16 May 2014 **ASX Code: COY**

Near surface high grade copper assays from Nakru-2 drilling

Queensland based mineral explorer Coppermoly Limited is pleased to announce high grade copper assay results (Table 1) from two reconnaissance drill holes completed at its Nakru-2 prospect in West New Britain, Papua New Guinea (Figures 4 and 5).

These assays confirm copper mineralisation observed in drill core (as previously announced) and considerably enhance the prospects of a significant near-surface copper deposit.

Hole	from (m)	to (m)	interval (m)	Cu (%)	Au (g/t)	Ag (g/t)
NAK2003	5	68	63	**1.01**	0.10	4
Including						
	7	30	23	**2.05**	0.22	9
NAK2004	1	51.5	50.5	0.79	<0.1	<3
And	72	105	33	0.81	<0.1	<3
Including						
	5	23	18	**1.33**	0.13	4
	74	81	7	**1.09**	<0.1	<3
	89	97	8	**1.40**	<0.1	4

Table 1: Significant drill intervals (weighted average grade) at 0.1% Cu and 1.0% Cu cutoff

Hole	Easting	Northing	RL(m)	Azimuth (T)	Dip	Depth(m)
NAK2003	220602	9338896	665	000	-60°	99.5
NAK2004	220502	9338913	684	000	-60°	123.6

Table 2: Drillhole locations (AGD66 Zone 56)

"The assay results we have obtained at the Nakru-2 prospect clearly demonstrate the merit of our targeting of this prospect for its potential to rapidly enhance shareholder value in the medium term." Managing Director Maurice Gannon said.

In January we stated that we would undertake drilling to follow-up the exceptional rock chip assays that we had obtained and I said at the time that I believe that the Nakru Exploration Licence is a premium prospect in an area that is shaping-up as a new mineral province.

We now have mineralised downhole intervals of up to 63 metres at greater than 1% copper starting from the surface and including a 23 metre interval grading more than 2% copper. These are very exciting results which should enable us to take Coppermoly to the next stage of its development.

We believe that on the basis of these results and our database of previous results it is very likely that we have discovered a near surface body of high grade copper mineralisation.

We will conduct a technical review of the results thus far before mobilising the most productive drilling equipment we can obtain for an extensive drilling program to advance the resource. This will be funded from the shareholder rights issue that we currently have in-progress. Therefore our objective is to have the program fully underway by July."

The Nakru-2 prospect has an exceptional surface geochemical and geophysical footprint. Surface rock chip sampling indicates copper mineralisation occurs over an area at least 800m by 400m with rock chip samples up to 24% copper. *(Refer Coppermoly ASX Announcement 20 January 2014)*

The two new holes at the Nakru-2 prospect are located 100m apart and were drilled from the south testing for a gently south dipping pumice breccia unit (Figure 1). **A similarly orientated pumice breccia unit is the preferential host to copper – gold mineralisation at the Nakru-1 prospect.**

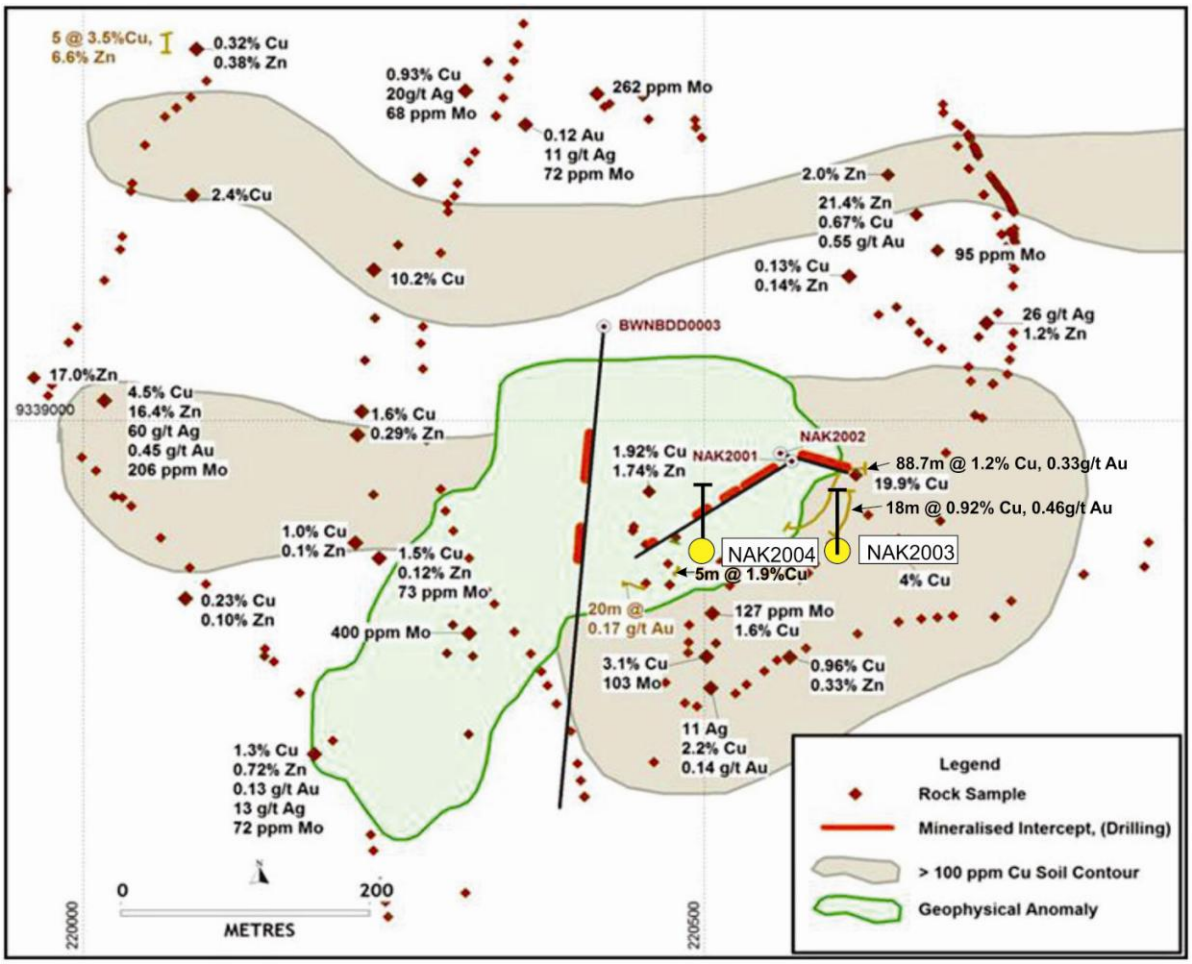

Figure 1: Drill plan Nakru-2 showing location of recent drillholes NAK2003 and NAK2004 and the previous three holes drilled by Coppermoly and Barrick.

In addition, the mineralisation at the Nakru-2 prospect has a strong IP (Induced Polarisation) chargeability geophysical signature interpreted to reflect sub-surface sulphide mineralisation (Figures 2 and 3). This signature suggests sulphide mineralisation intersected in the current drillholes extends to the west and south for a minimum of 400m.

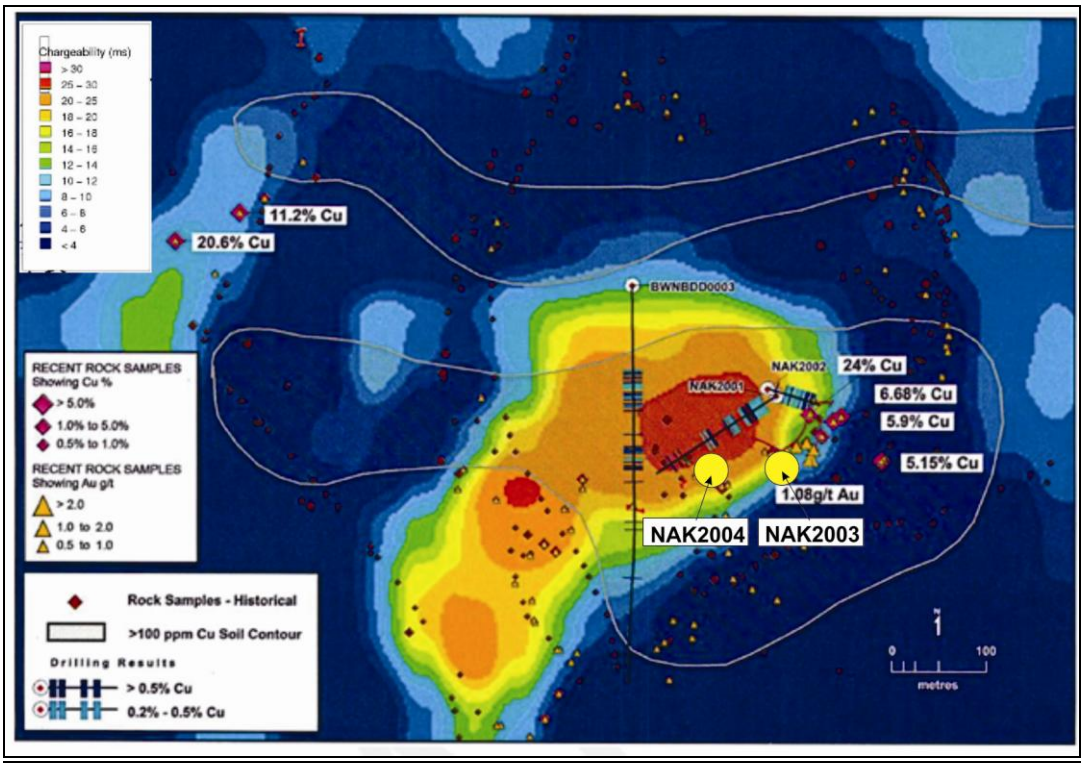

Figure 2: Nakru-2 drill hole location plan on IP chargeability and surface rock chip geochemistry

Coincident low grade gold geochemistry and style of mineralisation indicate that the current focus of drilling at the Nakru-2 prospect is peripheral to the postulated higher grade copper-gold core of the system. Quartz vein stockworks, which host the higher grade copper-gold mineralisation at the Nakru-1 prospect, have not been observed in drilling at the Nakru-2 prospect to date. These stockworks typically are concentrated in the apices of porphyry dykes within and beneath the host formation and host copper mineralisation which includes bornite resulting in significantly elevated copper and gold content.

In addition to scoping out the tabular mineralisation, which is open in all directions, targeting the high grade porphyry core of the system will be a high priority going forward.

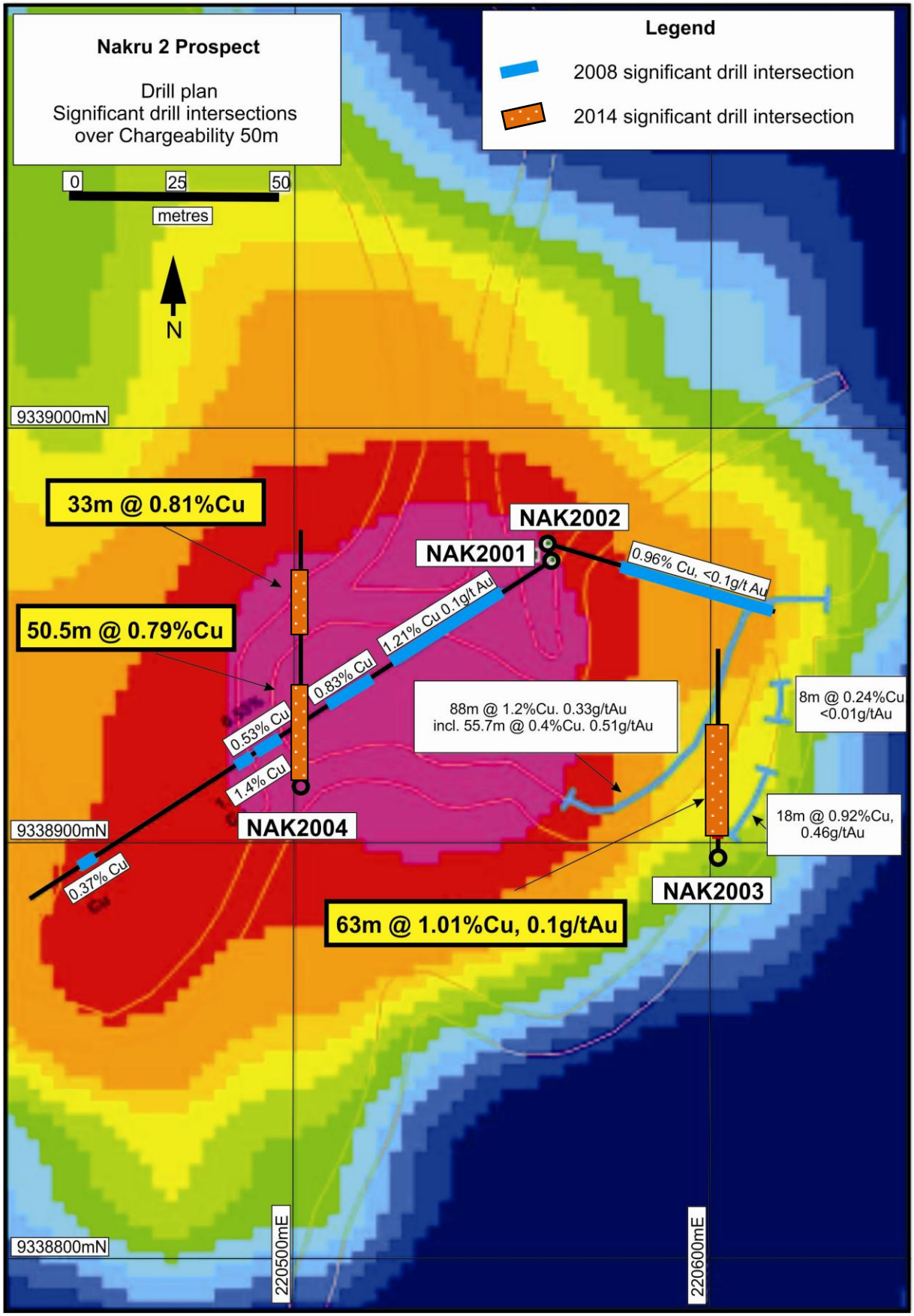

Figure 3: Nakru 2 detailed drillhole plan and significant drill and trench intersections on chargeability at 50m.

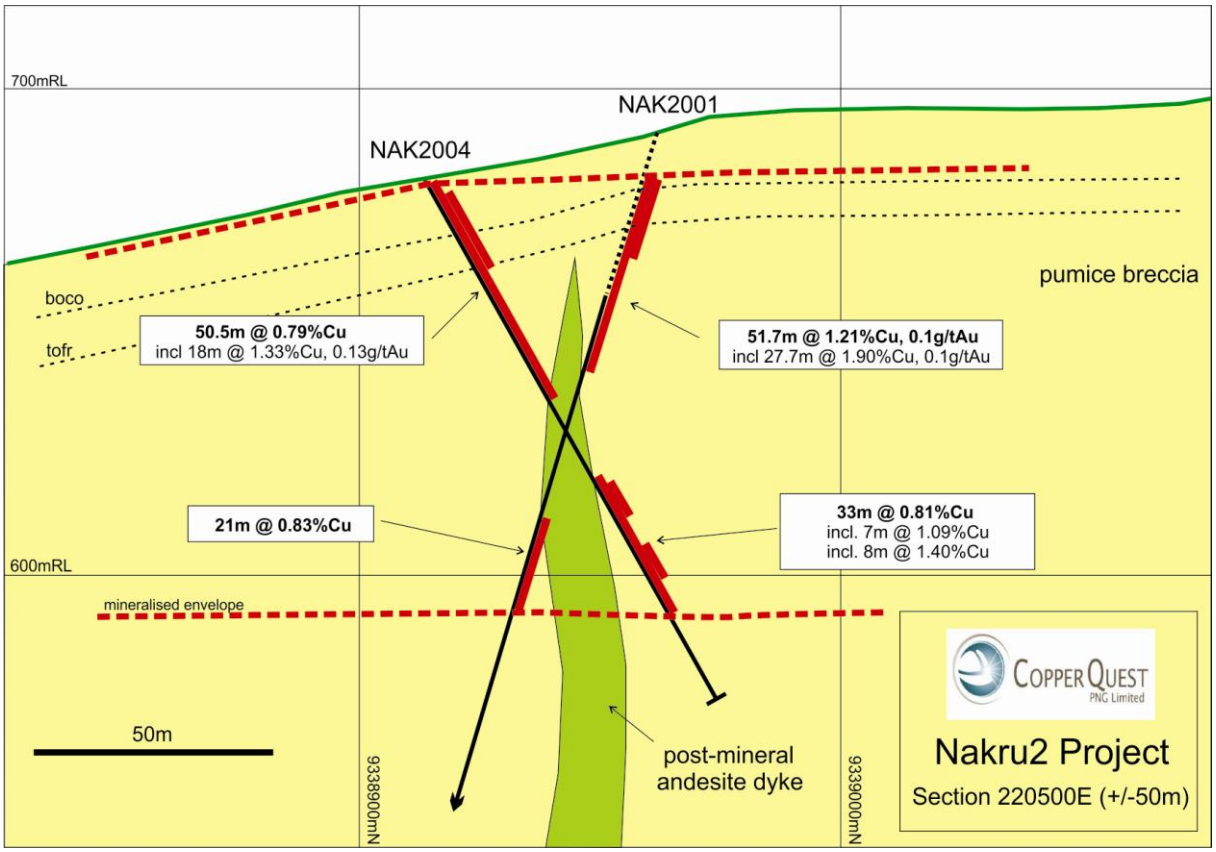

Figure 4: Schematic drill section 220500E (view west)
showing significant drill intersections

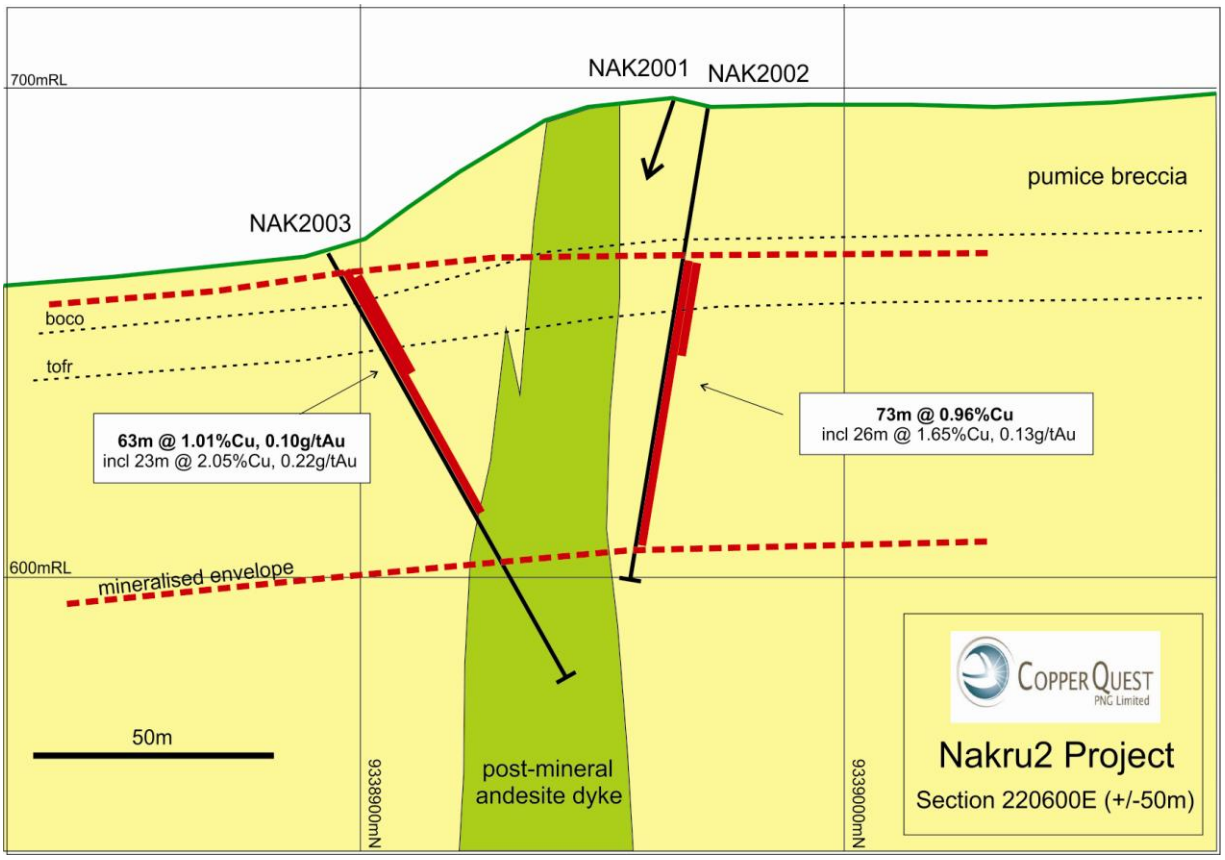

Figure 5: Schematic drill section 220600E (view west)
showing significant drill intersections

Mineralisation in the primary zone at the Nakru-2 prospect is dominated by disseminated pyrite and chalcopyrite (Figure 6). Within the oxidation zone, which extends to depths of approximately 20m from surface in drill holes NAK2003 and NAK2004, leaching and secondary enrichment has resulted in the development of a significant zone of chalcocite with corresponding elevated copper grades.

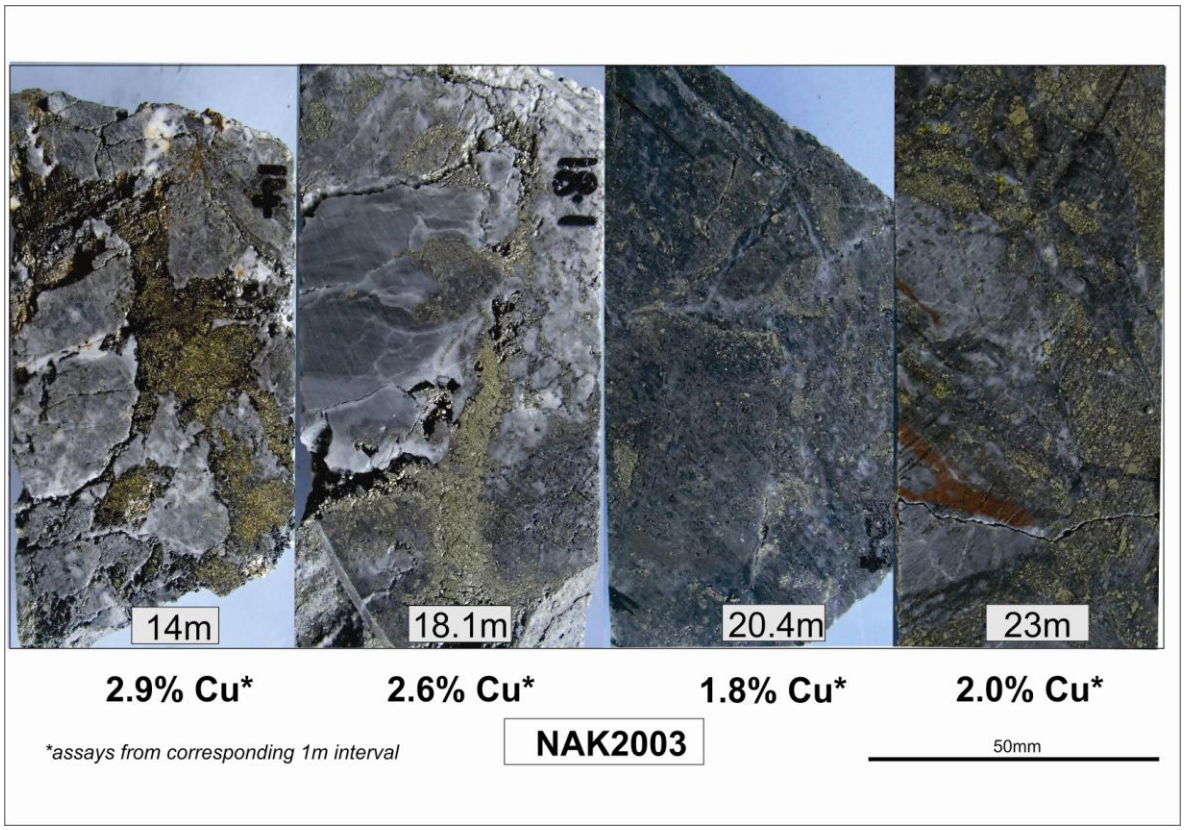

Figure 6: Examples of mineralised drill core from NAK2003

The combination of surface rock chip assays, geophysical IP signature and drill results strongly support the likelihood that further exploration and drilling of the Nakru-2 prospect will add significant tonnage and grade to existing Nakru-1 Inferred Resource.

Coppermoly is currently sourcing a suitable track mounted rig to commence a systematic drill out of the prospect.

On behalf of the board,

Maurice Gannon
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About Coppermoly

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

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Mike Erceg, who is 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	• *Nature and quality of sampling (e.g. 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Sampling was by diamond core drilling • All drilling was HQ triple tube (HQ3) to maximise recovery.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	• Diamond core drilling, HQ3 (61.1mm diameter) • Core was not orientated.
Drill sample recovery	• *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.*	• Drill core was marked up (metre marks) and recoveries measured against drillers blocks • Core recovery was excellent.

Criteria	JORC Code explanation	Commentary
Logging	• *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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Preliminary logging of the drill core has been carried out. • Systematic and detailed geological and structural logging will be completed in due course. • Drill core has been photographed.
Sub-sampling techniques and sample preparation	• *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.*	• Core samples taped to minimise breakage, and halved longitudinally using a Clipper saw • Samples were collected on a nominal 1m interval, assigned a unique number and bagged • Reject core is stored at the companies Kimbe compound • All samples were shipped to SGS Laboratories in Lae where they were prepared for assay by PRP88 (whole sample dried, crushed and pulverised)
Quality of assay data and laboratory tests	• *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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Sample prep and assaying was undertaken at SGS Lae and SGS Townsville • Standards or blanks were inserted every 10 samples • Standards were purchased from Geostats • Blanks were locally sourced volcanic ash • Duplicate samples were requested every 10 samples • Dissolution was by 4 acid digest • Gold was assayed by FA 30g charge • Cu, Pb, Zn, Ag and As were assayed by ICP • SGS applies a rigorous Quality Management System.
Verification of sampling and assaying	• *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*	• Assay data will be uploaded onto the company database

Criteria	JORC Code explanation	Commentary
	storage (physical and electronic) protocols. • *Discuss any adjustment to assay data.*	
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The collar coordinates and RL of the two drill holes were positioned by hand held GPS (Garmin 62S) • Coordinates are reported using datum AGD66 Zone 56 • The downhole survey instrument failed and no down hole survey readings were possible however hole deviation is expected to be minimal for such short holes.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• The two drill holes were spaced 100m apart. • Further drilling is required to establish a resource
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• The two holes were positioned to drill from the south to test a tabular shallow south dipping horizon similar to that that preferentially hosts mineralisation at the adjacent Nakru-1 deposit
Sample security	• *The measures taken to ensure sample security.*	• Drill trays were plastic wrapped to transport from site to Kimbe compound • Core was laid out on racks in the secure Kimbe compound for processing. • Samples were bagged and plastic wrapped onto pallets for shipping to SGS Lae. • Reject drill core is stored securely at the Company's exploration base in Kimbe in West New Britain.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques and data collection was overseen by a highly qualified and experienced geologist. No formal audits or reviews of sampling techniques and data have been undertaken.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.* • *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.*	• 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 application.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Nakru licence has been explored by a number of companies, most recently Barrick under an exploration agreement with Coppermoly.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Nakru deposit has characteristics of a high level porphyry copper-gold deposit hosted within coeval rhyolite volcanics • Mineralisation is associated with both quartz stockworks in the apices of "finger" porphyries and as disseminated sulphides in a pumice breccia unit. • Sulphide mineralisation is dominated by pyrite and chalcopyrite with chalcocite observed in a near surface enrichment zone. • Elevated Au, Zn and Mo may also be of economic significance

Drill hole Information	• *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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the*
		• The drill hole collar information is included in the announcement.

Criteria	JORC Code explanation	Commentary
	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.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Significant results are calculated using weighted average grade. • Down hole intersections are reported • Results are reported at 0.1%Cu and 1.0% Cu cutoffs.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• The holes were drilled perpendicular the tabular mineralised unit and as such are a reasonable representation of true width
Diagrams	• *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.*	• Drill location plans and schematic cross sections are included in the announcement
Balanced reporting	• *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.*	• All assay results have been received for the two drill holes reported
Other substantive exploration data	• *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*	• Maps of previous surface geochemical data (rock chip and soil) are included. • A map of IP chargeability is included. • There is no material exploration data that has not been previously reported.

Criteria	JORC Code explanation	Commentary
	or contaminating substances.	
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The results of this and historic drilling are sufficiently encouraging to warrant follow up drilling. • Initially this drilling will be wide spaced step-out drilling on 100m centres and subject to drill results infilled at 50m centres.

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