21 million exploration program on these projects during the second half of 2012.

The Nakru-01 copper-gold system has an Inferred Mineral Resource of 38.4 million tonnes grading 0.82% copper equivalent containing 233,400 tonnes of copper, 11 tonnes of gold and 69 tonnes of silver.

The Simuku copper porphyry system has an Inferred Mineral Resource of 200 million tonnes grading 0.36% copper, 61 ppm molybdenum 0.06 g/t gold and 2 g/t silver containing 700,000 tonnes of copper, 12,000 tonnes of molybdenum, 12 tonnes of gold and 391 tonnes of silver.

The Nakru and Simuku tenements are located on PNG's New Britain Island (refer to Figure 1) within a four and one hour drive respectively, by 4WD vehicle from the Provincial Capital of Kimbe, which has services that are essential for the future development of Coppermoly's projects.

Coppermoly also has a 100% interest on the recently granted EL2014 Makmak tenement (refer to Figure 1) which covers 280 square kilometres near the Nakru project. It also has an additional two tenements on the island, under application.

On behalf of the board,

Peter Swiridiuk
MANAGING DIRECTOR

For further information please contact Peter Swiridiuk or Maurice Gannon on (07) 5592 1001 or visit www.coppermoly.com.au,

The information in this report that relates to Exploration Results and Inferred Resources 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 is 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:

- All stated intersections are weighted assay averages ([Sum of each total interval x grade] / Total length of intersection).
- Quality control and quality assurance checks on sampling and assaying quality were satisfactory.
- BWNBDD (Barrick West New Britain Diamond Drillhole) Series Drill Core is PQ, HQ and NQ in size with core recovery predominantly greater than 93%.
- Co-ordinates are given in UTM Zone 56, AGD66 Datum.
- Mineralised intersections are quoted as down hole widths.
- Mineralisation at Nakru-01 consists of copper, gold and silver.
- * Copper equivalent values have been calculated as (Cu + (6764.1 x Au) + (113 x Ag))
- * Copper Equivalent is the contained copper, gold and silver that are 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.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The ASX requires a metallurgical recovery be specified for each metal. JK Tech and ALS Ammtec in Queensland conducted metallurgical test work on samples from Nakru. Additional test work is currently being arranged by Barrick from Nakru-01 drilling samples.
- 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.
- Drillhole samples from drillholes in PNG were transported to the camp site then to the town of Kimbe where they were logged, orientated and sampled between 1m and 2m intervals from core split by saw. The split samples were then freighted to either Intertek in Lae (PNG) for sample preparation. Samples were dried to 106 degrees C and crushed to < 2 mm. Samples greater than 2kg were rifle split down to 1.5kg and pulverised to 75 microns. The final 300g sized pulp samples were then sent to Intertek laboratories in Jakarta for geochemical analysis. Intertek analysed for gold using a 50g Fire Assay with Atomic Absorption Spectroscopy finish. Other elements were assayed with ICPAES Finish. Copper values greater than 0.5% were re-assayed. Intertek laboratories have an ISO 17025 accreditation. Unused half core is stored in sheltered premises in the town of Kimbe.
- The CMS was completed by Mr David Swain, FAusIMM, Principal of Swain Engineers, Consulting Mining Engineers, at the request of Coppermoly Ltd.
- Swain Engineers has verified the data disclosed and approves the contents of this ASX release. The estimate of mineral resources is not materially affected by any known environmental, permitting, legal, title, taxation or political issues.