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ASX Announcement

Date: 5 March 2014

ASX Code: COY

COMMENCEMENT OF DRILLING AT NAKRU-02

Coppermoly Ltd (ASX: COY) is pleased to announce drilling at the Nakru-02 copper prospect in Papua New Guinea has commenced. The diamond drilling rig arrived on site yesterday.

Four holes of 150 metres depth will initially be drilled beneath the site where consistently high-grade rock chip and trench samples have been previously obtained. Very high-grade assays were received from the December 2013 sampling program and the potentially high-grade prospect is now being drilled.

“We are very excited to be mobilising a team and drill rig to site.” said Managing Director Maurice Gannon.

“Previous results have been excellent and we are confident that follow-up drilling will give us even greater certainty of the quality and value of the Nakru project and will warrant further drilling.

“We should have results to report to market by April.”

Simuku Drill Results

Two 100 metre deep diamond drill holes were completed on the Company’s Simuku tenement in PNG in December 2013. Commentary regarding these two holes was not included in the December 2013 Quarterly Report as the drill core is yet to be sampled.

Cutting and sampling, if considered appropriate, and dispatching of samples for assay will be completed in conjunction with the processing of the drill cores from the current program on Nakru-02.

The holes were required in order to satisfy the work program approved by the Mineral Resources Authority to maintain the tenement in good standing. The holes were drilled on a structure east of BWNBDH19 on the periphery of the mineralised zone. Both holes intersected propylitically altered andesite. The results obtained have further confirmed our geological understanding of the Simuku system.

All drill cores were processed in Kimbe, PNG. Core processing included core photography, basic geotech (RQD, weathering) and geological logging.

Hole SMD2013-01 is dominated by unmineralised fine – coarse grained andesite over the entire hole. Minor pyrite inclusions and occasional fractures. Clay-sericite-chlorite-actinolite ± pyrite alteration is common throughout the hole.

Hole SMD2013-02 is also dominated by andesite and has the same alteration in SMD2013-01. However, strong fracturing is observed in places. Some localised structures are observed from 75.0m to the end of the hole. From 80m to end of the hole >3% disseminated pyrite is observed with trace chalcopyrite confined to shear zones.

Drill hole details:

Hole ID	AMG_E	AMG_N	RL	Az (mag)	Dip	TD
SMD2013_01	170611	9368097	477	270	-60	100
SMD2013_02	170611	9368097	477	vert	-90	100

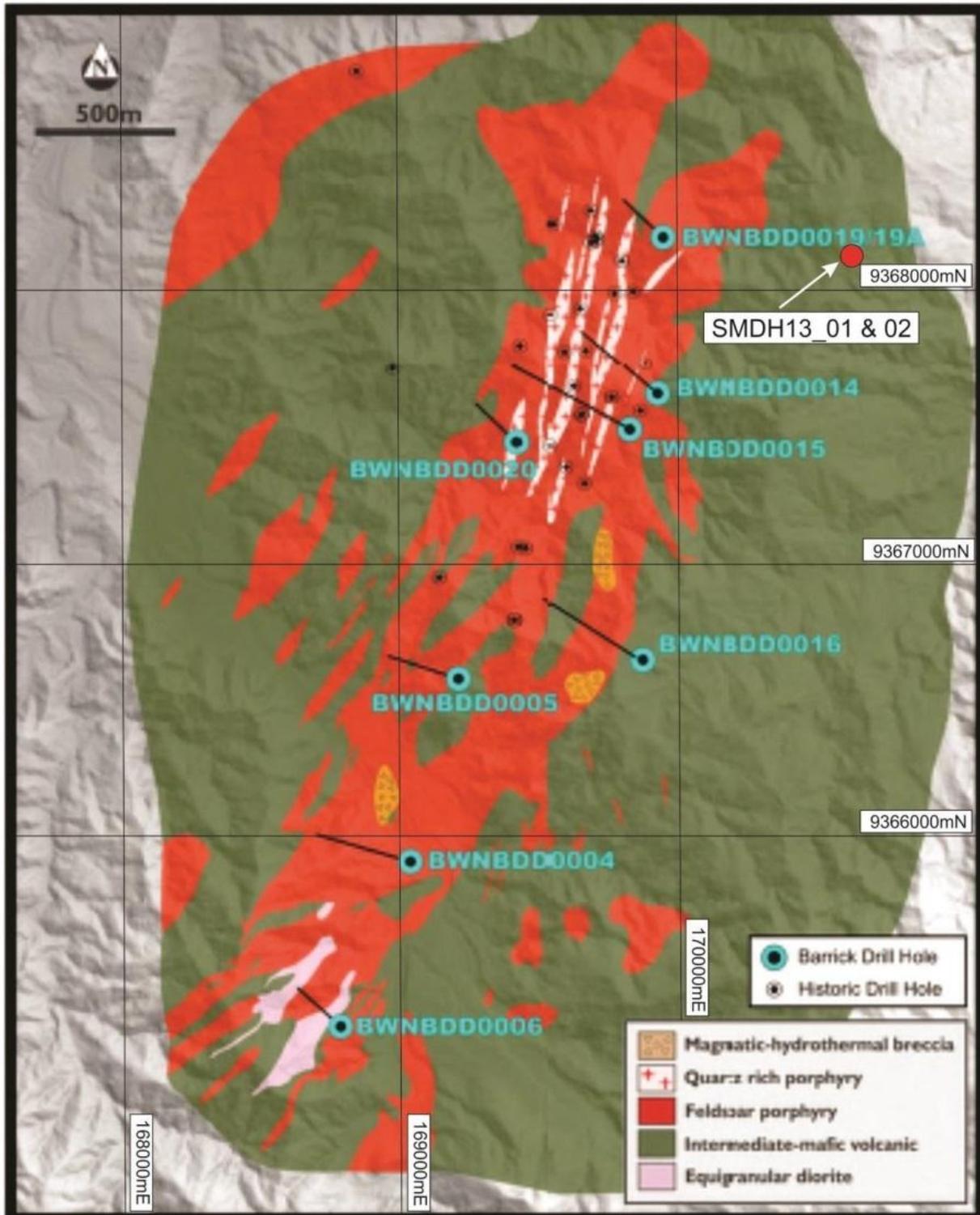


Figure 1: Local geology of the Simuku prospect showing recent drill hole location.

Gannon

Maurice Gannon
Managing Director

About Coppermoly

Coppermoly's mineral exploration activities are focused entirely on the island of New Britain in PNG where it holds five exploration licences and an additional two under application. These licences cover copper, gold, silver, zinc, molybdenum and iron mineralisation. The five current tenements are Simuku, Talelumas, Nakru, Makmak and Powell. The two tenement applications are Wowonga and Fulleborn.

Competent Person Statement

The information in this report that relates to exploration results is based on information prepared by Mr Mike Erceg, who is an employee of Coppermoly Limited and a Member of the Australasian Institute of Geoscientists. Mr Erceg has sufficient experience which is relevant to the style of mineralisation under consideration and to the activities 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'. Mr Erceg consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Drill core has not yet been sampled Sampling and analysing of the drill core for the two drill holes referred to in this announcement has not yet been undertaken.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Diamond core drilling, HQ (63.5mm diameter)
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Core recovery was good.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Preliminary logging of the drill core has been carried out and is described in the announcement.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> • Systematic and detailed geological and structural logging will be completed at a later date. • The two drill holes referred to in this announcement were visually inspected, recording data related to lithology, weathering, alteration, mineralisation, veining and structure.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Diamond core samples will be taken as half core samples. • Detailed discussion of sampling techniques, sample preparation and Quality Control will be documented when the assay results become available and are announced. • All samples will be dried and dispatched to SGS Laboratories in Lae where they were prepared for assay.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • The quality of assay data and laboratory procedures will be documented when the assay results become available for announcement. • The assay methods will be industry standard for the precious and base metals of interest. • SGS applies a rigorous Quality Management System.
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • Verification of sampling and assay procedures will be documented when the assay results become available and are announced.
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	<ul style="list-style-type: none"> • The collar coordinates of the two drill holes, positioned by hand held GPS, are given in the announcement. • Down hole surveys are taken by electronic multishot inside casings and

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	drill strings by using the wireline system.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Samples of half core for assaying will be taken at 1m intervals in both drill holes. • The two holes were drilled at different angles from the same drill pad at the north eastern extremity of the interpreted mineralised zone of the Simuku copper envelope. • Although the two holes appear to be unmineralised, the position of the holes, relative to other previous holes in the mineralised zone is informative in terms of geological and grade continuity.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Given that the two holes were drilled at the interpreted extremity of the mineralised zone their position was implicitly unbiased.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Sample bags will be tagged and logged and freighted to SGS laboratories in Lae. • In the interim drill core is stored securely at the Company's exploration base in Kimbe in West New Britain.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • Further details regarding audits or reviews of sampling techniques and data will be made when assays are available and announced.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • The drilling program is focused upon a particular prospect within the Company's Nakru Exploration Licence (EL1043) which is currently held 51% Coppermoly Limited and 49% Barrick (PNG Exploration) Limited. An agreement is in-place which entitles Coppermoly to reacquire 100% ownership by mid-2018. • EL1043 is in good standing and subject to a current (routine) renewal

Criteria	JORC Code explanation	Commentary
		application.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> The Nakru licence has been explored by a number of companies, most recently Barrick under an exploration agreement with Coppermoly.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The Nakru EL has characteristics of both VMS style and breccia style mineralization.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> The drill hole collar information is included in the announcement. No down hole survey data available yet. If applicable, down hole interception depths will be released when assays are known.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> If applicable, data averaging and aggregation techniques and assumptions used for reporting results will be released when assays are available and released.
<i>Relationship between mineralisation widths and intercept</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not</i> 	<ul style="list-style-type: none"> This information will be made available when assays are known and announced.

Criteria	JORC Code explanation	Commentary
<i>lengths</i>	<i>known’).</i>	
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • This information will be made available when assays are known and announced.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • This information will be made available when assays are known and announced.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • This information will be made available when assays are known and released. There is no material exploration data that has not been previously reported.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • This information will be made available when assays are known and announced.

Sections 3 to 5 are not applicable to the results reported.