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**ASX Announcement**

**24<sup>th</sup> September 2012**

**ASX Code: COY**

**NAKRU-1 RETURNS FAVOURABLE METALLURGY RESULTS**

Queensland-based copper explorer Coppermoly Limited (ASX:COY) (“Coppermoly”) is pleased to announce favourable metallurgical tests of samples taken from drill core at its Nakru-1 copper-gold-silver project on New Britain Island (refer to Figure 1), Papua New Guinea (“PNG”).

***Flotation tests have demonstrated that normal milling practices are able to give a recovery of 87% of the copper and 53% of the gold (see attached report).***

***Using the suggested operating rates in the recently announced Conceptual Mining Study (CMS), these tests indicate a concentrate production of 76,500 tonnes assaying 25.1% copper and 8.30 g/t gold, or 19,200 tonnes of copper per year.***

***The CMS indicates a Net Present Value (NPV) of US\$291million based on 100% ownership, a copper price of \$3.34/lb, 10% discount factor and 90% mill recovery after royalties and before company tax. A pre-feasibility study is yet to be conducted.***

***Assays of the final concentrate indicate that it will be easily sold to smelters with no significant penalties given for various trace elements.***

***Recoveries of gold may be improved with further test work.***

To date, only 27 diamond core drill holes have been completed at Nakru-1 with a maiden Inferred Resource of 38.4 million tonnes grading 0.61% copper + 0.29 g/t gold + 1.80 g/t silver.

At this early stage of drilling, the CMS shows that the development of the Nakru-1 copper deposit could be cash flow positive within two years of production using the parameters stated.

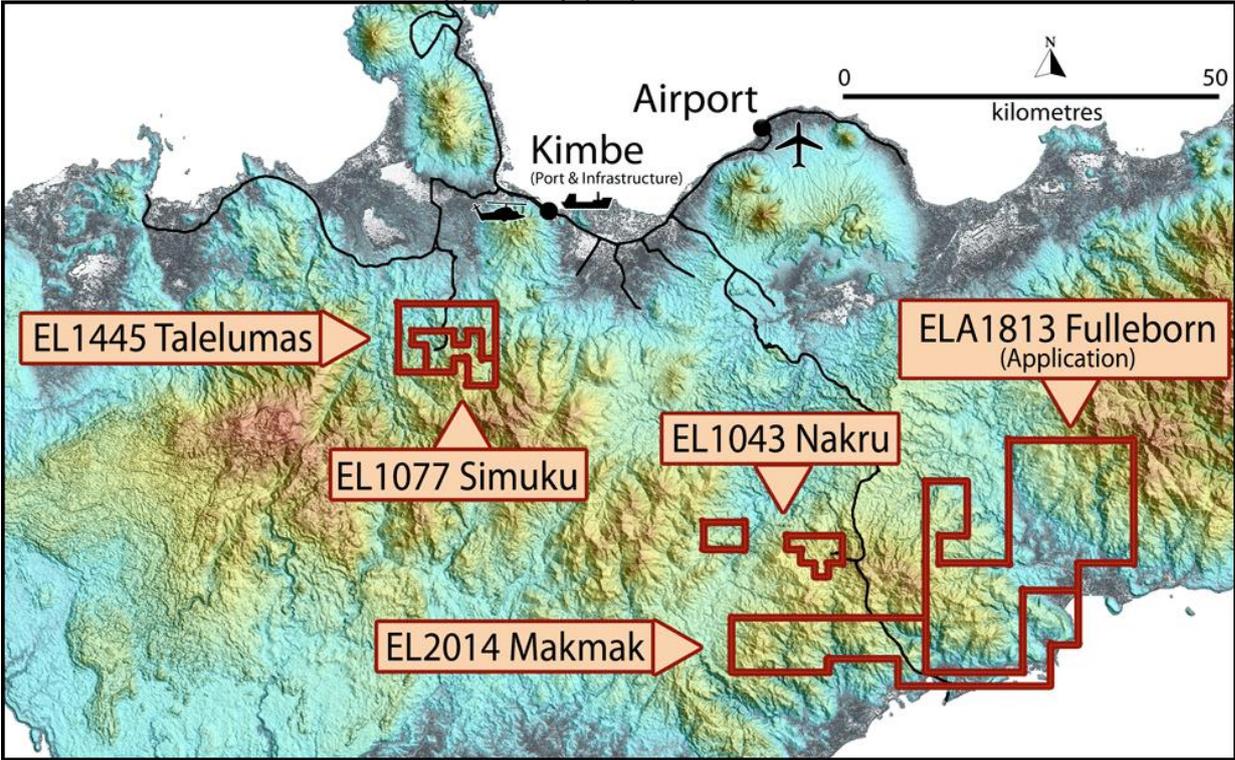
Key Results from the (CMS) include:

- 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
- 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

Additional drilling is now required to define the extent of mineralisation and overall tonnage potential in the area ahead of pre-feasibility level studies.

Since late 2009, Joint Venture partner Barrick (PNG Exploration) Limited has spent over A\$21.6 million on drilling and exploration to earn a Participating Interest of 72% in the West New Britain Project tenements. Barrick will fund and conduct a \$2.21 million exploration program on the Project during the second half of 2012. This program will ensure the tenements are kept in good standing while Barrick seek to divest their 72% interest.

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



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](http://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:

- 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%.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- 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 resource statement for Nakru-1 has been compiled by Golder Associates in accordance with the guidelines defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves (The JORC Code). The estimate of mineral resources is not materially affected by any known environmental, permitting, legal, title, taxation or political issues.
- The CMS was completed by Mr David Swain, FAusIMM, Principal of Swain Engineers, Consulting Mining Engineers, at the request of Coppermoly Ltd.
- The metallurgical results relate to samples and test work cited in ALS Ammtec Report A13543 and based on information compiled by Frank Trask (Member of the Australian Institute of Geoscientists No. 3325). Mr Trask is a consultant to Coppermoly Ltd and has sufficient experience relevant to the style of mineralisation, the type of deposits being considered, and the normal flotation methods being considered to qualify as a Competent Person as defined by the JORC Code, 2004 edition. Mr Trask consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

17 September, 2012

The Managing  
Director Coppermoly  
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Dear Sir:

## METALLURGICAL TEST WORK RESULTS HIGHLIGHTS:

- ALS Ammtec has conducted a metallurgical program on copper ore samples from the Nakru- 01 Project in Papua New Guinea. These samples have been submitted by Barrick Gold as operator for the Nakru Project of Coppermoly Limited.
- The grade of the sample that was tested is 0.40% Cu and 0.33 PPM Au, contrasted to an Inferred Resource at a cut-off grade of 0.2% Cu of 0.61% Cu and 0.29PPM Au.
- Flotation Tests have demonstrated that normal grinding (80% passing 0.106mm) and normal flotation methods are able to give a recovery of 87% of the copper and 53% of the gold on samples from Nakru-01 Copper Project.
- Using the suggested operating rates in the Conceptual Mining Study, these tests indicate a concentrate production of 76,500 tonnes of concentrate assaying 25.1% Cu and 8.30 g/t Au, or 19,200 tonnes of copper per year.
- Assays of the Final Concentrate indicate that it will be easily sold with no significant penalties for various trace metals.
- Further test work to optimize the energy consumption of the copper flotation circuit and the possible recovery of more gold should be done.
- Test work performed by ALS Ammtec is very reliable.

## INTRODUCTION

This summary of the ALS Ammtec report is being supplied so that the main features of the report can be understood by the Directors and Shareholders of Coppermoly Limited.

### Sample Head Grade.

The sample has the following head grade

Copper %	Gold PPM	Silver PPM
0.40	0.33	1.07

**Rougher Flotation tests:**

A total of 9 rougher tests were conducted and these had the following grades and recoveries. Note that PPM (Parts Per Million) of gold is also 1 gram/ tonne (g/t)

Test Number	Wt. %	Copper		Gold	
		%	% Rec.	PPM	% Rec.
LS5076	19.6	2.4	97.8	1.3	91.6
LS5109	12.6	3.7	97.1	2.0	88.0
LS5110	10.5	4.6	95.8	1.8	84.4
LS5111	12.8	3.3	97.2	1.5	88.1
LS5112	12.2	3.6	97.2	1.7	85.6
LS5186	14.6	3.3	98.1	1.5	89.8
LS5187	12.9	3.7	97.7	1.6	88.8
LA5188	13.4	3.5	97.8	1.9	87.9
LS5189	12.1	3.7	97.9	1.6	87.8

**Cleaner Flotation Tests:**

These tests are done by regrinding the rougher products and producing a second flotation or “cleaner” concentrate. There is an emphasis on depressing silicates and pyrite.

Test Number	Wt. %	Copper		Gold	
		%	% Rec.	PPM	% Rec.
LS5190	3.11	12.3	85.9	4.32	56.1
LS5241	2.17	21.4	86.9	6.64	53.2
LS5242	1.53	23.6	85.7	8.95	50.4
LS5288	1.22	28.5	79.3	10.10	50.3

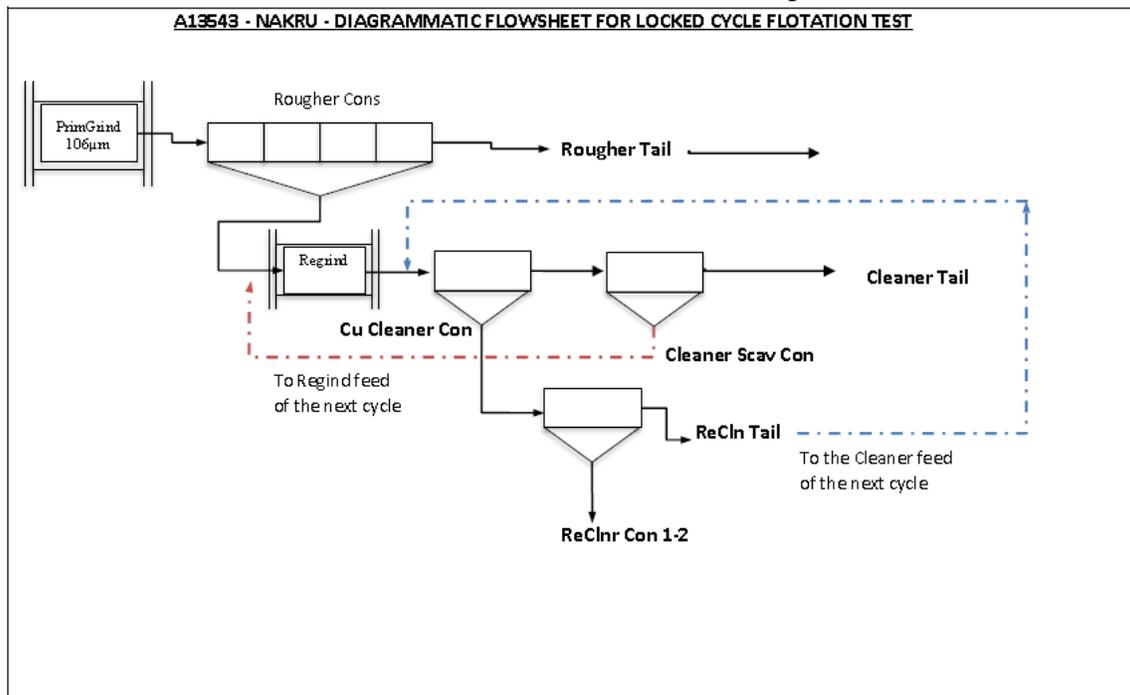
Note that while the recovery of copper is down from the mid 90%, the grade is above 20% and as such is commercially viable. High copper grades are offset by lower recoveries. The gold recovery has dropped from the high 80% range to near 50%

**(Final Process) Normal locked cycle Flotation Test:**

This test was done by making (1) a rougher concentrate, and (2) disposing of the rougher tailings, thence regrinding this concentrate, and putting it through two stages of cleaners. The first cleaner concentrate was then sent to a Re-Cleaner flotation cell, where a concentrate was produced. The tailings from this cell are recycled to the first Cleaner Cell. The tailings from the Cleaner Scavenger are disposed of, while the Cleaner Scavenger concentrate is sent to the regrind mill. This re-cycled concentrate contains 22% of the gold and 8% of the copper. This proposed flow sheet is normal in the copper industry.

Test Number	Wt. %	Copper		Gold	
		%	% Rec.	PPM	% Rec.
Reclnr Con 1-2	1.53	25.1	87.0	8.3	53.2
Cleaner Scav Tail	5.04	0.71	8.05	1.05	22.0
Tail	93.4	0.02	5.00	0.06	24.7

The flow sheet illustration below is from the AIS Ammtec Report.



**Translation of these data into probable operations figures:**

For a 5,000,000 tonne a year operation, with Nakru-01 ore of 0.40% Cu and 0.33 PPM Au, and using flotation methods disclosed in this report there could be a concentrate production of:

76,500 tonnes of concentrate assaying 25.1% Cu and 8.30 PPM (g/t) Au, or approximately 19,200 tonnes of copper per year.

In addition, there would be 252,000 tonnes a year of cleaner scavenger tail that would contain 1.05PPM (g/t) of Au, or approximately 8790 oz. of Au.

**SALE OF CONCENTRATE:**

Concentrates of the above quality are easily sold into various markets; Chinese smelters pay lower returns on gold than others, but often offer lower smelting and refining charges.

The last 6 elements are considered “penalty” elements at most copper smelters. I have listed threshold values for payment and the values determined by assay of the Re-cleaner Concentrate. There are no problems if these assays are typical.

**Final Concentrate (Locked Cycle Re-Cleaner Concentrate):**

Product	Cu %	Au PPM	Ag PPM	Pb PPM	As PPM	Sb PPM	Bi PPM	Hg PPM	F PPM
Assay	27.70	8.18	26	120	40	12	70	0.2	ND
Minimum	20	1	30						

A typical smelter schedule will consist of a smelting charge between \$70 and \$140 per tonne of concentrate, and a refining charge that is related to electrical costs per pound of copper refined. This is currently between \$0.07 and \$0.15 per pound of copper refined. At 27.7 % Cu, one could further expect a discount of 1 unit (a percent of copper) per tonne, for a final payment between 96 and 97% of the LME price. Gold in the past has attracted a discount of 1.0 PPM (g/t), and a payment of 95% of the market price on the day. Silver generally is not paid for below 30 PPM (g/t). These figures are indicative only, and offer a rough idea of what sort of commercial settlement could be expected for a concentrate of this composition. These charges are cited as a guide only, and actual samples of the concentrate from a pilot study need to be submitted to a number of smelters to receive firm quotes.

**FURTHER WORK**

There is a substantial value of gold in the Cleaner Scavenger Tail. The mineralogical work done by ALS Ammtec does not record the presence of free gold. A single bottle roll tests should be done to determine if the gold in this product might be recovered by a simple cyanide circuit.

When more sample becomes available, several locked cycle copper-gold flotation tests should be performed at coarser sizes (80% passing of 0.125 and 0.150 mm contrasted to 0.106mm) to determine the optimal grind for minimum energy use.

It is understood that samples for the determination of the Bond Grinding and Crushing Index have been submitted. These data are needed to form a better financial opinion of this summary.

The Re-Cleaner Concentrate from the Locked Cycle test should be further assayed for Te, F and Cl for completion.

## GENERAL STATEMENT

The writer is generally familiar with the flotation test work on copper-gold ores provided by ALS Ammtec in the past. It is of the highest quality, and can be relied on to guide studies of a financial nature. These data are representative of the samples that have been submitted.

Yours faithfully,



Frank Trask, MSc. MAIG 3325  
Geometallurgist

Competent Persons Statement: The metallurgical results reported herein, insofar as they relate to samples and test work cited in AIS Ammtec Report A13543, are based on information compiled by Mr Frank Trask (Member of the Australian Institute of Geoscientists No 3325). Mr Trask is a consultant to Coppermoly Ltd. and has sufficient experience relevant to the style of mineralisation, the type of deposits being considered, and the normal flotation methods being considered to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition). Mr Trask consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Trask owns 242,000 shares in Coppermoly Limited.