2013 Annual Report

COPPERMOLY
Limited

C O N T E N T S

THE CHAIRMAN'S LETTER

Dear Shareholder,

Welcome to the 2013 Annual Report for Coppermoly Limited. It is my pleasure to present this report as my first in the role of Chairman of your company.

As you are no doubt aware, in late 2011 Barrick (PNG Exploration) Limited reached the $20 million expenditure milestone on the West New Britain project in PNG and then sought to divest its 72% interest. Coppermoly has been proactive in securing an agreement to enable our company to re-acquire Barrick's interest in the West New Britain Project Exploration Licences, with staged payments over five years. Gaining the right to acquire 100% ownership of these projects is a big win for Coppermoly and we are determined to ensure that the full value of our West New Britain assets in PNG are realised.

The exploration completed by Coppermoly and Barrick over the past five and a half years has seen us delineate Inferred Resources at both our Nakru and Simuku projects with a total contained copper inventory of more than two billion pounds. In July last year, we announced an Inferred Mineral Resource estimate for the Nakru-01 copper prospect containing 233,400 tonnes of copper, 350,000 ounces of gold and 2 million ounces of silver.

There is significant potential to increase the company's resources through further drilling, and we will pursue this in the 2013 and 2014 field seasons. Initially we intend to focus particular attention upon the Nakru-2 prospect where we have had excellent grades and intersections in the past but only relatively limited follow-up exploration.

In June 2013, Coppermoly announced a one-for-four (1:4) non-renounceable entitlement offer to shareholders raising approximately $1.6 million before costs and expenses. The raising was undertaken at a premium and was fully underwritten, demonstrating the deep value investors see in Coppermoly. These funds will provide the first acquisition payment to Barrick, which will restore the company to a 51% interest in the West New Britain Project exploration licences, and will enable us to recommence exploration on these core assets.

During the past year there have also been a number of changes to the Board and I believe that the company now has very sound and dedicated directors. Management wise, there have also been a number of changes this year, and we are now in a stronger position with the right people in charge to take the company forward. I welcome Maurice Gannon in his new role as Managing Director. Maurice has been an executive with Coppermoly since its inception and has been an Executive Director since February 2010, making him very familiar with our operations and deeply committed to Coppermoly, our staff based both in Australia and Papua New Guinea and to our future plans.

To you our shareholders, I am grateful for your continued support. I look forward to helping lead Coppermoly through such an exciting time as we advance our PNG projects with the pathway cleared to 100% ownership, with a strong balance sheet and solid financial support for the future.

Tom Revy

Non-Executive Chairman

THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

Dear Shareholder,

Welcome to the Annual Report for Coppermoly Limited for the 12 month period to 30 June 2013.

1. Company Overview

Coppermoly Limited is an ASX-listed exploration and development company targeting projects prospective for copper, gold and molybdenum. The Company's projects are located on New Britain Island in Papua New Guinea (PNG). Coppermoly remains focused on these mineral assets and growing two associated JORC compliant Inferred Mineral Resources.

Historically, three of the Company's Exploration Licences have been subject to a farm-in agreement with Barrick (PNG Exploration) Ltd (Barrick), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the three Licences by spending more than $20 million on exploration. Currently, Coppermoly is reacquiring 100% ownership of these Licences through a three stage, $5million payment to Barrick, to be completed over a five year period.

Coppermoly also has 100% ownership of the Makmak Project, where early exploration is focused on the Pulding and Wara Creek prospects as well as two prominent aeromagnetic anomalies.

Coppermoly also awaits the granting of several Exploration Licence Applications, including "Powell" in East New Britain, and "Wowonga" and "Fulleborn" in West New Britain. The Company's core objective is to ensure that the full value of all of its assets are realised over time.

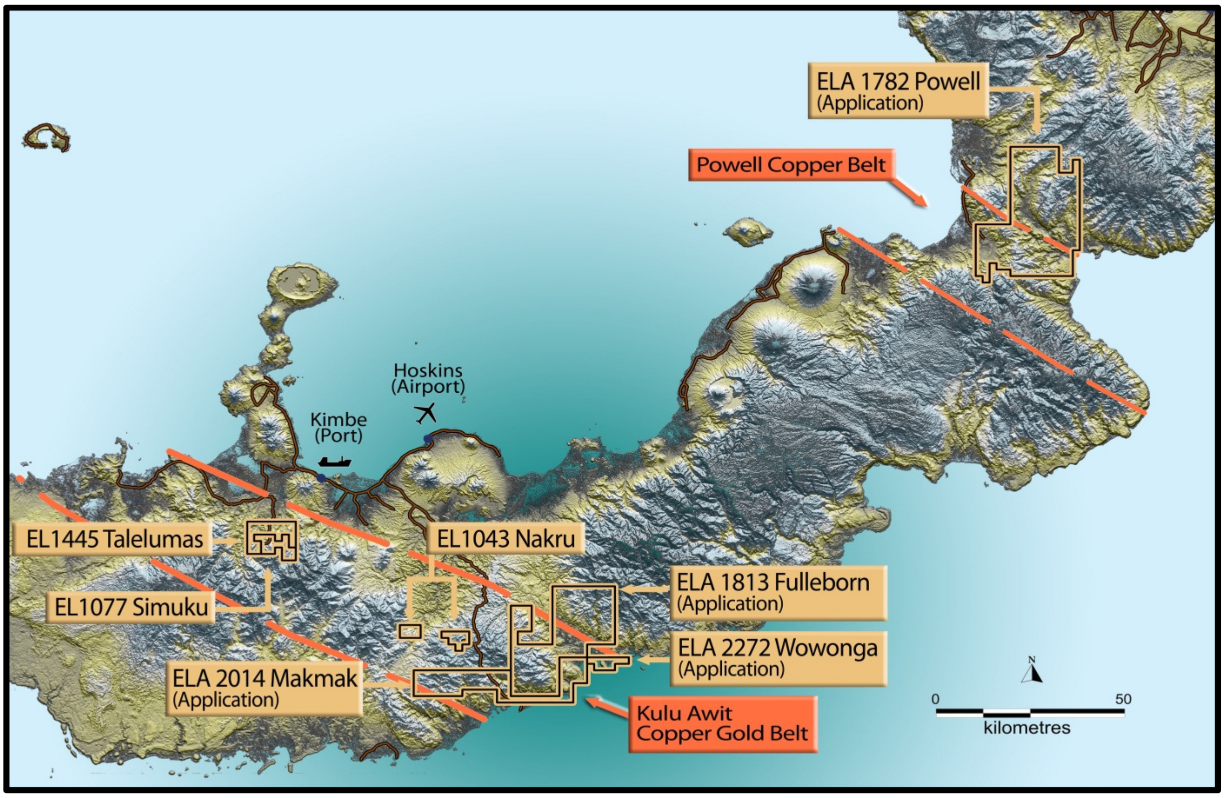

Figure 1: Location of Coppermoly's Exploration Licences on New Britain Island, Papua New Guinea

2. Infrastructure

Local infrastructure available to the Company's projects is exceptional. All of the Company's Exploration Licences are accessible by well-maintained gravel roads from the provincial capital of Kimbe, which operates a deep water container port, airport, heliport and industrial services.

Nakru Exploration Licence

EL 1043: Coppermoly 51%, Barrick 49%
Coppermoly has the right to reacquire 100%

The Nakru Exploration Licence covers 47km^2 and encloses four known copper-gold systems, known as Nakru-1 to Nakru-4. Exploration of the Nakru project to-date has included 31 drill holes for more than 7,200 metres and has identified a number of mineralisation styles.

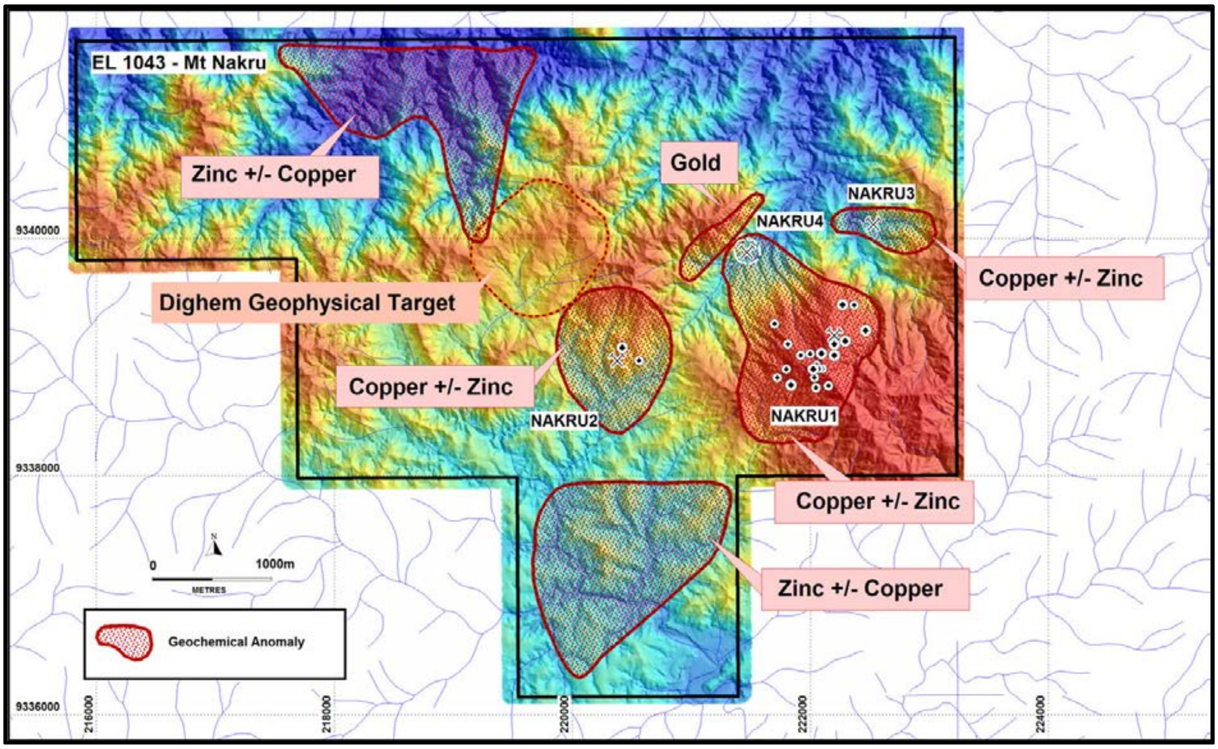

Figure 2: Nakru Geophysical + Geochemical Targets on Topographical Base Map

Nakru-1 Highlights:

- Supergene Copper Zone: intersection of 34.35m at 1.96% copper and 0.17g/t gold between 74.45m and 108.8m down hole
- Primary Copper Gold Zone: beneath the supergene copper zone, a zone of primary copper-gold mineralisation is hosted by rhyolitic and hydrothermal breccias. A diamond drill hole intersected 213m grading 0.92% Cu from 74.45m
- High Grade Gold Copper Telluride Vein: a 1m interval of 42g/t gold, 4.64% copper, 20g/t silver and 0.28% tellurium (99m – 100m down hole)
- High Grade Silver Vein: intersection of 0.7m grading 432g/t silver, 943ppm molybdenum and 1,340ppm niobium (281.3m – 282m down hole).
- The most recent hole drilled at Nakru-01, intersected 43m of disseminated copper sulphide grading 0.94% Cu.

Inferred Mineral Resource

The Nakru-1 copper-gold system is the most advanced prospect within the Nakru tenement. In July 2012, Coppermoly announced an Inferred Mineral Resource of 38.4 million tonnes grading 0.61% copper, 0.28g/t gold, 1.8g/t Ag.

The geophysical and geochemical results received to-date indicate that further drilling is required to determine the limits of mineralisation, as well as define the extent of an upper oxide zone and underlying secondary copper enrichment blanket. Mineralisation remains open to the north and east.

Metallurgy

Nakru-1 returned positive metallurgical results during the year, with flotation tests demonstrating that conventional commination practices would recover 87% copper and 53% of its gold. No significant deleterious trace element concentrations were observed in ore concentrates.

Nakru-2 Highlights:

- Massive Sulphide Zone: intersected 6.7m at 3.80% copper, 1.66% zinc, 9.5g/t silver and 0.19g/t gold between 30.3m and 37m down hole
- Primary Copper Zone: stringer veinlets of chalcopyrite mineralisation are hosted in rhyolitic breccias.
- High Grade Zinc and Polymetallic Mineralisation: intersection of 4.9m at 13.6% zinc, 0.84% copper, 24g/t silver and 0.41g/t gold between 290.1m and 295m
- High Grade Silver Vein: 0.9m intercept of 474g/t silver, 258ppm molybdenum and 433ppm niobium.

The Nakru-2 system is only 1km to the west of Nakru-1 and has been identified as a large envelope of mineralisation 800m in diameter. Only three drill holes have been completed at Nakru-2 for 1,052m with all holes intersecting mineralisation.

The Company intends to conduct a drilling campaign in the near future focussing on Nakru-2 mineralisation.

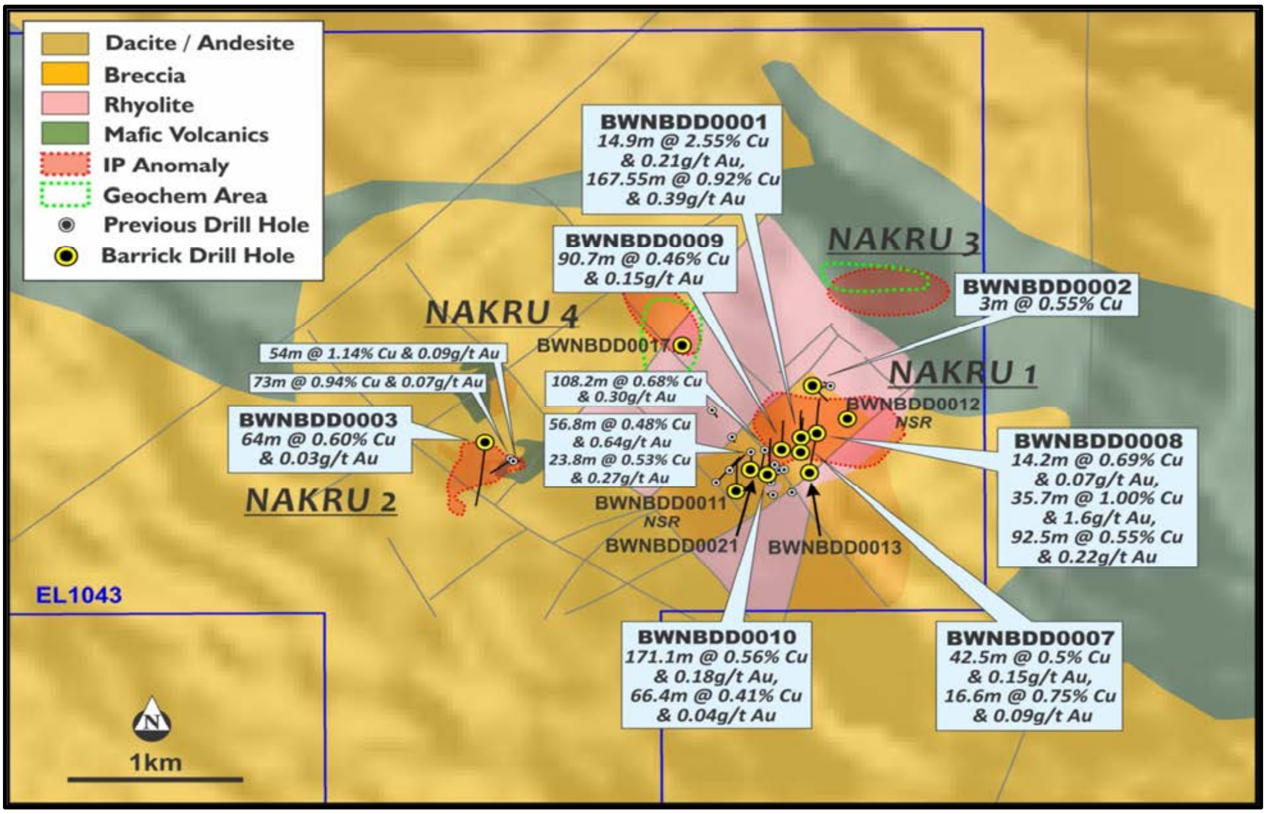

Figure 3: Nakru - Drill Intersection Highlights

Simuku Exploration Licence

EL 1077: Coppermoly 51%, Barrick 49%
Coppermoly has the right to reacquire 100%

The Simuku project is located within one hour's drive from the port of Kimbe.

Historic exploration by Coppermoly and Barrick has included the drilling of 43 diamond and reverse circulation holes, 28 kilometres of trenching, extensive geochemical sampling, and the completion of several geophysical surveys.

The project has an Inferred Mineral Resource of 200 million tonnes at 0.36% copper, 61 ppm molybdenum, 0.06 g/t gold and 2.0 g/t silver.

Within the area of the Inferred Mineral Resource, drilling results have indicated an upper zone of secondary enrichment which warrants further exploration. The most recent drill program undertaken at Simuku has extended its mineralisation to a depth of more than 600 metres.

Talelumas Exploration Licence

EL 1445: Coppermoly 51%, Barrick 49%
Coppermoly has the right to reacquire 100%

The Talelumas Exploration Licence is contiguous with the northern boundary of the Simuku Licence.

The area was previously explored by CRA Exploration, BHP, Nord Resources, Esso, City Resources, Macmin NL and Placer (PNG) Exploration from 1965 to 1995. Drainages throughout the tenement were covered by regional stream sediment sampling. Ridge and spur soil sampling was historically completed at the Mt. Misusu, Talelumas Creek and Isme Creek prospects.

Coppermoly Ltd collected 40 rock chip and float samples from the three gold and copper prospects at Mt. Misusu, Isme Creek and Talelumas Creek. In addition, 121 soil samples were collected over a soil grid at Talelumas Creek prospect to follow-up historic gold anomalies from local ridge and spurs.

Anomalous rock samples at Isme Creek include 0.86% copper, 0.77 g/t gold, 0.74 g/t gold and 0.58 g/t gold. Recent samples were collected from structurally controlled (1-5m) wide zones of epithermal quartz veins, returning assays of 9.47 g/t gold, 7.94% zinc, 552 g/t silver, 0.15% copper and 7.05% lead.

Mapping and surface sampling at Mt. Misusu included 57 rock-chip samples and 13 stream sediment samples. Approximately 50% of the rock chips returned copper values greater than 0.1%, two in excess of 1%. All of the stream sediment sample assays were low but three samples had interesting coincident gold, copper and molybdenum results.

Makmak Exploration Licence

EL 2014: 100% Coppermoly

The Makmak tenement covers 280 km^2. It is 9km south of the Company's Nakru tenement and is accessible via 4WD vehicle along logging tracks from Kimbe.

During reconnaissance sampling in 2010, Coppermoly collected surface rock float samples at the Pulding prospect at Makmak which returned 10.7% Cu & 15.5g/t Ag, 1.18% Cu, 0.64% Cu, 2.91% Cu and 0.65% Cu.

Four phases of preliminary exploration have been undertaken during the year. The first phase identified a number of targets and completed a limited sampling program. The subsequent three phases followed-up the targets identified by assays and evaluation of geophysical data.

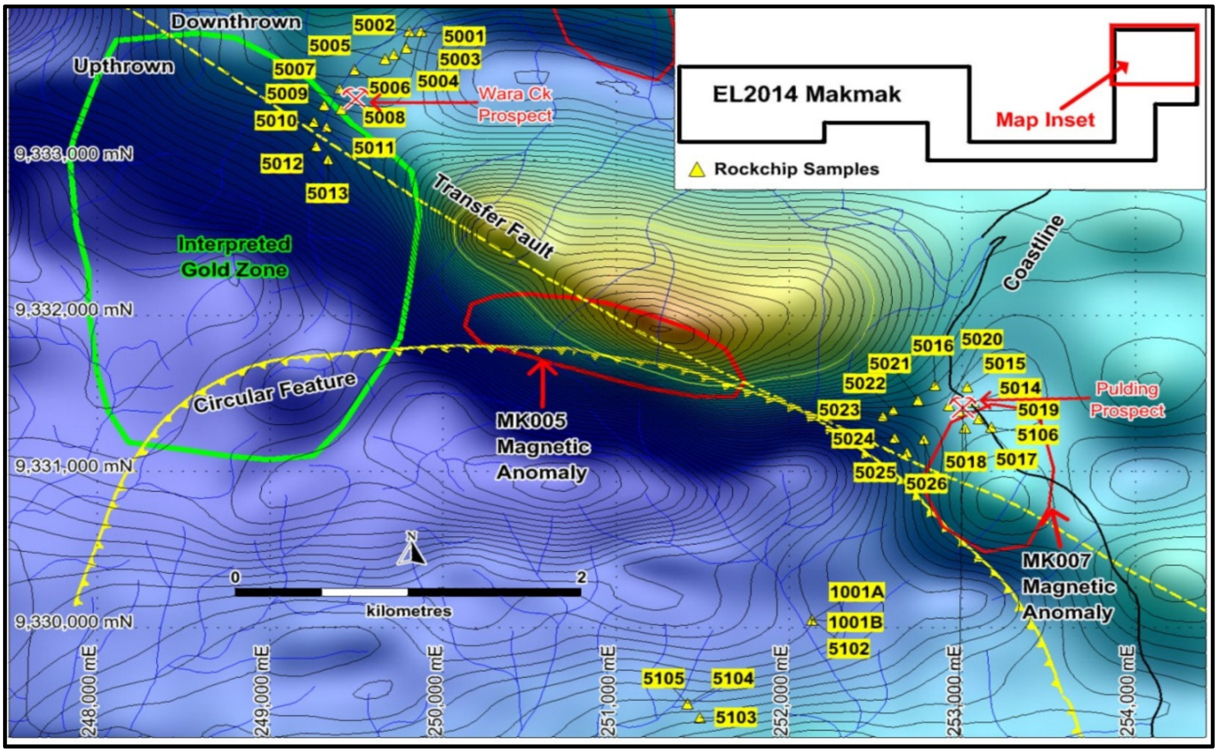

Figure 4 : **Makmak Phase 1 - Rock Sample Locations**

During the fourth quarter of 2012, 32 rock samples and 290 soil samples were collected. At the Pulding Prospect one of the rock chip samples assayed 9.8% copper and six of the float samples assayed in the range of 4.6% to 33.5% copper. Rock float sample number 5021 contained black tourmaline with visible copper mineralisation (Plate 1).

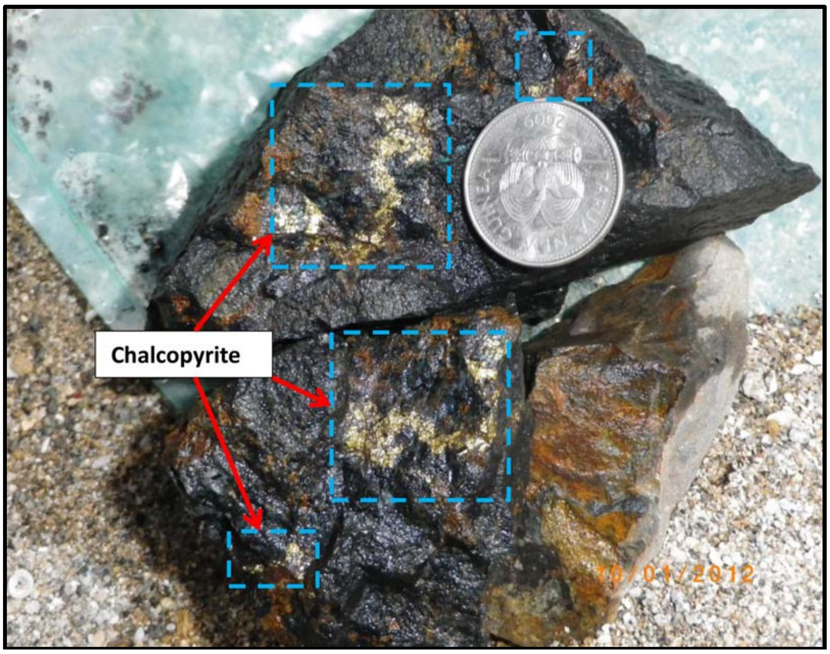

Plate 1: **Pulding Prospect - tourmaline rich rock**

Samples collected from nearby creeks in the "Interpreted Gold Zone" (Figure 4) exhibited abundant magnetite float. Panning the sediments has shown an unquantified presence of gold with up to four pinhead-sized nuggets as well as gold dust (Plate 2).

Plate 2: Gold panned from creeks in the "Interpreted Gold Zone"

During Phase 1 exploration, four high grade Fe-magnetite samples were collected in the area of the Wara Creek Prospect (Figure 4; Table 1).

Sample	Fe %	P ppm	S ppm	As ppm	V ppm	Ti ppm	Cr ppm	Cu ppm	Mo ppm	Al %	U ppm
5003	67.7	57	65	4	200	1441	25	Nil	1.2	1.23	0.20
5010	57	374	461	13	79	1671	25	101	3.4	0.47	0.18
5011	70.9	172	Nil	7	74	573	7	67	1.6	0.23	0.16
5013	71.8	83	88	5	14	549	7	Nil	0.5	0.22	0.12

Table 1: Wara Creek iron ore prospect rock float sample results

Licences Under Application

Coppermoly currently has three exploration licence applications pending. It is actively pursuing the grant of these tenements and the expediting of the outstanding renewal applications.

Exploration Licence Application 1782 – Powell

This application is located in East New Britain. The application was lodged in February 2010 and the Warden's Hearing was held in May 2010. It is yet to be considered by the Mining Advisory Council.

Exploration Licence Application 1813 – Fulleborn

This area is located within the Kulu-Awit copper belt, with anomalous gold and copper-in -stream and rock samples observed in the application area. The Kulu-Awit copper belt is host to the Nakru copper-gold-zinc breccia / VMS systems and the Simuku 1 deposit.

This application is contested by an overlapping application from another company. Coppermoly's application is considered 'second in time' however, if the other company's application is ultimately refused, then Coppermoly's application for the total area will proceed as originally applied for.

Exploration Licence Application 2272 – Wowonga

This application covers a small area on the south coast of West New Britain neighbouring the eastern boundary of the Makmak Exploration Licence. It contains a geophysical anomaly which the Company is interested in examining.

Esk Trough Project, Queensland

Having completed the preliminary assessment of the Esk Trough Project on 17 August 2013, the Coppermoly board resolved not to proceed with the farm-in and notified ActivEX Limited accordingly.

3. Financial Position

Profit or Loss:

The Company reduced expenses in virtually all categories during the year with the result that the net loss for the year was reduced, year on year, by approximately $476,000.

Statement of Financial Position

Total assets are unchanged with current assets being reduced, but offset by a near equivalent increase in the capitalised values of mineral exploration and evaluation assets.

Total liabilities increased by the value of convertible notes and trade creditors as at balance date. This increase in current liabilities equated to a reduction in net assets.

Changes in Equity

Total equity decreased during the year due to net capital raised being approximately $390,000 less than the operating loss for the year.

Cash Flows

Cash used in operations during the year was approximately equal to the prior year although bolstered to some extent by a research and development income tax refund.

Cash invested into exploration was significantly lower than the prior year principally due to the conservative use of funds and refocusing of exploration activities upon the Company's 100% owned exploration asset in Papua New Guinea.

Slightly less cash was raised from issues of financial instruments during the year, compared to the prior year, and convertible notes were issued for the first time. The Company has always sought to remain very conservative in its financing activities.

As at June 30 2013 Coppermoly had $243,209 cash.

Capital Raising

On 26 June 2013, Coppermoly announced a fully underwritten one-for-four (1:4) non-renounceable pro-rata entitlement offer to shareholders to raise up to approximately $2 million, before costs and expenses, at an offer price of $0.045 per share. This was subsequently reduced to $1.6 million as the number of shares held by eligible shareholders changed. The offer incorporated a shortfall facility under which eligible shareholders could apply to take up additional Coppermoly shares in excess of their entitlements.

The entitlement offer was subject to consideration by the Takeover's Panel and a subsequent Sale Offer was made to eligible shareholders to avail them of an opportunity to acquire shares from the Underwriter. The Sale Offer was finalised in early September 2013.

The funds raised from the offer will be used for the first payment for the acquisition of Barrick (PNG Exploration) Limited's interest in the Nakru, Simuku and Talelumas tenements, restoring Coppermoly to a 51% controlling interest in the tenements.

Business strategies and prospects for future financial years

The ability to raise funds is, as always, a critical factor. In this context, the success of the Company's exploration activities is the primary determinant, backed-up by the on-going support of its shareholders. The general state and sentiments of the equity and commodities markets and their appetite for exploration and development investments are also vital considerations. Whilst macro-economic factors are externally imposed they nevertheless define the broad context in which strategic decisions are made.

The Company's core strategy is to wholly own and to actively explore its exploration assets. The re-acquisition agreement has established a clear pathway for this strategy.

The intention is for the Company's activities to remain very geographically focused on New Britain Island.

The Company's core objective is to increase shareholder wealth through sustained, active, value-adding exploration.

Once the value of the Company's assets has been proven, the options for realising that value will be fully and carefully assessed.

Corporate

<u>Board Changes</u>

The Company's Board of Directors underwent significant restructuring in the past year.

Mr Ces Iewago resigned as Non-Executive Director in November 2012.

Mr Dal Brynelsen resigned as Chairman and Non-Executive Director in November 2012.

Mr Peter Swiridiuk ceased as Managing Director in January 2013.

Dr Geoffrey. W Booth was appointed Non-Executive Director and Chairman in January 2013.

Mr Maurice Gannon became Managing Director in January 2013. Mr Gannon has been an Officer of the Company since January 2008 and an Executive Director since February 2010.

In April 2013, following an Extraordinary General Meeting (EGM) requisitioned under section 249D of the *Corporations Act*, the Board of Directors was retained by a majority vote of shareholders.

Mr Tom Revy was appointed as Non-Executive Director and Chairman on 20 May 2013.

Mr Shawn Uldridge was appointed Non-Executive Director in July 2012 and resigned in August 2013 to pursue other business interests.

On behalf of the board

Maurice Gannon

Competent Person Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr. Geoffrey. W Booth BSc, MSc, Ph.D, who is a Fellow and Chartered Professional (CP) of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is bound by and follows the Institute's codes and recommended practices. Dr. Booth is a non-executive director of Coppermoly Limited. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr. Booth consents to the inclusion in this 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.
- Co-ordinates are given in UTM Zone 56, AGD66 Datum.
- Mineralised intersections are quoted as down hole widths.
- Mineralisation at Nakru-1 consists of copper, gold and silver.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

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 2013.

DIRECTORS

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

M.J. Gannon (appointed as Managing Director on 24 January 2013).

B. Faulkner

S. Uldridge was appointed as a Director on 30 July 2012 and resigned on 14 August 2013.

C.E. Iewago resigned as a Director on 13 November 2012.

D.S. Brynelsen resigned as Chairman and Director on 14 November 2012.

P. Swiridiuk resigned as Managing Director on 18 January 2013.

G. Booth was appointed as a Director and Chairman on 18 January 2013 and remained as Chairman until 16 May 2013 when T. Revy was appointed as Chairman. G. Booth has continued as a Director since 17 May 2013 up to the date of this report.

T. Revy was appointed as a Director and Chairman on 17 May 2013 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 and Queensland.

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 $1,000,406 (2012: $1,476,601). No dividend has been paid or recommended during the year ended 30 June 2013.

REVIEW OF OPERATIONS

The Managing Director's Review of Operations and Activities is given on pages 2 to 9.

During the financial year the consolidated entity;

(i) 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 tenements in Papua New Guinea.

(ii) Completed an Agreement for the re-acquisition of Barrick's 72% interest in the Simuku, Nakru and Talelumas tenements.

(iii) Funded exploration and evaluation work on Makmak in Papua New Guinea.

(iv) Increased its issued capital by $539,081 (2012: $946,017) after costs, from the issue of shares and options as detailed in note 16(b) to the Financial Statements.

(v) Allotted 1,087,837 shares in lieu of salary, directors fees and consulting fees to Directors (COY).

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

Barrick Re-acquisition Agreement

On 13 August 2013 the Company gave notice to Barrick extending the 'Conditions Date' for the Re-acquisition agreement between Coppermoly and Barrick to 30 September 2013 per the terms of the agreement.

Refer note 12 for further details in the Barrick Re-acquisition agreement.

Placement and Entitlement Offer

To fund the re-acquisition Coppermoly undertook an Entitlement Offer.

The Entitlement Offer, which was fully underwritten by Jelsh Holdings Pty Ltd, raised a total of $1,454,428 net of costs. The offer has increased the number of shares on issue to 211,055,962.

Funds received from the Placement and the offer will be used to fund the first payment to Barrick to acquire an additional 23% in the West New Britain Project, taking Coppermoly to a total 51% and a majority position, further exploration activity on the West New Britain Project and additional working capital.

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 Simuku, Nakru and Talelumas tenements on New Britain Island in Papua New Guinea;
- Exploration of the Makmak tenement on New Britain Island in Papua New Guinea;
- Exploration of new exploration licences on New Britain Island in Papua New Guinea (subject to their being granted by the PNG Mineral Resources Authority);
- Evaluation and exploration of new project initiatives which could meet corporate strategic guidelines.

For further details also refer to the 'Business strategies and prospects for future financial years' in the Managing Director's Review of Operations and Activities on pages 8 to 9.

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
Maurice Gannon			
Managing Director since 24 January 2013. Executive Director since 12 February 2010. Alternate Director 1 October 2009 to 16 November 2011. Age 56. BSc, GAICD, FCIS, FCSA, AFAIM, MAusIMM. Mr. Gannon holds a Bachelor of Science Degree, a Graduate Diploma in Applied Corporate Governance and a Business Management Certificate. He has more than twenty five 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 Chartered Institute of Secretaries, a Fellow of Chartered Secretaries Australia, an Associate Fellow of the Australian Institute of Management and a member of the Australasian Institute of Mining and Metallurgy. 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. Company Secretary.	1,135,572	Nil
Tom Revy			
Non-Executive Chairman since 17 May 2013. Age 49. *BAppSc (Metallurgy), GradDipBus.* Mr Revy is a mining professional with over 30 years' experience in the industry including operations, process design and commissioning, technical and general management, business development, project and company evaluation and corporate management spanning projects in Papua New Guinea, Australia, the Americas, Africa and China. His experience includes an eight year term with the international engineering and project delivery group, GRD Minproc Limited with global responsibility for the group's core technical and development activities for mineral resource projects. As a member of the GRD Minproc board Mr Revy held the positions of Director Development and Director Strategy and Development. He also spent two years as Development Director with Worley Parsons Limited and was formerly investment advisor in Perth with JB Were & Son. Since January 2010, Mr Revy has been Non-Executive Chairman of ASX listed Empire Resources Limited.		Nil	Nil
Geoff Booth			
Non-Executive Director and previously Chairman from 18 January 2013 to 16 May 2013. Age 57. BSc, MSc, Ph.D., FAusIMM (CP), MAICD. Dr Booth is a mining and exploration professional with over 30 years of private and public sector experience in North America, the South Pacific, Africa and the Middle East. Dr Booth has exceptional technical exploration and mining skills as well as valuable finance and management experience. Most recently Dr Booth worked as a fund and investment analyst with the LinQ Group. Prior roles have included management of resources with the Citadel Group in the Middle East and feasibility studies for Anvil Mining in Africa. These were preceded by various technical positions with BHP Billiton and WMC in Australia, focussing on both production and operational excellence. During the 1980's and 1990's, Dr Booth worked in North America for a variety of resource and energy companies, including Shell Canada, Suncor and Amax Minerals groups. Dr Booth 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.	Nil	Nil

INFORMATION ON DIRECTORS (continued)

Director and Experience	Special Responsibilities	Particulars of Directors' interest in shares and options of Coppermoly Ltd — Ordinary Shares	Options
Ben Faulkner			
Non-Executive Director since 6 December 2011. Age 30. Mr Faulkner holds a Bachelor of Business (Banking and Finance) from Monash University and a Professional Diploma in Stockbroking. He is a member of the Stockbrokers Association of Australia (SAA) and the Australian Financial Markets Association (AFMA). He is a Senior Private Client Advisor with stockbroking firm RBS Morgans Limited, one of Australia's largest full service retail stockbroking firms. Mr Faulkner has not served as a Director of any other public listed companies during the last three years.	Member of Audit Committee (by rotation).	2,743,180	Nil
Shawn Uldridge			
Non-Executive Director since 30 July 2012. Age 34. Mr Uldridge holds a Bachelor of Business (Management) from the University of Queensland and has thirteen years' financial markets experience, nine of which have been in the financial advisory and investment management industry. He co-founded William Shaw Securities in 2006, prior to which he worked with a boutique stock broking firm based in Sydney. Mr Uldridge has not served as a Director of any other public listed companies during the last three years.	Member of Audit Committee (by rotation).	2,630,180	Nil

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Maurice J. Gannon

See information on Directors.

REMUNERATION REPORT (Audited)

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2013, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit Committee Meetings		Planning & Operations and Risk Management Committee Meetings	
	A	B	A	B	A	B
Mr M.J. Gannon	12	12	2	2	2	2
Mr T. Revy (appointed 17 May 2013)	2	2	*	*	*	*
Dr G. Booth (appointed 18 Jan 2013)	6	6	*	*	1	1
Mr B. Faulkner	12	12	1	1	*	*
Mr S. Uldridge (appointed 30 July 2012)	7	9	0	0	*	*
Mr P. Swiridiuk (resigned 18 Jan 2013)	5	6	1	1	1	1
Mr D. Brynelsen (resigned 14 Nov 2012)	4	5	1	1	*	*
Mr C.E. Iewago (resigned 13 Nov 2012)	4	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

(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
M.J. Gannon	Company Secretary Executive Director Managing Director	30 July 2008 - Current 12 February 2010 – Current 24 January 2013 – Current
T. Revy	Non-Executive Chairman	17 May 2013 - Current
G. Booth	Non-Executive Director and Chairman Non-Executive Director	18 January 2013 – 16 May 2013 17 May 2013 - Current
B. Faulkner	Non-Executive Director	6 December 2011 - Current
S. Uldridge	Non-Executive Director	30 July 2012 – 14 August 2013
P. Swiridiuk	Managing Director	27 July 2007 – 18 January 2013
D. Brynelsen	Non-Executive Director Non-Executive Director and Chairman	25 September 2007 – 7 February 2011 8 February 2011 – 14 November 2012
C.E. Iewago	Non-Executive Director	1 November 2008 – 13 November 2012

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. Remuneration consultants have not been engaged by the company.

REMUNERATION REPORT (Audited) (continued)

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 current year and last four years ended 30 June 2013:

	2009	2010	2011	2012	2013
Share price at year end	$0.055	$0.086	$0.094	$0.027	$0.034
Change in share price [1]	($0.035)	$0.031	$0.008	($0.067)	$0.007
TSR – year on year [2]	(38.8 %)	56.4%	9.3%	(71.3 %)	25.9%
Loss for the year	$3,934,553	$2,099,504	$1,291,652	$1,476,601	$1,000,406
KMP remuneration	$493,551	$1,106,272	$873,024	$377,023	$356,050

1. The change in share price as measured by the share price at the end of the year from opening share price.
2. Total shareholder return (TSR) – measured as the percentage change in the share price over the year.

There were no dividends paid during the year ended 30 June 2013.

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

Any options issued to Key Management Personnel (of which there are none at present) have performance "premiums" factored into their exercise prices. The cash component of remuneration is kept relatively low.

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 periodically 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 in February 2010. 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
This is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executive's 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.

REMUNERATION REPORT (Audited) (continued)

Coppermoly Ltd Employee Incentive Option Plan

There are no Employee Options on issue as at the date of this report. 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.

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.

Coppermoly Ltd Directors' & Officers Option Plan

There are no Directors' & Officers Options on issue as at the date of this report. 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 had significant premiums factored into their exercise prices in order to establish explicit performance criteria. Substantial share price appreciation was 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.

In circumstances where the employment of an Executive Director is terminated without cause six months' salary is payable in lieu of notice. Non-Executive Directors are not eligible to receive any termination payments.

M. Gannon, *Managing Director & Company Secretary*
- Base salary, inclusive of superannuation, as at 30 June 2013 of $204,375 to be reviewed annually.
- Notice period of six months.

T. Revy, *Non-Executive Chairman*
- Base Salary, as at 30 June 2013 of $54,500 to be reviewed annually.

G. Booth, Non-Executive Director
- Base Salary, as at 30 June 2013 of $21,800, to be reviewed annually.

B. Faulkner, Non-Executive Director
- Base Salary, as at 30 June 2013 of $21,800, to be reviewed annually.

S. Uldridge, Non-Executive Director
- Base Salary, as at 30 June 2013 of $21,800, to be reviewed annually.

P. Swiridiuk, Managing Director
- Base salary of $750 per day, to be reviewed annually.
- Notice period of three months.
- If terminated by the Company a sum of $35,000 may be paid in lieu of notice.

D.S. Brynelsen, Non-Executive Chairman and Director
- Base salary of $20,000, to be reviewed annually.

C.E. Iewago, Non-Executive Director
- Base salary of $20,000, 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 2013 and 30 June 2012 are set out in the following tables:

2013	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits		Share-based payments			
Name	Cash salary & fees	Cash Bonus	Super-annuation	Long Service Leave	Termination Benefits	Options	Total	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
	$	$	$	$	$	$	$		
Directors									
M. Gannon	166,937	-	15,024	-	-	-	181,961	-	-
T. Revy (from 17 May 2013)	6,160	-	554	-	-	-	6,714	-	-
G. Booth (from 18 January 2013)	9,086	-	818	-	-	-	9,904	-	-
B. Faulkner	20,000	-	1,800	-	-	-	21,800	-	-
S. Uldridge (from 30 July 2012)	18,333	-	1,650	-	-	-	19,983	-	-
P. Swiridiuk* (1 Jul 2012 – 18 Jan 2013)	56,063	-	-	-	44,625	-	100,688	-	-
D. Brynelsen# (1 Jul 2012 – 14 Nov 2012)	7,500	-	-	-	-	-	7,500	-	-
C. Iewago▪ (1 Jul 2012 – 13 Nov 2012)	7,500	-	-	-	-	-	7,500	-	-
Total	291,579	-	19,846	-	44,625	-	356,050		

2012	Short-term employee benefits		Post Employment Benefits	Long-term Benefits		Share-based payments			
Name	Cash salary and fees	Cash Bonus	Super-annuation	Long Service Leave	Termination Benefits	Options	Total	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
	$	$	$	$	$	$	$		
Directors									
P. Swiridiuk*	144,938	-	-	-	-	-	144,938	-	-
M. Gannon	152,250	-	13,702	-	-	-	165,952	-	-
R.D. McNeil^ (1 Jul 2011 – 16 Nov 2011)	7,590	-	683	-	-	-	8,273	-	-
D. Brynelsen	20,000	-	-	-	-	-	20,000	-	-
C. Iewago	25,391	-	-	-	-	-	25,391	-	-
B. Faulkner (from 6 Dec 2011)	11,439	-	1,030	-	-	-	12,469	-	-
Total	361,608	-	15,415	-	-	-	377,023		

^ R.D. McNeil resigned as a Director effective 16 November 2011.
▪ C. Iewago resigned as a Director effective 13 November 2012.
D. Brynelsen resigned as a Director effective 14 November 2012.
* P.Swiridiuk's services were engaged part time under a consultancy agreement.

REMUNERATION REPORT (Audited) (continued)

(d) Share-based Compensation

Options

Options are granted to Directors and Officers under conditions of the Directors and Officers Option Plan approved by the Shareholders at the 2009 and 2010 Annual General Meetings. Options are granted to other key management personnel under the Coppermoly Ltd Employee Incentive Option Plan which was approved by the Directors on 17 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.

There have been no grant of options affecting remuneration in the previous, this or future reporting periods.

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	Number of options expired during the year
	2013	2013	2013	2013
Directors of Coppermoly Ltd				
M. Gannon	-	-	-	2,000,000
T. Revy	-	-	-	-
G. Booth	-	-	-	-
B. Faulkner	-	-	-	-
S. Uldridge	-	-	-	-
P. Swiridiuk	-	-	-	3,000,000
D. Brynelsen	-	-	-	2,000,000
C.E. Iewago	-	-	-	1,500,000

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 in section (c) 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

There were no options granted during the year ended 30 June 2013.

(f) Equity instruments issued on exercise of remuneration options

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

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.

SHARES ISSUED TO DIRECTORS

Shares were issued to Directors in lieu of salary, Directors fees and consulting fees. Shares issued to Directors covered the period from 1 August 2012 to 30 November 2012. The share issue was approved by shareholders at the Annual General Meeting held on 14 November 2012. Refer to note 16 to the financial statements for more detail.

SHARE OPTIONS GRANTED TO DIRECTORS

No options over unissued ordinary shares of Coppermoly Ltd were granted during or since the end of the financial year to any of the Directors of the Company and consolidated entity as part of their remuneration.

SHARES UNDER OPTION

There are no unissued ordinary shares of Coppermoly Ltd under option at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Coppermoly Ltd were issued during the year ended 30 June 2013 on the exercise of options. No shares have been issued from the exercise of options since that date.

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 of the Company or any of its controlled entities against a liability incurred as such an Officer.

The Company has not indemnified or insured the 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 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*.

	2013 $	2012 $
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 – audit or review of financial statements		
BDO Audit Pty Ltd Australian firm:	53,012	46,908
Sinton Spence Chartered Accountants PNG firm:	6,552	8,584
Total remuneration for audit services	59,564	55,492
2. Other Assurance Services		
BDO Audit Pty Ltd Australian firm:	8,500	-
Sinton Spence Chartered Accountants PNG firm:	874	374
Total remuneration for other assurance services	9,374	374
Total remuneration for assurance services	68,938	55,866
Taxation Compliance Services		
BDO (QLD) Pty Ltd Australian firm:	13,725	9,539
Sinton Spence Chartered Accountants PNG firm:	771	862
Total remuneration for taxation services	14,496	10,401

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 21.

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.

Gannon

M. Gannon
Managing Director

Bundall, Queensland
19 September 2013

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DECLARATION OF INDEPENDENCE BY A S LOOTS TO THE DIRECTORS OF COPPERMOLY LIMITED

As lead auditor of Coppermoly Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coppermoly Limited and the entities it controlled during the period.

A S Loots

Director

BDO Audit Pty Ltd

Brisbane, 19 September 2013

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2013

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 and 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 and Risk Management Committee, sets the strategic direction of the Company with Management and monitors Management's implementation of strategy.

The Planning and Operations and Risk Management Committee consists of the Managing Director and two Non-Executive Directors. It meets prior to each 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 five 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 judgment 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 judgment.

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 Directors, 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 be the Board's representative in dealings with Management ensuring that its views are communicated clearly and accurately;
3. To act as the primary counselor to the Chief Executive Officer; and
4. 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

The Chairman of the Board is 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 shareholders, 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.

Diversity Policy

The Company has established a Diversity Policy which encourages the bringing together of people of different gender, age, ethnicity and cultural backgrounds who possess a diverse range of experiences and perspectives. The Company's principle activities are carried out in a foreign country with unique cultural and traditional heritage. The Company employs an almost entirely PNG National workforce.

The proportion of women employees in the Company, women in senior executive positions and women on the board:

Gender	Total	Senior Management	Board
Female	3	1	0
Male	4	2	4
%Female	42.9%	33.3%	0%

The Diversity Policy 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. Swiridiuk (Chairman from 1 July 2012 to 18 January 2013), D. Brynelsen (Director from 1 July 2012 to 14 November 2012), M. Gannon, (Chairman, Director and Company Secretary) and, B. Faulkner (Director) and S. Uldridge (Director) for alternate meetings. 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 (from 1 July 2012 to 18 January 2013), M. Gannon (Director and Company Secretary) and G. Booth (Chairman). The Committee meets (at least four times a year) at the same time as the Planning and Operations and Risk Management 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 2.4: 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.

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 includes one Executive Director. In all other respects the Audit Committee satisfies the Recommendations.

Remuneration
Council Principle 8: Remunerate fairly and responsible

Council Recommendation 8.3: Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.

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

No Directors currently hold any options however some Non-Executive Directors (none of whom currently remain as Directors) were issued options on 1 December 2009 and 22 November 2010, in accordance with the Directors & Officers Option Plan as approved by shareholders at the 2009 and 2010 Annual General Meetings.

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-Executive Directors 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 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 whose shares are publicly traded on the Australian Securities Exchange and Port Moresby Stock Exchange. 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 9 and in the Directors' Report on pages 10 to 20, both of which are not part of the financial report.

The financial report was authorised for issue by the Directors on 19 September 2013. The Directors have 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 1001 or e-mail mgannon@coppermoly.com.au.

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Revenue	5	20,761	85,676
		20,761	85,676
Depreciation		(55,792)	(73,930)
Employee benefits expense		(331,642)	(345,593)
Current year exploration expenditure written-off	6, 12	(65,261)	(657,110)
Capitalised exploration expenditure written-off	6, 12	(49,710)	-
Insurances		(47,214)	(46,662)
Corporate compliance and shareholder relations		(161,479)	(118,622)
Office rental, communication and consumables		(54,835)	(56,273)
Net changes in fair value of financial liabilities at fair value through profit or loss		(16,000)	-
Other expenses		(365,225)	(264,087)
Profit / (Loss) before income tax		(1,126,397)	(1,476,601)
Research and development income tax refund	7	125,991	-
Net Profit / (Loss) for the year		(1,000,406)	(1,476,601)
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		30,602	1,175,969
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the year		30,602	1,175,969
Total comprehensive income for the year		(969,804)	(300,632)
		Cents	**Cents**
Basic and diluted earnings / (loss) per share	25	(0.61)	(0.99)

The above consolidated statement of profit or loss and other 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 2013

	Notes	2013 $	2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	243,209	759,259
Trade and other receivables	9	43,583	58,164
Total Current Assets		286,792	817,423
Non-Current Assets			
Receivables	10	16,142	13,265
Property, plant and equipment	11	152,352	216,410
Mineral exploration and evaluation assets	12	8,837,060	8,308,716
Total Non-Current Assets		9,005,554	8,538,391
Total Assets		9,292,346	9,355,814
LIABILITIES			
Current Liabilities			
Trade and other payables	13	214,478	141,908
Convertible notes	13	226,000	-
Provisions	14	44,549	23,357
Total Current Liabilities		485,027	165,265
Non-Current Liabilities			
Provisions	15	18,139	10,646
Total Non-Current Liabilities		18,139	10,646
Total Liabilities		503,166	175,911
Net Assets		8,789,180	9,179,903
EQUITY			
Contributed equity	16	12,351,657	11,812,576
Reserves	17	3,254,886	3,184,284
Accumulated losses	17	(6,817,363)	(5,816,957)
Total Equity		8,789,180	9,179,903

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 2013

	Contributed Equity $	Accumulated Losses $	Share-Based Payments Reserve $	Share Option Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 30 June 2012	**11,812,576**	**(5,816,957)**	**1,349,411**	**1,418,254**	**416,619**	**9,179,903**
Comprehensive income for the year						
Loss for the year	-	(1,000,406)	-	-	-	(1,000,406)
Foreign currency translation difference	-	-	-	-	30,602	30,602
Total Comprehensive Income	**-**	**(1,000,406)**	**-**	**-**	**30,602**	**(969,804)**
Transactions with owners in their capacity as owners						
Contributions of equity	605,984	-	-	40,000	-	645,984
Costs of share issue	(66,903)	-	-	-	-	(66,903)
Share option expired	-	-	(1,349,411)	1,349,411	-	-
Total transactions with owners In their capacity as owners	**539,081**	**-**	**(1,349,411)**	**1,389,411**	**-**	**579,081**
Balance at 30 June 2013	**12,351,657**	**(6,817,363)**	**-**	**2,807,665**	**447,221**	**8,789,180**
Balance at 30 June 2011	**10,866,559**	**(4,340,356)**	**1,370,856**	**1,409,605**	**(759,350)**	**8,547,314**
Loss for the year	-	(1,476,601)	-	-	-	(1,476,601)
Foreign currency translation difference	-	-	-	-	1,175,969	1,175,969
Total Comprehensive Income	**-**	**(1,476,601)**	**-**	**-**	**1,175,969**	**(300,632)**
Transactions with owners in their capacity as owners						
Contributions of equity	1,039,667	-	-	-	-	1,039,667
Costs of share issue	(93,650)	-	-	-	-	(93,650)
Share option exercised	-	-	-	(12,796)	-	(12,796)
Share option expired	-	-	(21,445)	21,445	-	-
Total transactions with owners In their capacity as owners	**946,017**	**-**	**(21,445)**	**8,649**	**-**	**933,221**
Balance at 30 June 2012	**11,812,576**	**(5,816,957)**	**1,349,411**	**1,418,254**	**416,619**	**9,179,903**

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 2013

	Notes	2013 $	2012 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations (incl. GST)		94,554	137,278
Interest received		15,748	62,994
Research and development income tax refund received		125,991	-
Payments to suppliers and employees (incl. GST)		(879,783)	(888,542)
Net cash inflow (outflow) from operating activities	27	(643,490)	(688,270)
Cash Flows From Investing Activities			
Payments for exploration and evaluation activities		(668,570)	(1,117,121)
Security deposits recovered / (paid)		(2,799)	1,895
Payments for property, plant and equipment		(848)	(42,431)
Proceeds from sale of property, plant and equipment		-	44,602
Net cash inflow (outflow) from investing activities		(672,217)	(1,113,055)
Cash Flows From Financing Activities			
Proceeds from issues of shares and options		566,500	1,026,871
Cost of share and option issues		(16,818)	(93,650)
Proceeds from the issue of convertible notes		250,000	-
Net cash inflow (outflow) from financing activities		799,682	933,221
Net increase/(decrease) in cash and cash equivalents		(516,025)	(868,104)
Cash and cash equivalents at the beginning of the financial year		759,259	1,610,846
Exchange difference on cash		(25)	16,517
Cash and cash equivalents at the end of the financial year	8	243,209	759,259

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

INDEX

Page Nos.

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.* The consolidated entity is a for-profit entity for the purposes of preparing these financial statements.

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

The Group incurred a net loss of $1,000,406 for the year ended 30 June 2013. As at 30 June 2013 the Group has cash reserves of $243,209, a net current asset deficit of $198,235 and net assets of $8,789,180. The company has not generated revenues from operations. The Group has $250,000 of convertible notes due to be repaid on 21 January 2014. The Group has also committed to re-acquire Barrick Australia Pacific's ("Barrick") interest in the tenements EL1043, EL1445 and EL1077 for a total amount of $5,000,000 in staged payments over the next 5 years in addition to its exploration commitments under its other licenses. Refer note 12 for further details on the required payments to reacquire the tenements from Barrick.

To fund the initial payment for the re-acquisition of tenements from Barrick the Group undertook an Entitlement Offer. The Entitlement Offer, which was fully underwritten by Jelsh Holdings Pty Ltd, raised a total of $1,454,428 net of costs.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the company's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Group has funded its activities through issuance of equity securities and it is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to 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 2013 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.

(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

Current 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 and unused tax losses.

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 and unused tax losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets

Assets are tested 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 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.

(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 fair value plus any directly attributable transaction costs (except for assets at fair value through the profit or loss for which transaction costs are expensed). 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 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 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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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) Convertible notes

Convertible notes are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition any changes in fair value at each balance date are recognised in profit or loss.

(o) 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.

(p) 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 directors and employees. Information relating to share-based payments 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 vest. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss 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.

(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.

(s) Mineral exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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 2013. They have not been adopted in preparing the financial statements for the year ended 30 June 2013 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 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9: • Classification and measurement of financial liabilities; and • De-recognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Annual reporting periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. It is unlikely that any of the entity's financial assets or liabilities will be affected.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee.	Annual reporting periods beginning on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	Annual reporting periods beginning on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods beginning on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements and, at present, no additional disclosures about investments held or significant judgements and assumptions made during the control assessments for the group composition.
AASB 13 (issued September 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods beginning on or after 1 January 2013	It is anticipated that no items will be carried at fair value when this standard is adopted for the first time for the year ended 30 June 2014, However if there are items carried at fair value when this standard is adopted there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Accounting standards issued not yet effective (continued)

Reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 119 (reissued September 2011)	Employee Benefits	Main changes include: • Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans • Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods • Subtle amendments to timing for recognition of liabilities for termination benefits • Employee benefits expected to be settled (as opposed to due to be settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual reporting periods beginning on or after 1 January 2013	The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. It is anticipated that there The adoption of this standard will not change the reported financial position and performance of the entity, however the classification of annual leave into current and non-current liabilities in the statement of financial position may change. The impact of this change has not yet been quantified.
AASB 2012-5 (issued June 2012)	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: • Repeat application of AASB 1 is permitted (AASB 1) • Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	Annual reporting periods beginning on or after 1 January 2013	There will be no impact when this amendment is first adopted as the entity only includes comparatives for the preceding period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Accounting standards issued not yet effective (continued)

Reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2012-2 (issued June 2012)	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard. This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	Annual reporting periods commencing on or after 1 January 2013	Adoption of this standard for the first time for the year ended 30 June 2014 will have no impact on the financial statements because there are no offsetting arrangements currently in place.
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods beginning on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, if the amendments to AASB 9 affect the Company, including the quantitative effects of reclassifying financial assets on transition.
AASB 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 Substantive Enactment of Major Tax Bills In Australia from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001 or other general purpose financial statements.	Annual reporting periods beginning on or after 1 January 2013	There will be no impact on first-time adoption of this amendment as the group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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.

(v) New and amended standards and interpretations

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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 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.

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) Interest rate risk

Refer to (d) below.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(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. The Group has all cash deposits with reputable banks such as Westpac and Bankwest.

(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
- 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.

Summary quantitative data

	2013 $	2012 $
Current assets	286,792	817,423
Current liabilities	485,027	165,265
Surplus / (deficit)	(198,235)	652,158

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturity analysis

Financial liabilities have differing maturity profiles depending on the contractual term. The table shows the period in which recognised financial liabilities 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 $	Contractual cashflow $	Within 1 year $	1-2 years $
2013				
Trade and other payables	214,478	214,478	214,478	-
Convertible notes	226,000	250,000	250,000	-
2012				
Trade and other payables	141,908	141,908	141,908	-
Convertible notes	-	-	-	-

(d) Interest rate risk

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

	2013 $	2012 $
Financial Assets		
Cash and cash equivalents	243,209	759,259
Trade and other receivables	-	-
	243,209	759,259
Financial Liabilities		
Trade and other payables	-	-
Convertible notes	-	-
	-	-
Net exposure	243,209	759,259

Sensitivity Analysis
June 2013

	Carrying amount $	Interest Rate Risk - 1% Profit $	Interest Rate Risk - 1% Equity $	Interest Rate Risk + 1% Profit $	Interest Rate Risk + 1% Equity $
Financial Assets					
Cash and cash equivalents	243,209	(2,432)	(2,432)	2,432	2,432
Total increase / decrease	-	(2,432)	(2,432)	2,432	2,432

Cash and cash equivalents include deposits at call at floating and short-term interest rates.

Sensitivity Analysis
June 2012

	Carrying amount $	Interest Rate Risk - 1% Profit $	Interest Rate Risk - 1% Equity $	Interest Rate Risk + 1% Profit $	Interest Rate Risk + 1% Equity $
Financial Assets					
Cash and cash equivalents	759,259	(7,593)	(7,593)	7,593	7,593
Total increase / decrease	-	(7,593)	(7,593)	7,593	7,593

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk (continued)

Cash and cash equivalents include deposits at call at floating and short-term interest rates.

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:

	2013 Kina	2012 Kina
Financial Assets		
Cash and cash equivalents	47,638	57,287
Trade and other receivables	47,263	42,098
	94,901	99,385
Financial Liabilites		
Trade and other payables	51,836	38,124
	51,836	38,124
Net exposure	43,065	61,261

Sensitivity Analysis		**Foreign Exchange Risk**			
June 2013		**- 10%**		**+ 10%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Financial Assets and Liabilities					
Net exposure	20,473	(2,047)	(2,047)	2,047	2,047

Sensitivity Analysis		**Foreign Exchange Risk**			
June 2012		**- 10%**		**+ 10%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Financial Assets and Liabilities					
Net exposure	29,057	(2,906)	(2,906)	2,906	2,906

(f) Fair value measurements

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value measurements (continued)

Level 3 Investments: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the convertible notes.

Valuation techniques such as discounted cash flow analysis, are used to determine fair value for the Convertible Notes. Changing one or more of the inputs to reasonably possible alternative assumptions would not change fair value significantly.

Total realised and unrealised losses for the period included in profit and loss that relate to financial liabilities held at fair value through profit or loss at the end of the reporting period were $16,000 (2012: $nil). The convertible notes were initially recognized at $210,000. Total realised and unrealised losses for the period included in profit and loss that relate to financial liabilities held at fair value through profit or loss at the end of the reporting period were $16,000 (2012: $nil), resulting in a closing value of $226,000 at 30 June 2013.

There were no transfers between the fair value measurement hierarchy levels during the 2012 or 2013 financial years. In 2013 $16,000 was recognised in profit or loss as a fair value movement relating to the convertible notes classified as at fair value through profit or loss.

(g) 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 12 - the assessment of the existence of facts and circumstances that may indicate an impairment of exploration and evaluation assets

Estimates and assumptions are reviewed on an ongoing basis.

NOTE 4 PARENT ENTITY INFORMATION

	2013	2012
	$	$
ASSETS		
Current Assets	255,177	780,907
Non-Current Assets	9,011,431	8,766,536
Total Assets	9,266,608	9,547,443
LIABILITIES		
Current Liabilities	459,390	146,317
Non-Current Liabilities	18,038	10,594
Total Liabilities	477,428	156,911
Net Assets	8,789,180	9,390,532
EQUITY		
Contributed equity	12,351,657	11,812,576
Reserves		
- Unlisted options	40,000	-
- Share-based payments reserve	-	1,349,410
- Share option reserve	2,767,665	1,418,255
Accumulated losses	(6,370,142)	(5,189,709)
Total Equity	8,789,180	9,390,532
Net Profit (Loss) for the year	(1,180,433)	5,132,471
Total comprehensive income for the year	(1,180,433)	5,132,471

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 as at 30 June 2013 and 2012.

NOTE 5 REVENUE

	2013	2012
Interest income – unrelated parties	11,724	61,261
Other – rental income	9,037	24,415
	20,761	85,676

NOTE 6 EXPENSES

Loss before income tax includes the following specific expenses:

	2013	2012
Depreciation	55,792	73,930
Current year exploration expenditure written-off	65,261	657,110
Capitalised exploration expenditure written-off	49,710	-

Refer to note 19 for details of related party transactions.

	2013	2012
Net loss on disposal of property, plant and equipment	7,504	15,586
Rental expenses on operating leases – minimum lease payments	31,150	31,150
Defined contribution superannuation expense	32,995	36,945

NOTE 7 INCOME TAX

	2013 $	2012 $
(a) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(1,126,397)	(1,476,601)
Tax at the Australian (and PNG) tax rate of 30%	(337,919)	(442,980)
Add tax effect of:		
Deferred tax assets not recognised	303,682	542,035
Less tax effect of:		
Temporary differences on deferred tax assets recognised in equity	(81,727)	(99,055)
Research and Development Tax Concession refund	(125,991)	-
Prior year over/under provision	115,964	-
Income tax expense / (benefit)	(125,991)	-

(b) Unrecognised deferred tax assets

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

	2013 $	2012 $
Unused tax losses for which no deferred tax asset has been recognised	13,901,830	11,512,310
Deductible temporary differences	(1,209,700)	167,547
Potential benefit at gross	12,692,130	11,679,857
Potential benefit at 30% (2012: 30%)	3,807,639	3,503,957

There is no expiry date on the future deductibility of unused tax losses.
The Company has no franking credits.

NOTE 8 CURRENT ASSETS: CASH & CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and on hand	243,209	189,821
Cash on short-term deposit	-	569,438
	243,209	759,259

NOTE 9 CURRENT ASSETS: TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Related party receivables (Note 19)	4,000	15,664
Other receivables	3,891	5,089
Prepayments	35,692	37,411
	43,583	58,164

NOTE 10 NON-CURRENT ASSETS: RECEIVABLES

	2013 $	2012 $
Deposits – tenements and premises	16,142	13,265
	16,142	13,265

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

	2013 $	2012 $
Plant and Equipment		
Plant and equipment at cost	557,155	585,966
Less accumulated depreciation	(404,803)	(369,556)
	152,352	216,410
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	216,410	271,894
Additions	864	42,498
Disposals	(7,805)	(63,219)
Depreciation expense	(55,792)	(73,930)
Foreign currency exchange differences	(1,325)	39,167
Carrying amount at the end of the financial year	152,352	216,410

NOTE 12 MINERAL EXPLORATION AND EVALUATION ASSETS

Papua New Guinea		
Balance at the beginning of the financial year	8,308,716	6,666,817
Capitalised exploration expenditure	561,090	541,778
Capitalised exploration expenditure written-off	(49,710)	-
Foreign currency exchange differences	16,964	1,100,121
Balance at the end of the financial year	8,837,060	8,308,716

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.

West New Britain Project Exploration Licences

In October 2009 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 New Britain in Papua New Guinea. Barrick earned 72% equity in January 2012 and Coppermoly elected, in accordance with the agreement, 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 any future production revenue. Total expenditure by Barrick (PNG Exploration) Limited to 30 June 2013 is approximately AUD$25,500,000 (2012: $21,681,880).

Under the terms of the Letter Agreement a joint venture for the further exploration and, if warranted, the development of the tenements could now be formed. Coppermoly Limited does not have to contribute funds until a feasibility study has been finalised. Coppermoly Limited will retain a 28% interest in the three tenements and its cash contribution up to the completion of a feasibility study will be delayed until the commencement of production and will be repaid from Coppermoly Limited's share of any future production revenue. In May 2012 Barrick notified Coppermoly of its intention to divest its 72% equity. Coppermoly has a right of first refusal (i.e. it can choose to meet any divestment price offered by any third party) under the terms of the Letter Agreement.

Re-acquisition deed

On 25 June 2013 Coppermoly completed a Re-acquisition Deed with Barrick which enables Coppermoly to reacquire Barrick's 72% by making the following payments:

(i) AUD$1,000,000 on 14 August 2013 to acquire 23%, taking Coppermoly to 51% (Barrick 49%). This payment can be extended to 30 September 2013 (with nominal interest being payable during the period of the extension);
(ii) AUD $1,000,000 on 31 July 2014 to acquire a further 21%, taking Coppermoly to 72% (Barrick 28%); and
(iii) AUD $3,000,000 payable upon the announcement of feasibility or by 31 July 2018, whichever occurs earlier, taking Coppermoly to 100%.

NOTE 12 MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

It was a condition precedent of the Re-acquisition Agreement, which may only be waived by Coppermoly, that Coppermoly successfully raise AUD$2,000,000 by 5:00pm on 14 August 2013. On 13 August 2013 the Company gave notice to Barrick extending the 'Conditions Date' for the re-acquisition agreement between Coppermoly and Barrick to 30 September 2013 per the terms of the agreement.

On 9 September 2013 Coppermoly completed an Entitlement Offer and raised $1,454,428 net of costs.

As at the date of this report Coppermoly has not yet raised AUD$2,000,000 or waived the requirement to do so.

Refer note 20 Subsequent Events for further detail.

Australia	**2013 $**	**2012 $**
Balance at the beginning of the financial year	-	-
Expenditure during the year	62,526	657,110
Expenditure written off	(62,526)	(657,110)
Balance at the end of the financial year	-	-

The Esk Trough Farm-In Agreement has been terminated. All exploration expenditure for Esk Trough has been written-off because having met the minimum expenditure requirements of the agreement with ActivEX Limited, Coppermoly resolved not to proceed with the farm-in to the Esk Trough Project.

NOTE 13 CURRENT LIABILITIES: TRADE AND OTHER PAYABLES AND CONVERTIBLE NOTES

	2013 $	**2012 $**
Trade and other payables		
Unsecured:		
Trade creditors	19,314	77,956
Other creditors	195,164	63,952
	214,478	141,908
Convertible Notes		
Unsecured:		
Convertible notes	226,000	-
	226,000	-

The terms of the convertible notes are as follows:

Issue Date:	22 January 2013
Maturity Date:	21 January 2014
Note Face Value:	Two convertible notes each with a face value of $125,000.
Conversion Price:	Convertible into ordinary shares at the lower of the issue price of the first rights issue undertaken after the exercise of the Deed or $0.033 cents per share.
Repayment upon maturity:	The outstanding principle amounts of the convertible notes (being the outstanding issue price of the convertible notes to the extent that they have not been converted) will be repaid by the Company.
Unlisted Options	In conjunction with the convertible notes each noteholder was issued with 1,000,000 unlisted options to acquire shares at an exercise price of $0.05 per option. The options will expire on 4 February 2016. The unlisted options were valued at $40,000 on issue date. They have been valued 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.
Interest	The convertible notes are interest free.

The convertible notes are presented in the balance sheet as follows:

Face value of notes issued	250,000	-
Other equity securities – value of options issued	(40,000)	-
	210,000	-
Fair value movement of convertible note liability	16,000	
Convertible note liability	226,000	-

NOTE 14 CURRENT LIABILITIES: PROVISIONS

Annual Leave	44,549	23,357
	44,549	23,357

NOTE 15 NON-CURRENT LIABILITIES: PROVISIONS

Long Service Leave	18,139	10,646
	18,139	10,646

NOTE 16 CONTRIBUTED EQUITY

	2013 Shares	2012 Shares	2013 $	2012 $
(a) Paid Up Capital				
Ordinary shares – fully paid – no par value	175,082,816	159,499,525	12,351,657	11,812,576

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 2011	Balance	139,115,650		10,866,559
2 Nov 2011	Private Placement	10,460,000	0.05	523,000
14 Nov 2011	Exercise of listed options for shares (COYOA)			
	Proceeds received	100,000	0.07	7,000
	Transfer from listed options reserve	-	-	3,333
6 Dec 2011	Exercise of listed options for shares (COYOA)			
	Proceeds received	283,875	0.07	19,871
	Transfer from listed options reserve	-	-	9,463
26 Apr 2012	Private Placement	9,540,000	0.05	477,000
	Less costs of raising capital			(93,650)
30 Jun 2012	Balance	159,499,525		11,812,576
21 Nov 2012	Shares issued in lieu of salary [1]	363,620	0.035	12,688
4 Dec 2012	Shares issued in lieu of salary, directors fees and consulting fees [1]	724,217	0.037	26,796
9 Jan 2013	Private Placement	4,545,454	0.033	150,000
8 Feb 2013	Private Placement	6,250,000	0.040	250,000
27 Jun 2013	Private Placement	3,700,000	0.045	166,500
	Less costs of raising capital			(66,903)
30 June 2013	Balance	175,082,816		12,351,657

[1] Shares issued in lieu of salary, directors fees and consulting fees:

Date	Name	Number of Shares	Issue Price $	$
21 Nov 2012	M Gannon	363,620	0.035	12,688
4 Dec 2012	M Gannon	93,587	0.037	3,462
4 Dec 2012	B Faulkner	180,180	0.037	6,667
4 Dec 2012	S Uldridge	180,180	0.037	6,667
4 Dec 2012	P Swiridiuk	270,270	0.037	10,000

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. The Group is not exposed to externally imposed capital requirements.

(d) Options	No. of Options 2013	No. of Options 2012
The number of unissued ordinary shares relating to options not exercised at year end:		
Over shares in the Parent Entity:		
Employee Options exercisable at 10 cents, expiry 5 October 2012	-	475,000
Directors’ Options exercisable at 19 cents, expiry 1 December 2012	-	10,000,000
Directors’ Options exercisable at 23 cents, expiry 1 December 2012	-	3,500,000
Unlisted Options exercisable at 5 cents, expiry 4 February 2016	2,000,000	-
	2,000,000	13,975,000

(e) Option Issues

Date	Details	Number of Options	Exercise Price	Expiry Date
2013	Unlisted Options	2,000,000	$0.05	4 Feb 2016
2012	No Options issued	-	-	-

(f) Option Exercise

No listed options were exercised during the financial year (2012: 383,875).

(g) Option Expiry

13,975,000 options were forfeited or expired during the financial year (2012: 23,242,382).

Date	Details	Number of Options
5 Oct 2012	Employee Options exercisable at 10 cents	475,000
1 Dec 2012	Directors’ Options exercisable at 19 cents	10,000,000
1 Dec 2012	Directors’ Options exercisable at 23 cents	3,500,000

NOTE 17 RESERVES

Refer to Statement of Changes in Equity for amounts in Reserves

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 and the value of expired options.

During the financial year:
- 2,000,000 unlisted options were issued pursuant to the Convertible Note Deeds.
- 475,000 unlisted employee options valued at $0.0488 per option were forfeited or expired.
- 7,000,000 unlisted Directors options valued at $0.0969 per option expired.
- 6,500,000 unlisted Directors options valued at $0.0933 per option expired.

(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

	2013 $	2012 $
(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	103,003	221,328
Later than 1 year but not later than 5 years	-	83,005
	103,003	304,333
(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	15,213	-
Later than 1 year but not later than 5 years	-	-
	15,213	-
(c) Capital Commitments		
Payments required under the Barrick Re-acquisition Agreement:		
Not later than 1 year	1,000,000	-
Later than 1 year but not later than 5 years [1]	1,000,000	-
	2,000,000	-

1. A further payment of $3,000,000 in July 2018 is required under the Barrick Re-acquisition Agreement.

NOTE 19 RELATED PARTY TRANSACTIONS

The consolidated entity consists 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 and logistic services amounting to $9,000 (2012: $29,526) to Vangold (PNG) Ltd. As a result, as at 30 June 2013, an amount of $4,000 (30 June 2012 $10,500) was receivable from Vangold (PNG) Ltd. Dal Brynelsen and Ces Iewago are directors of Vangold (PNG) Ltd. Dal Brynelsen resigned as a Director of Coppermoly Ltd on 14 November 2012. Ces Iewago resigned as a Director of Coppermoly Ltd on 13 November 2012.

These receivables are not secured and are expected to be settled in cash.

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

NOTE 20 SUBSEQUENT EVENTS

Barrick Re-acquisition Agreement

On 13 August 2013 the Company gave notice to Barrick extending the 'Conditions Date' for the re-acquisition agreement between Coppermoly and Barrick to 30 September 2013 per the terms of the agreement.

Placement and Entitlement Offer

To fund the re-acquisition Coppermoly undertook an Entitlement Offer,

The Entitlement Offer, which was fully underwritten by Jelsh Holdings Pty Ltd, raised a total of $1,454,428 net of costs. The offer has increased the number of shares on issue to 211,055,962.

Funds received from the Placement and the Entitlement Offer will be used to fund the first payment to Barrick to acquire an additional 23% in the West New Britain Project, taking Coppermoly to a total 51% and a majority position, further exploration activity on the West New Britain Project and additional working capital.

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES

	2013 $	2012 $
Key management personnel compensation:		
Short-term employee benefits:		
Cash and accrued salary / directors fees	291,579	361,608
Post-employment benefits	19,846	15,415
Termination benefits	44,625	-
	356,050	377,023

(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 18 and in note 22 on pages 57 to 60.

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(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.

2013 **Name**	**Balance at the start of the year**	**Granted during the year as compensation**	**Exercised during the year**	**Expired during the year[1]**	**Other changes during the year**	**Balance at the end of the year**	**Vested and exercisable at the end of the year**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Directors of Coppermoly Ltd							
M. Gannon	2,000,000	-	-	(2,000,000)	-	-	-
T. Revy	-	-	-	-	-	-	-
G. Booth	-	-	-	-	-	-	-
B. Faulkner	-	-	-	-	-	-	-
S. Uldridge	-	-	-	-	-	-	-
P. Swiridiuk[#]	3,000,000	-	-	(3,000,000)	-	-	-
D. Brynelsen[#]	2,000,000	-	-	(2,000,000)	-	-	-
C. Iewago[#]	1,500,000	-	-	(1,500,000)	-	-	-

[1] Expired options are unlisted Directors' options that expired on 1 December 2012

[#]Ceased as director/key management personnel

2012 **Name**	**Balance at the start of the year**	**Granted during the year as compensation**	**Exercised during the year[2]**	**Expired during the year[3]**	**Other changes during the year**	**Balance at the end of the year**	**Vested and exercisable at the end of the year**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Directors of Coppermoly Ltd							
P. Swiridiuk	3,060,000	-	-	(60,000)	-	3,000,000	3,000,000
M. Gannon	2,100,000	-	(100,000)	-	-	2,000,000	2,000,000
R.D. McNeil*[#]	5,325,000	-	-	(325,000)	-	5,000,000	5,000,000
D. Brynelsen	2,275,000	-	-	(275,000)	-	2,000,000	2,000,000
C. Iewago	1,500,000	-	-	-	-	1,500,000	1,500,000
B. Faulkner	-	-	-	-	-	-	-

[2]Exercised options are listed (COYOA) 7 cent options

[3]Expired options are listed (COYOA) 7 cent options that expired on 1 December 2011

**includes 2,500,000 share options held by related parties*

[#]Ceased as director/key management personnel

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(a) Equity instrument disclosures relating to key management personnel (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.

2013 Name	Balance at the start of the year Number	Received during the year on the exercise of options Number	Other changes during the year[4] Number	Balance at the end of the year Number
Directors of Coppermoly Ltd				
M. Gannon	701,250	-	207,207	908,457
T. Revy	-	-	-	-
G. Booth	-	-	-	-
B. Faulkner***	1,360,000	-	1,883,180	3,243,180
S. Uldridge	700,000	-	1,930,180	2,630,180
P. Swiridiuk[#]	320,000	-	(120,000)	200,000
D. Brynelsen**[#]	1,750,000	-	1,269,033	3,019,033
C. Iewago[#]	-	-	-	-

[4]*Other changes during the year were:*

- *M. Gannon – shares issued in lieu of salary 457,207 and sale of shares (250,000)*
- *B. Faulkner – shares issued in lieu of directors fees 180,180 and purchase of shares 1,703,000*
- *S. Uldridge - shares issued in lieu of directors fees 180,180 and purchase of shares 1,750,000*
- *P. Swiridiuk – shares issued in lieu of consulting fees 270,270 and sale of shares (390,270)*

***includes 1,569,033 shares held by related parties*

****includes 500,000 shares held by related parties*

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

2012 Name	Balance at the start of the year Number	Received during the year on the exercise of options Number	Other changes during the year[5] Number	Balance at the end of the year Number
Directors of Coppermoly Ltd				
P. Swiridiuk	320,000	-	-	320,000
M. Gannon	550,000	100,000	51,250	701,250
R.D. McNeil*[#]	1,396,000	-	(961,000)	435,000
D. Brynelsen**	1,750,000	-	-	1,750,000
C. Iewago	-	-	-	-
B. Faulkner	-	-	1,360,000	1,360,000

[5]*Other changes during the year were:*

- *M. Gannon – purchase of shares*
- *R.D. McNeil – sale of shares held by related parties*
- *B. Faulkner – purchase of shares*

**includes 115,000 shares held by related parties*

***includes 300,000 shares held by related parties*

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

(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

Refer to Note 19.

NOTE 22 SHARE-BASED PAYMENTS

(a) Coppermoly Ltd Employee Incentive Option Plan

Under the 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.

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 date determined by the Directors 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 the options 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.

NOTE 22 SHARE-BASED PAYMENTS (continued)

(a) Coppermoly Ltd Employee Incentive Option Plan (continued)

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

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	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2013									
05 Oct 2009	05 Oct 2012	$0.10	475,000	-	-	(150,000)	(325,000)	-	-
			475,000	-	-	(150,000)	(325,000)	-	-
Weighted average exercise price			$0.10			$0.10	$0.10		
2012									
05 Oct 2009	05 Oct 2012	$0.10	1,025,000	-	-	(550,000)	-	475,000	475,000
		Total	1,025,000	-	-	(550,000)	-	475,000	475,000
Weighted average exercise price			$0.10	-	-	$0.10	-	$0.10	$0.10

Weighted average remaining contractual life: 0 months from 1 July 2013 (3 months from 1 July 2012).

All options granted to employees on 5 October 2009 vested on 5 October 2010.

No shares were issued as a result of the exercise of options by employees during the year ended 30 June 2013.

(b) Coppermoly Ltd Directors' & Officers' Options Plan

Each Option issued under the plan 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.

NOTE 22 SHARE-BASED PAYMENTS (continued)

(b) Coppermoly Ltd Directors' & Officers' Options Plan (continued)

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 they 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' notice 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:

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	Expired during the year Number	Balance at end of the year Number	Exercisable at end of year Number
2013									
01 Dec 2009	01 Dec 2012	$0.19	3,500,000	-	-	-	(3,500,000)	-	-
01 Dec 2009	01 Dec 2012	$0.23	3,500,000	-	-	-	(3,500,000)	-	-
22 Nov 2010	01 Dec 2012	$0.19	6,500,000	-	-	-	(6,500,000)	-	-
			13,500,000	-	-	-	(13,500,000)	-	-
Weighted average exercise price			$0.20				$0.20		
2012									
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
22 Nov 2010	01 Dec 2012	$0.19	6,500,000	-	-	-	-	6,500,000	6,500,000
		Total	13,500,000	-	-	-	-	13,500,000	13,500,000
Weighted average exercise price			$0.20	-	-	-	-	$0.20	$0.20

Weighted average remaining contractual life: 0 months from 1 July 2013 (5 months from 1 July 2012).

All options granted to Directors and Officers as at 30 June 2013 vested at the grant date.

No shares were issued as a result of the exercise of options by Directors or Officers during the year ended 30 June 2013.

NOTE 22 SHARE-BASED PAYMENTS (continued)

(c) Brokers' options

During the financial year ended 30 June 2010 428,906 listed options were issued to Novus Capital Limited as part payment of brokerage fees in relation to a 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	Expired during the year Number	Balance at end of the year Number	Exercisable at end of year Number
2013									
			-	-	-	-	-	-	-
			-	-	-	-	-	-	-
2012									
28 Sep 2009	01 Dec 2011	$0.07	428,906	-	-	-	(428,906)	-	-
			428,906	-	-	-	(428,906)	-	-
Weighted average exercise price			$0.07				$0.07		

The Broker's Options: granted on 28 Sep 2009 expired on 1 Dec 2011.

(d) Expenses arising from share-based payment transactions

There were no expenses arising from share-based payment transactions during the period in profit or loss or capital raising costs (2012: Nil).

(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, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were granted in 2012 or 2013.

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	2013	26,573	8,978,981
	2012	39,115	8,499,276

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

The Group does not have any products/services it derives material revenue from except interest which is mainly from Australia.

NOTE 24 AUDITORS' REMUNERATION

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.

	2013 $	2012 $
Assurance services		
1. Audit Services – audit or review of financial statements		
BDO Audit Pty Ltd Australian firm:	53,012	46,908
Sinton Spence Chartered Accountants PNG firm:	6,552	8,584
Total remuneration for audit services	59,564	55,492
2. Other Assurance Services		
BDO Audit Pty Ltd Australian firm:	8,500	-
Sinton Spence Chartered Accountants PNG firm:	874	374
Total remuneration for other assurance services	9,374	374
Total remuneration for assurance services	68,938	55,866
Taxation Services		
BDO (QLD) Pty Ltd Australian firm:	13,725	9,539
Sinton Spence Chartered Accountant PNG firm:	771	862
Total remuneration for taxation services	14,496	10,401

NOTE 25 EARNINGS PER SHARE ("EPS")

	2013	2012
Basic and diluted earnings (losses) per share (cents per share)	(0.61)	(0.99)
Loss used in calculating basic and diluted earnings per share is the net loss for the year.	$1,000,406	$1,476,601
	No.	No.
Weighted average number of shares used in the calculation of the basic and diluted EPS	164,778,973	147,980,200
The number of potential ordinary shares relating to options not exercised at year end. These potential ordinary shares are not dilutive and, accordingly, were not used in calculating diluted EPS.	2,000,000	14,825,000

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.

In November 2008, Macmin Silver Ltd (formerly Macmin NL) had been placed into administration. In October 2009, Macmin Silver Ltd emerged from voluntary administration; however the rights to the 1% net smelter royalty are now attributable to the Creditors' Trust of Macmin Silver Ltd.

Due to the number of variables involved it is not practicable to disclose an estimate of the financial effect related to this contingent liability.

NOTE 26 CONTINGENCIES (continued)

(iii) *West New Britain Project*
Refer to Note 20. The Group has completed an agreement to re-acquire Barrick's interests in the West New Britain Project. The Re-acquisition Agreement will terminate the Letter Agreement.

In October 2009 the Group signed a Letter Agreement with Barrick (PNG Exploration) Limited ("Barrick") 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 New Britain in Papua New Guinea. Barrick earned 72% equity in January 2012 and Coppermoly elected 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 any future production revenue. Total expenditure by Barrick (PNG Exploration) Limited to 30 June 2013 is approximately AUD$25,500,000. Therefore, as at 30 June 2013 Coppermoly Limited's accrued contribution is approximately AUD$1,540,000.

Refer to note 12 for details in relation to the current contract to re-acquire the related tenements from Barrick.

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

	2013 $	2012 $
Reconciliation of loss after income tax to net cash inflow from operating activities		
Profit / (loss) after income tax	(1,000,406)	(1,476,601)
- Impairment of exploration expenditure	114,971	599,732
- Loss/(gain) on disposal of fixed assets	7,504	15,586
- Depreciation expense	55,792	73,930
- Non-cash employee benefits expense – shares issued in lieu of salary, directors fees and consulting fee	39,484	-
- Net exchange differences	(353)	(131)
Change in operating assets and liabilities:		
- Payables and provisions	127,820	65,206
- Trade and other receivables	12,889	17,958
- Prepayments	(1,191)	16,050
Net cash inflow / (outflow) from operating activities	(643,490)	(688,270)

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 2013 %	Equity Holding 2012 %
Copper Quest PNG Ltd	PNG	Ordinary	100	100

NOTE 29 NON-CASH FINANCING AND INVESTING ACTIVITIES

Shares issued in lieu of salary, directors fees and consulting fees:

Date	Name	Number of Shares	Issue Price $	$
21 Nov 2012	Shares issued in lieu of salary	363,620	0.035	12,688
4 Dec 2012	Shares issued in lieu of salary, directors fees and consulting fees	724,217	0.037	26,796
		1,087,837		39,484

On 22 January 2013 the Company issued the following unlisted options in conjunction with the convertible notes issued on the same day:

Issued to	Number of Options	Exercise Price	Expiry Date	Black-Scholes Valuation
Mitchell River Group Pty Ltd	1,000,000	$0.05	4 Feb 2016	$ 20,000
Aviva Corporation Limited	1,000,000	$0.05	4 Feb 2016	$ 20,000
	2,000,000			$ 40,000

There were no such activities during the 2012 financial year.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 27 to 63 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 2013 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year 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 18 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.

M. Gannon
Managing Director

Bundall, Queensland
19 September 2013

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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 consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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*, which has been given to the directors of Coppermoly Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2013 and of its performance for the year ended on that date; and

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of Coppermoly Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

A S Loots
Director

Brisbane, 19 September 2013

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 13 SEPTEMBER 2013

a) Distribution of Shareholders

Size of Holding	**Number of Shareholders**
1 – 1,000	25
1,001 – 5,000	58
5,001 – 10,000	166
10,001 – 100,000	506
100,001 and over	185
	940

b) Number of holders of less than marketable parcels — 350

c) Percentage holding of 20 largest holders — 63.690%

d) There are two substantial shareholders listed in the Company's register as at 13 September 2013.

e) Twenty largest shareholders (as at 13 September 2013):

COY Shareholders

Name	**Quantity**	**% of Total Holding**
JELSH HOLDINGS PTY LTD GROUP	56,304,613	26.678
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,115,094	5.266
NATIONAL NOMINEES LIMITED	9,053,404	4.290
MR HARDIP SINGH <HARDIP SUBSCRIPTION ACCOUNT> GROUP	7,466,296	3.538
AURIONGOLD LIMITED	6,309,647	2.990
MR WILLIAM STANLEY YEAMAN GROUP	5,394,955	2.556
MR PETER JOHANNES POORT	5,000,000	2.369
HOLICARL PTY LTD <HUNTER GRAIN PL SF A/C>	4,545,454	2.154
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,827,646	1.814
MR DAVID LAWSON	3,786,936	1.794
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	3,580,200	1.696
MR JOHN DOUGLAS BENSEMAN	3,000,000	1.421
MR BEN MICHAEL FAULKNER GROUP	2,743,180	1.300
MR CHRISTOPHER IAN WALLIN & MS FIONA KAY WALLIN <CHRIS WALLIN SUPERFUND A/C>	2,366,501	1.121
PATICOA NOMINEES PTY LTD <SETTLEMENT A/C>	2,280,180	1.080
MR MARK ANDREW LINNEY <THE M A LINNEY FAMILY A/C>	1,759,616	0.834
MR GEOFFREY LLOYD NALDER	1,700,000	0.805
MR NICHOLAS CHARLES RICHARDS	1,617,917	0.767
HILDAVID PTY LTD	1,300,000	0.616
MRS DENISE A BRODERICK	1,269,033	0.601
TOTAL	134,420,672	63.690

f) Voting Rights

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 13 SEPTEMBER 2013

There are on issue the following unquoted securities:-	**Quantity**
Options exercisable at 5 cents per share on or before 4 February 2016	2,000,000

DIRECTORS

M. (Maurice) Gannon
T. (Tom) Revy
G. (Geoff) Booth
B. (Ben) Faulkner
S. (Shawn) Uldridge

COMPANY SECRETARY

M. (Maurice) Gannon

HEAD OFFICE & REGISTERED OFFICE

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Bundall Qld 4217, Australia
Telephone: +61 7 5592 1001
Facsimile: +61 7 5592 1011

POSTAL ADDRESS

PO Box 6965
Gold Coast Mail Centre Qld 9726

INTERNET

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

SHARE REGISTRY

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000

AUDITORS

BDO Audit Pty Ltd
Level 10
12 Creek 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	EFFECTIVE OWNERSHIP
EL 1043 Mt Nakru (47km²)	28% Copper Quest PNG Ltd
EL 1077 Simuku (47km²)	28% Copper Quest PNG Ltd
EL 1445 Talelumas (75km²)	28% Copper Quest PNG Ltd
EL 2014 Makmak (280.1km²)	100% Copper Quest PNG Ltd
ELA 1782 Powell (758km²)	100% Copper Quest PNG Ltd
ELA 1813 Fulleborn (737.8km²)	100% Copper Quest PNG Ltd
ELA 2272 Wowonga (30.7km²)	100% Copper Quest PNG Ltd

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

REGISTERED OFFICE:

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