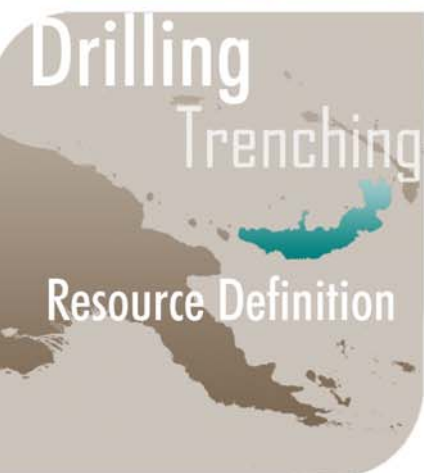




**COPPERMOLY**  
Limited

ABN 54 126 490 855



## Annual Report



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## THE CHAIRMAN'S LETTER

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Dear Shareholder,

Your Board of Directors have great pleasure in presenting you with the first Coppermoly Ltd ("the Company") annual report.

In January 2008 the Company closed its initial public offering having successfully raised \$8 million and listed its shares on the Australian Securities Exchange. Immediately following listing the Company commenced its planned work programme. Drilling and trenching has been initiated on both our main copper-gold-molybdenum projects – Simuku and Mt Nakru.

At Simuku, up to four drill rigs have been operating and over 3,000m of drilling completed, and at Mt Nakru one drill rig is presently operating. At Simuku we have had the best drill and trench intersections in terms of copper equivalent ever received for that property and we hope to have sufficient data to complete an initial resource estimate early in 2009.

From the time the Company listed on the ASX we have experienced a severe market correction across all sections and this has impacted on the Company's market capitalisation retreating sharply since listing but I can assure shareholders that this is not a result of exploration to date but rather the general malaise in the junior explorer market.

On behalf of the Board I would like to thank all shareholders for their support, both in the initial IPO and the later Options issue.

I look forward to a successful 2009.



R.D. McNeil  
Chairman

## **THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES**

Coppermoly Limited is a company focused on the development of copper, molybdenum and gold projects with near term objectives of defining resources at the Simuku and Mt.Nakru properties. Our copper/molybdenum/gold projects on the island of New Britain in Papua New Guinea are well located with road access and close to essential infrastructure for exploration and mine development.

In January 2008, Coppermoly Limited was admitted to the Official List of the Australian Securities Exchange Limited after successfully raising \$8.0 million. An Options Entitlements Issue in June raised approximately \$205,000 which was put towards working capital. These funds have been used to undertake an extensive drilling programme of over 3000m, and approximately 10 kms of surface trenching to assist in the assessment of the resource potential and help carry the projects to a further stage of pre-feasibility. This drilling and trenching carried out post ASX listing is in addition to historical exploration completed prior to 2008.

Shortly after listing, our management team was strengthened and our support base was established at Kimbe, the Capital of West New Britain Island Province. This helped ensure an efficient implementation of our exploration programme. Drilling rigs and heavy machinery were soon acquired and have been in operation on our two main projects Simuku and Mt.Nakru since April.

Our projects are located in a highly mineralised region and the islands of New Guinea themselves have a relative abundance of large copper-gold-molybdenum deposits including OK Tedi, Frieda River, Porgera, Yandera, Lihir and Panguna. PNG has a mining history spanning over 130 years and is amongst the world's largest copper and gold producers

I now will highlight significant details and achievements of the Company.

Coppermoly Limited holds title to three exploration Licences EL 1077 (Simuku), EL 1043 (Mt.Nakru) and EL 1445 (Talelumas) located on the Island of New Britain, PNG (Figure 1), which enclose three separate copper-gold-molybdenum systems. Stage 1 drilling programmes are currently underway to assist us in defining a substantial resource on at least one of these projects by early next year. Recent track access upgrade has allowed easy access to roads, an airfield and a deep water port.

At Simuku this year, we have completed 12 drill holes totaling 3276.4m. As a result of this drilling we have successfully intersected significant copper results including 93m from 8m depth of 0.69% copper equivalent and expanded on areas of known mineralisation. Drilling will continue on these copper and molybdenum target areas until the end of October, at which point we will assess all results. Trenching and mapping will continue until late November in order to define the extent of copper and molybdenum mineralisation at surface and help build a geological framework.

The Talelumas tenement was granted for a period of two years in May 2008 and ensures coverage of most of the known mineralisation in the immediate areas surrounding the Simuku tenement.

At our Nakru project, the objective of the drilling programme is to test for high grade low tonnage gold and large tonnage copper-gold-molybdenum mineralisation. Four drillholes have been completed and at least another six are planned at both the Nakru 1 and Nakru 2 prospects. Trenching is also continuing in order to define the limits of mineralisation at surface with over 2,000m already completed.

Ground geophysics recently completed will help define sulphide hosted drill targets in the most cost efficient manner. At Nakru 2, significant anomalous polymetallic assays in historical trenching and rock chip samples provide encouragement in anticipation of drilling results.

The Company's objective is to increase the value of existing assets by initially defining a JORC resource in at least one of its projects. This in turn will assist in both increasing shareholder value and improve the ability for future fund raising in order to take our existing projects to the next stage, as well as possibly develop additional projects.



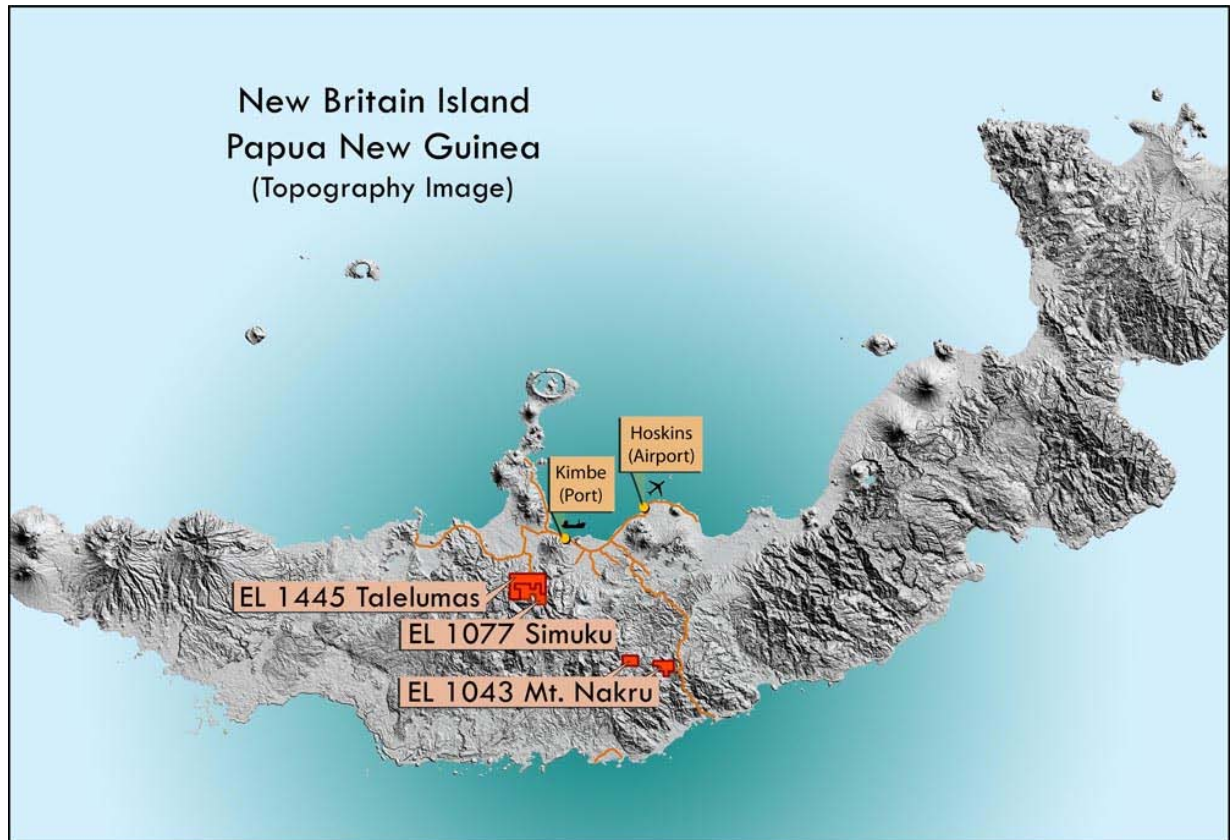


Figure 1: Coppermoly Projects on New Britain Island



Kimbe Port

# THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

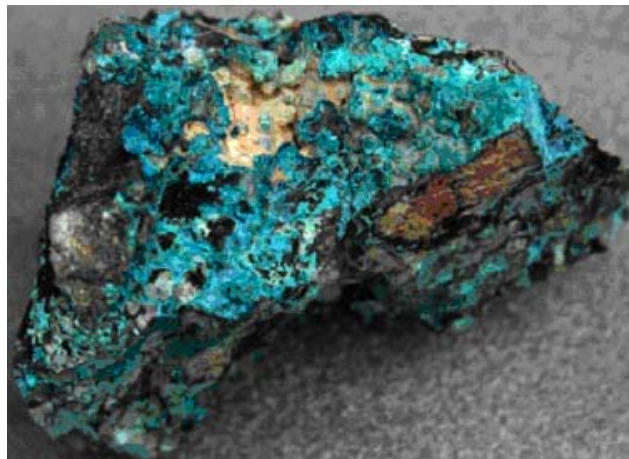
## SIMUKU PROJECT

Topography at the project is moderate at 300m above sea level, thereby enabling relatively easier conditions for on-site development and logistics. No population centers occur in the Licence and traditional landowners assist as a local workforce on the property. Vehicular access from provincial capital of Kimbe is one hour using 4WD vehicle via a logging road north of the property.

Porphyry style copper-molybdenum-gold mineralisation is discontinuously present over an area of about 4.5km by 1.0 to 2.2km. From both historical work and exploration in 2008, more than 28km of bulldozer trenching and over 5,000 metres of drilling in 28 holes have defined a 3,500m by 650m anomalous copper envelope with inner anomalous molybdenum envelope (Figure 2). Copper target areas include Nayam, Tobarum, Magipmo, Misili, Mindoka and Wokayale. As of September 2008, 3276.4m in twelve (12) drillholes have been completed as part of the Company's Stage 1 drilling programme (Table 1). Trenching is also being undertaken at these sites in order to further define the near surface extent of copper mineralisation.

Table 1: Simuku Drill Hole Summary (2008)

Hole	Prospect	Easting	Northing	Azimuth (degrees)	Dip (degrees)	Depth
SMD17	Tobarum	169701	9367796	0	-90	177.3m
SMD18	Nayam	169718	9368292	30	-60	299m
SMD19	Nayam	169734	9368202	30	-60	346.1m
SMD20	Tobarum	169802	9367998	0	-90	375.9m
SMD21	Tobarum	169631	9367378	280	-60	364.8m
SMD22	West Tobarum	169469	9367814	0	-90	261.4m
SMD23	Stan's Hill	169022	9367728	0	-90	100.4m
SMD24	Magipmo North	168895	9368782	100	-50	307.4m
SMD25	Nayam	169587	9368242	30	-60	300m
SMD26	Nayam	169735	9368202	210	-60	321m
SMD27	Tobarum	169657	9367664	100	-75	325.8m
SMD28	Nayam	169867	9368006	45	-60	97.3m



Oxidised Copper at Simuku

Historical exploration completed at Simuku prior to 2008 includes ridge and spur soil sampling, grid soil sampling, geophysical Induced Polarisation surveys and airborne geophysics. The trenching has shown the presence of leached capping, supergene enrichment, and primary copper mineralisation in the range 0.1 to 0.5% copper in mainly quartz feldspar porphyry. Higher grade intercepts of greater than 1.0% copper are present over narrow intervals.

## THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

At the Nayam prospect, pre-2008 drilling intersected:

- SMH12 - 91.3m at 0.43% copper, 0.06 g/t gold (from surface)
- SMH11 - 77m at 0.49% copper, 0.11 g/t gold (from surface)
- SMH07 - 63m at 0.52% copper, 0.12 g/t gold (from surface)

The initial drilling and trenching program during 2008 has given the better results to date, including all historical work.

- At the Nayam prospect during 2008, SMD19 (0.2% copper equivalent\* cut-off) intersected 93m from 8m depth of 0.59% copper, 68ppm molybdenum, 0.07g/t gold and 2.5g/t silver **(0.69% copper equivalent\*)**. SMD18 intersected 32m at 0.71% copper, 136ppm molybdenum, 0.08 g/t gold and 1.29 g/t silver **(0.87% copper equivalent\*)** at 42m depth.
- At the Tobarum prospect during 2008, some 800m to the southwest of Nayam, drillhole SMD21 (0.2% copper equivalent\* cut-off) intersected 44m at 0.38% copper, 26ppm molybdenum, 0.11 g/t gold and 2.45 g/t silver **(0.46% copper equivalent\*)** from surface to 44m depth. From 308m depth, 56.8m of 0.40% copper, 76ppm molybdenum, 0.05g/t gold and 2.8g/t silver **(0.51% copper equivalent\*)** were intersected to the bottom of the hole.
- Results are still pending for all other holes in Table 1.

These results represent significant copper intersections at depth of over a 1km x 400m area with further drilling results from additional holes expected over the next few months. In addition, over 2560m of trenching/access has been completed at Nayam, Stan's Hill, Magipmo and Horseshoe prospects. The geological mapping and geochemical results from the trenching will help expand our known mineralised areas at surface as well as gain knowledge about structural controls of the different minerals. A full compilation of all drilling, trenching and geological results is expected to be completed by early 2009.

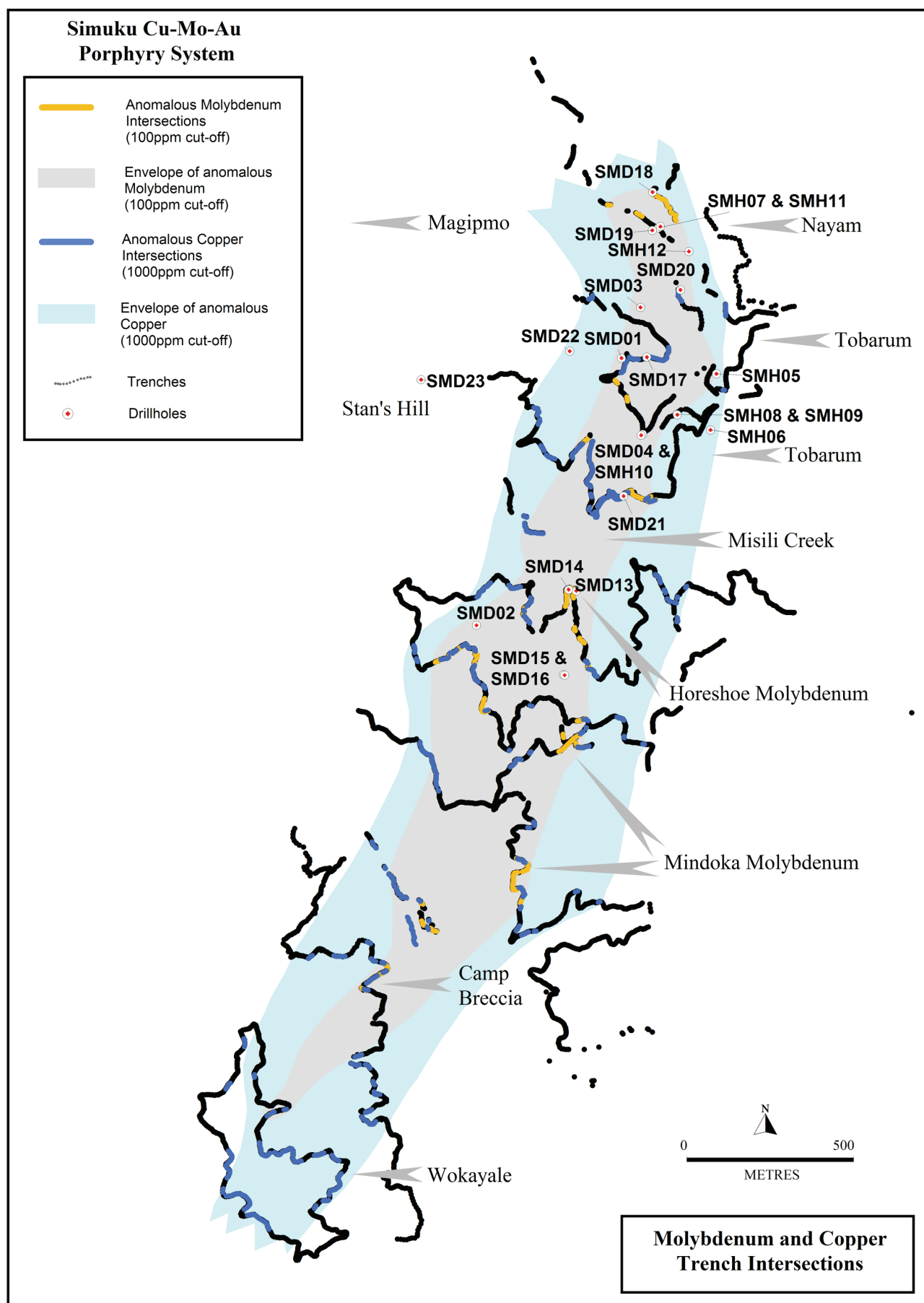


Figure 2



## THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES



Drilling crew



Drill Core Inspection

The Magipmo target is defined by geophysical chargeability anomalies, argillic alteration and magnetic anomalies interpreted to represent intrusive bodies. Ridge and spur soil and rockchip sampling by Esso and Placer found values of more than 300ppm copper and more than 10ppm molybdenum in soil samples and up to 0.69% copper in rock samples.

At the Misili prospect, historical bulldozer trenching has exposed 10m to 70m wide intervals with anomalous copper values ranging from 0.12% copper up to more than 1.0% copper. Historical (pre-2008) drill hole SMD02, intersected 150m at 0.15% copper including 4.1m at 0.39% copper in altered volcanics with narrow intersections of diorite and biotite porphyry.

Historical bulldozer trenching in 2006 exposed a 78m interval of 0.13% molybdenum, including 15m at 0.25% molybdenum at the Horseshoe prospect. Two historical shallow holes, SMD13 and SMD14 to 71m and 101m respectively, were drilled in late 2006 to test the trench results. SMD14 intersected 19m at 0.32% molybdenum from surface, including 7m at 0.60% molybdenum. These molybdenum grades compare favourably with molybdenum deposits elsewhere including the Henderson Mine in Colorado USA which produced 160Mt at 0.24% molybdenum. Drilling and trenching is currently being undertaken at the molybdenum Horseshoe prospect this month, in order to expand on the known area of mineralisation.

At Mindoka, historical (pre-2008) anomalous molybdenum values in the range 0.014% to 0.03% are present in trenches 500m apart. Visible molybdenite is present in silicified felsic intrusive in Mindoka creek. These mineralised exposures define a narrow, elongate north-northeast trending zone at least 500m and approximately 60m wide. Drilling and trenching are planned in 2009 to further define the extent of mineralisation.

### Copper Equivalent\*

The mineralisation at Simuku consists of copper, molybdenum, gold and silver. The copper equivalent\* is calculated as follows:

Metal (assay results)				Metal Price 15 July 2008		Factors		Value Calculation	Metal value US\$
A				B		C			
1	Copper	Cu	ppm	3.80	US\$/lb	453.59	ppm/lb	1A x (1B/1C)	M
2	Molybdenum	Mo	ppm	33.60	US\$/lb	453.59	ppm/lb	2A x (2B/2C)	N
3	Gold	Au	g/t	946.00	US\$/oz	31.103	g/oz	3A x (3B/3C)	O
4	Silver	Ag	g/t	18.28	US\$/oz	31.103	g/oz	4A x (4B/4C)	P
Sum of metal values								S	M+N+O+P
Metal equivalent in Copper ppm								Cu.Eq	S / 1B x 1C

# THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

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## Notes:

- \*Copper Equivalent (Cu.Eq) is the contained copper, gold, silver and molybdenum that are converted to an equal amount of pure copper and summed (based on assays of mineralised rock and actual metal prices). It is used to allow interpretation of the possible theoretical 'value' of mineralised rock, without consideration of the ultimate extractability of any of the metals.
- Copper Equivalent\* herein is based upon metal prices of US\$3.80/lb Cu, US\$946/oz Au, US\$33.60/lb Mo (57% MoO<sub>3</sub> conc.) and US\$18.28/oz Ag (15 July 2008). The formula used is as shown above.
- Island Arc related porphyry copper – gold – molybdenum deposits such as Simuku typically recover contained Cu, Au, Mo and Ag (subject to metallurgical characteristics and prevailing metal prices).
- The ASX requires a metallurgical recovery be specified for each metal, however, no testwork has ever been undertaken at Simuku and recoveries can only be assumed to be typical for Island Arc porphyry copper – gold – molybdenum – silver deposits.
- It is the Company's opinion that each of the elements included in the metal equivalents calculation has good potential to be recovered if the project proceeds to mining.

## TALELUMAS PROJECT

The Talelumas Prospect, located 2.7km west-north-west of Tobarum, was discovered in 1984 by Esso from a drainage sampling programme. Gold analyses come from historical samples of narrow shear zones with quartz, sphalerite, chalcopyrite and pyrite. A historical grab sample from a 20cm wide quartz vein in the Misek creek area assayed 26.65 g/t gold, 24.0 g/t silver, 2.14% copper and 22.4% zinc. A 5m channel taken across the structure averaged 5.0 g/t gold.

The historical stream geochemistry from Esso reveals the Talelumas prospect to occur within a 7.8km<sup>2</sup> gold stream sediment (-#80) anomaly, within which occurs an anomalous 3.3km<sup>2</sup> lead stream sediment anomaly. Adjoining this is a 0.5 km<sup>2</sup> copper anomaly 2.4km northwest of Nayam. All significantly anomalous stream geochemistry in the area occurs within the Simuku and Talelumas (EL 1445) tenements. The geochemistry shows zonation patterns which may be attributable to porphyry style mineralisation. These anomalies will be followed-up with ground geological inspection of the creeks and soil sampling.

## NAKRU PROJECT

The Mt Nakru project area within EL 1043 encloses a large porphyry copper-gold (molybdenum) system located at Nakru 1 and a proposed breccia-hosted gold and porphyry-style copper-gold prospect at Nakru 2. Significant copper and gold mineralisation, together with anomalous silver, molybdenum and zinc values occupy an area of over 10km<sup>2</sup> within a large hydrothermally altered intrusive-extrusive complex. Only 12 historical drillholes have been drilled prior to 2008 within this target area, all at Nakru 1. Much of the system remains unexplored in any detail.

The Mt Nakru system comprises four defined prospects, Nakru 1 to Nakru 4 (Figure 3). These systems are located within the mineralised Kulu-Awit Corridor, which trends west-northwest through Central New Britain and contains other systems including Kulu (copper-gold) and Simuku (copper-gold).

The project is 60km south-east of the logistics base at Kimbe with a newly opened road to the south coast of New Britain island which passes within 2km of the property. Track access to Nakru 1 has been upgraded to 4WD status when dry, with track access to all prospects.

Terrain relief is about 500m with the highest peak at 830m, covered by tropical forest. Post mineral ash cover is present on most ridges and upper slopes to depths of 0.5 to 15m and masks much of the underlying geology. This ash cover has slowed progress in evaluating surface mineralisation of the property.

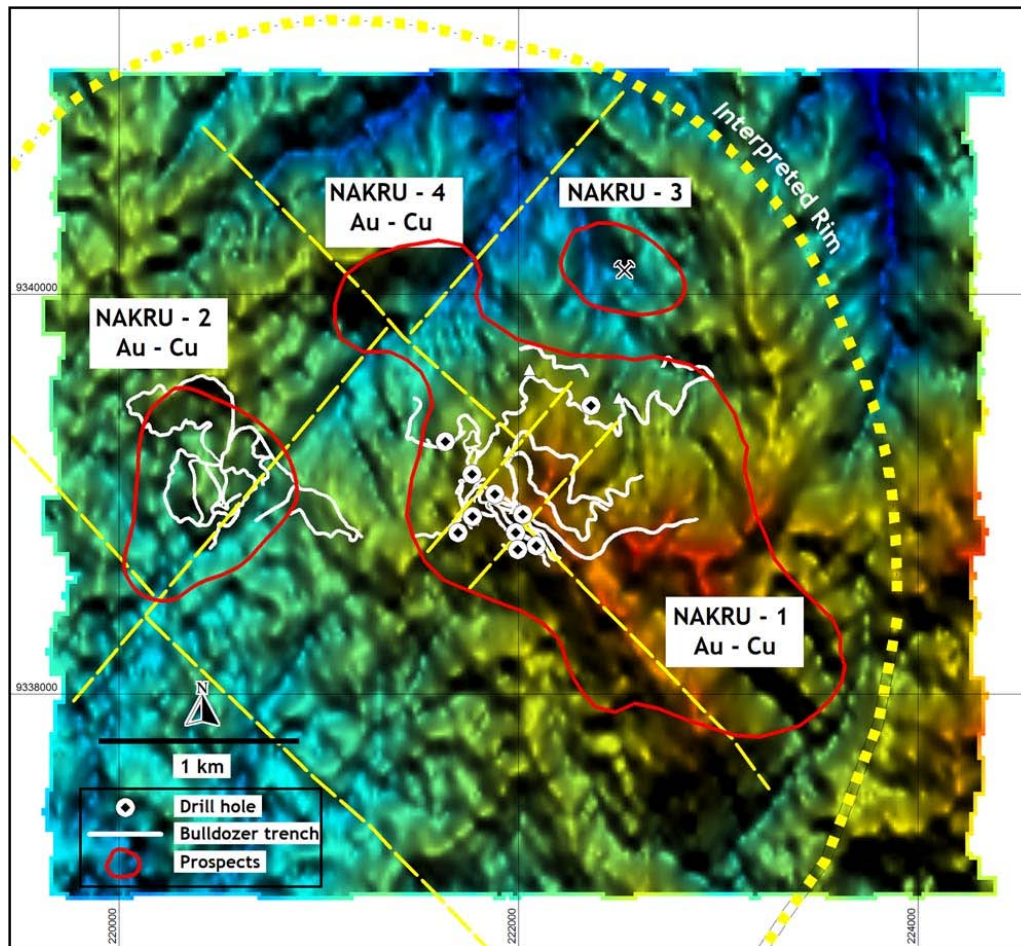


Figure 3: Nakru Topography Image Showing Prospect Locations

### Nakru 1 Prospect:

Nakru 1 is the most advanced of the four prospects and has potential to host a large copper-gold deposit. From both historical pre-2008 and current exploration, deep auger soil sampling, more than 10km of hand and bulldozer trenching and sixteen drill holes (totaling 1,695m) have been completed including 195m in four drillholes during the 2008 drilling programme currently underway.

Highlights of the historical pre-2008 trenching and drilling programmes at Nakru 1 include:

Trench intercepts of:

- 95m @ 2.88g/t Au
- 42m @ 2.7g/t Au
- 51m @ 2.2g/t Au
- 25m @ 1.43% Cu
- 4m @ 6.6% Cu

Drill Intercepts of:

- 94m @ 0.43% Cu, 0.46g/t Au
- 205m @ 0.40% Cu, including 74m @ 0.78% Cu
- 54m @ 0.18g/t Au

## THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

A diamond core drilling rig has been secured at Nakru in order to test for the following two styles of mineralisation:

- (a) breccia-hosted polymetallic copper-gold-molybdenum mineralisation in an upper, near-surface breccia unit; and
- (b) blind 'porphyry-style' copper+/-gold+/-molybdenum mineralisation in an underlying volcanic-intrusive complex.

Four x 50m deep holes (Table 2) have been drilled to confirm the presence of a vent and test the lateral extents of gold mineralisation. At least two deeper holes (Sites 5 and 6) will test for gold bearing fissures at depth, including NAK017. A minimum of 2 x 300m holes will test the large tonnage porphyry model at Site 7 and 8.

Table 2: Nakru Drill Hole Summary (2008)

Hole	Prospect	Easting	Northing	Azimuth (degrees)	Dip (degrees)	Depth
NAK013	Nakru 1	222062	9338936	0	-90	33.8
NAK014	Nakru 1	222073	9338900	0	-90	54.6
NAK015	Nakru 1	222101	9338906	0	-90	55.4
NAK016	Nakru 1	222029	9338884	0	-90	51.4
NAK017	Nakru 1	222009	9339018	190	-60	Currently at 100m

In the four shallow holes (NAK013 to 016), stockwork and silicified breccia were intersected with disseminated sulphides and weak to moderate haematite and limonite. Assay results are expected to start being received in October.

Historical auger soil sampling has outlined an irregular combined gold-copper-molybdenum-arsenic soil anomaly with approximate dimensions of 800m x 200-300m trending north-northwest (Figure 4). Trenching is currently underway and being sampled for gold, copper, molybdenum and tellurium in order to define the limits of surface mineralisation. So far over 700m in five historical trenches and 550m in a new trench have been completed this year and sampled, with results expected in October 2008.

During September 2008, a geophysical three dimensional induced polarisation survey was completed at both Nakru 1 and Nakru 2 in order to define drilling targets for gold mineralisation in silicified breccia, and copper targets in sulphides (chalcopyrite). A total of 7,500m of lines have been cut for the survey. Final 3D inversions of the data are currently underway with results expected in early October.



## THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

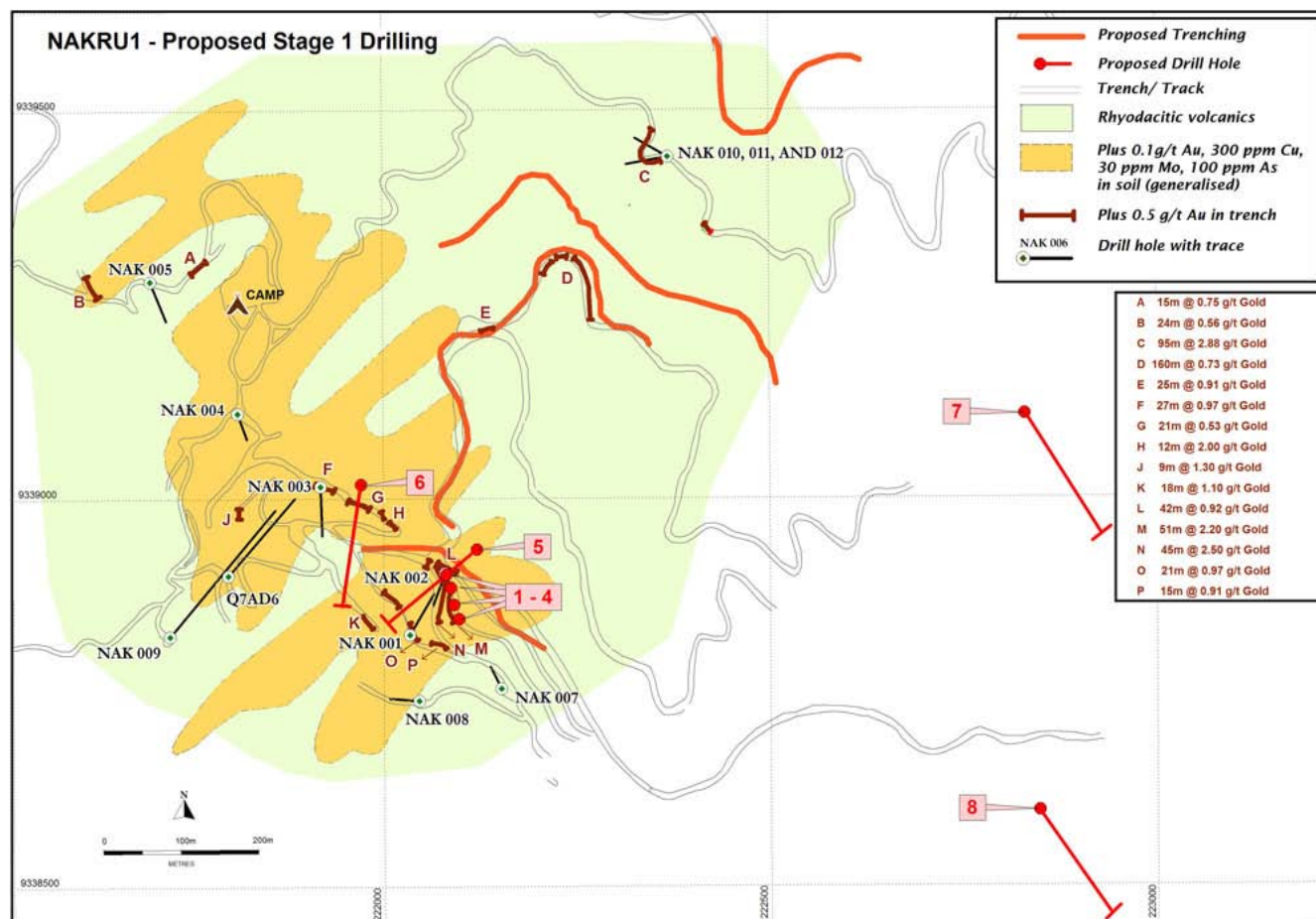


Figure 4: Nakru 1 Existing and Proposed Drill Holes

### Nakru 2 Prospect:

Nakru 2 Prospect is located 1 km west of Nakru-1. Historical soil sampling, hand trenching and bulldozer trenching have been completed but no drill testing. The trenching has exposed significant copper mineralised intervals and local very high copper grades, including 25m at 1.44% copper; 25m at 1.06g/t gold; 4m at 6.6% copper; and up to 19.9% copper and 22% zinc in grab samples (Figure 5). Previous soil sampling has outlined a copper-gold soil anomaly of roughly 400m by 200m.

Nakru 2 appears to be a polymetallic copper+gold+zinc+/- (molybdenum) target with copper being the predominant metal. The mineralised area is coincident with a circular structural feature, about 700m in diameter, visible on air photos.

The planned work programme for 2008 will involve re-opening, sampling and mapping of all previous trenches, re-interpreting creek geology and re-sampling creek exposures to develop a geological interpretation in light of a potential breccia pipe model. Geophysical I.P. surveys over the circular feature are planned to help develop drilling targets.

Interpretation of historical Dighem airborne geophysical survey data indicates a high conductivity zone coincident with trench results of 15m at 2.15% copper and 30m at 0.61g/t gold, 123 ppm molybdenum. Results from the ground geophysical survey will help confirm the presence of high conductivity or chargeability zones related to sulphide mineralisation and therefore assist with drillhole planning. Preliminary results indicate a chargeable and conductive zone trending east-west at the southern end of Nakru-2. Final 3D inversion results are expected by early October.



# THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

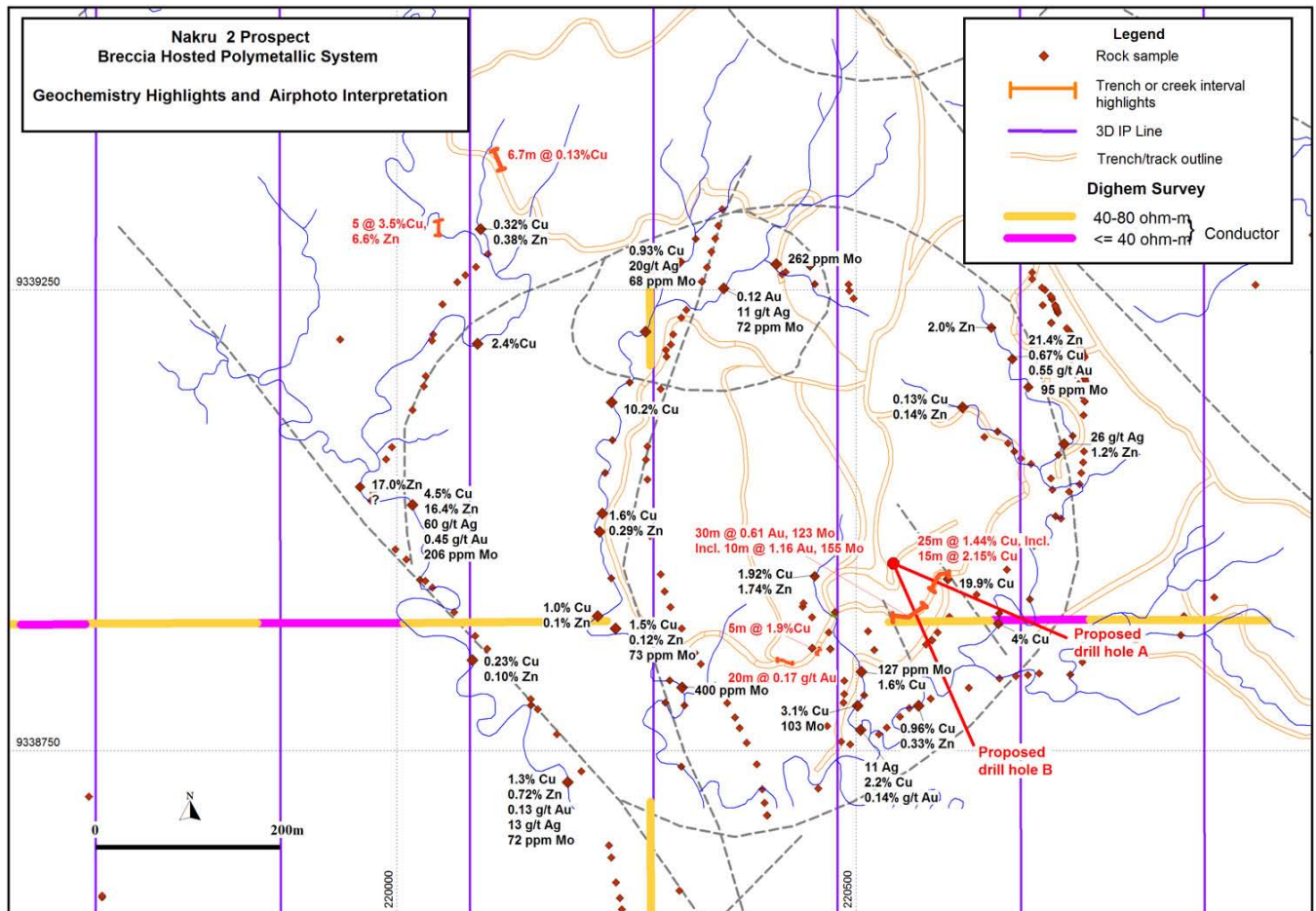


Figure 5: Nakru 2 Surface Geochemistry Highlights and Airborne Dighem Results

*P. Swiridiuk*

Peter Swiridiuk  
Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Peter Swiridiuk, who is a Member of the Australian Institute of Geoscientists. Peter Swiridiuk is employed by Coppermoly Ltd.

Peter Swiridiuk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Swiridiuk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **DIRECTORS' REPORT**

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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 period ended 30 June 2008.

Coppermoly Ltd was incorporated on 27 July 2007 and therefore this report does not contain comparative information.

### **DIRECTORS**

The following persons were Directors of Coppermoly Ltd during the period up to the date of this report:

R.D. McNeil (appointed 27 July 2007)  
P. Swiridiuk (appointed 27 July 2007)  
P.A. McNeil (appointed 25 September 2007)  
D.S. Hutchison (appointed 27 July 2007 resigned 30 July 2008)  
D.S. Brynelsen (appointed 25 September 2007)  
G.M. Edwards (appointed 27 July 2007 resigned as a Director 25 September 2007)

### **PRINCIPAL ACTIVITIES**

The principal activities during the period of entities within the consolidated entity were exploration and evaluation of porphyry copper-molybdenum-gold projects in Papua New Guinea.

### **RESULTS AND DIVIDENDS**

The consolidated entity loss from operating activities after income tax for the period was \$2,543,286. There is no dividend paid or recommended.

The result of the consolidated entity was significantly affected by:

- Exploration expenditure of \$1,956,915 written off in accordance with company policy as outlined in Note 1; and
- The non-cash amount of \$303,250 included in Employee Benefits Expense in respect of options issued under the Coppermoly Employee Incentive Option Scheme during the period.

### **REVIEW OF OPERATIONS**

The Managing Director's Review of Operations and Activities is given on pages 2 to 12.

During the period;

- (i) The consolidated entity funded ongoing exploration and evaluation work on its exploration areas, with particular emphasis on Simuku and Nakru projects in Papua New Guinea.
- (iii) The Company increased its issued capital by \$8,720,126 after costs, from the issue of shares and options as detailed in note 15(b) to the Financial Statements.

### **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 period not otherwise disclosed in this report or the consolidated financial report.

# DIRECTORS' REPORT

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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 Mt Nakru and Simuku projects in Papua New Guinea.
- Evaluation of new project initiatives which could meet corporate strategic guidelines.

## ENVIRONMENTAL REGULATIONS

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

Particulars of Directors' interest in shares and options of Coppermoly Ltd

### Director and Experience

#### **Robert D. McNeil**

Chairman since July 2007.

Age 70. B.Sc., M.Sc. He is non-executive Chairman and Director of Coppermoly Ltd (ASX). He identified and applied for projects in Papua New Guinea and Tasmania, then sought and obtained financial support to establish Macmin Silver. He has 48 years industry experience in Australia, Papua New Guinea, U.S.A., Indonesia, Thailand and other countries. He was formerly General Manager of Esso Papua New Guinea Inc. where he was based in Lae, Papua New Guinea for 6 years. Before this assignment he resided in the U.S.A. for 5 years and prior to that worked for several major and minor companies mainly in Australia. He has been associated with the discovery of several orebodies, specifically the Juno and Warrego orebodies at Tennant Creek by Peko in the 1960's.

During the last three years Mr McNeil has served as a director of the following public listed companies:-

- Co-founder and Chairman of Macmin Silver Ltd (ASX) (appointed 12<sup>th</sup> August 1992).
- Non-executive Chairman of Frontier Resources Ltd (ASX) (appointed 23<sup>rd</sup> January 2001).
- Chairman, CEO and President of New Guinea Gold Corporation, a British Colombia company listed on the TSX Venture Exchange (Canada) (appointed 3<sup>rd</sup> May 1996).
- Non-executive Chairman and Director of ASX listed Golden Tiger NL (appointed 2<sup>nd</sup> September 2004).

Special Responsibilities	Ordinary Shares	Options
Member of Planning & Operations Committee.	776,000	194,000 Listed 1,000,000 Unlisted

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS (continued)

Particulars of Directors' interest in shares and options of Coppermoly Ltd

### Director and Experience

Special Responsibilities	Ordinary Shares	Options
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#### **Peter Swiridiuk**

Managing Director since July 2007.

Age 41. BSc (Hons), MSc. F AustMM. He has over 18 years experience exploring for copper, gold and diamonds. He has spent over 12 years managing the exploration, discovery and resource definition for gold and copper deposits in Papua New Guinea, Solomon Islands, New Caledonia, Mexico, Middle East, Cyprus and Australia including a technical review of all data on the Frieda River deposit in PNG for resource drilling and exploration. Peter has also had extensive management experience of contractors on numerous deposits including the Hatta copper mine in Oman and a copper-gold-silver deposit in Mexico. He previously spent six years with DeBeers diamond services which involved the management of contractors to discover new diamond deposits including the Seppelt deposit in Western Australia. Peter has also written independent technical geological reports for the British Columbia Securities Commission (TSX-V).

Member of Planning & Operations Committee.	200,000	50,000 Listed 1,000,000 Unlisted
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Mr Swiridiuk has not served as a director of any other public listed companies during the last three years.

#### **Peter A. McNeil**

Non-Executive Director since September 2007.

Age 47. B.Sc., M.Sc. He has 26 years exploration experience in Papua New Guinea, U.S.A. and Australia, including programs at the Lihir gold deposit and in the Goldfields and Kimberley regions of Western Australia and Tasmania. He has been associated with the discovery of a number of orebodies including Nimary and Sunrise Dam in Western Australia.

Member of Audit Committee.	10,000	2,500 Listed 500,000 Unlisted
----------------------------	--------	----------------------------------

During the last three years Mr. McNeil has served as a director of the following public listed companies:-

- Managing Director of Frontier Resources Ltd (ASX) (appointed 23<sup>rd</sup> January 2001).
- Non-executive Director of Macmin Silver Ltd (ASX) (appointed 28<sup>th</sup> October 1994).
- Non-executive Director of New Guinea Gold Corporation (TSX-Venture) (appointed 3<sup>rd</sup> May 1996).
- Non-executive Director of Vangold Resources Ltd (TSX-Venture) from 19 April 2004 to September 2004.
- Non-executive Director of South Pacific Minerals Corp (TSX-Venture) from 27<sup>th</sup> July 2004 to 13<sup>th</sup> January 2006.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS (continued)

Particulars of Directors' interest in shares and options of Coppermoly Ltd

### Director and Experience

Special Responsibilities	Ordinary Shares	Options
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#### **Douglas Hutchison**

Executive Director from July 2007 to July 2008.

Member of Planning & Operations Committee.	340,000	85,000 Listed
		1,000,000 Unlisted

Age 59. BSc(Hons), MSc, MAIG. He is a highly experienced exploration geologist with more than 30 years industry and government experience, specialising in the Asia Pacific region. He has extensive international project management experience in the SW Pacific, SE Asia and South America and was formerly Exploration Manager, Pacific Islands, for City Resources Limited. Doug was involved with the early evaluation of the Wapolu epithermal gold deposit in PNG and led the field team that discovered and evaluated the Andranangoo Creek mineral sands deposit in Northern Territory, Australia (now in production). He has consulted on gold, copper and mineral sands projects for more than a dozen companies in the Asia Pacific region and has extensive, first-hand knowledge of Papua New Guinea.

Mr. Hutchison has not served as a director of any other public listed companies during the last three years.

#### **Dal Brynelsen**

Non-Executive Director since September 2007.

Member of Audit Committee	1,000,000	225,000 Listed
		798,750 Unlisted

Age 61. Mr Brynelsen holds a Diploma in Urban Land Economics from the University of British Columbia and is a licensed real estate broker of the Real Estate Council of British Columbia. Mr Brynelsen has over 30 years of experience in the mining industry, including the discovery, financing and bringing into production of two gold mines in Canada. He was a Founding Director of Griffin Mining NPL, being the first Western company to build a mine in China in 100 years. Griffin operates a zinc mine and has approximately 400 employees.

During the last three years Mr. Brynelsen has served as a director of the following public listed companies:-

- President and Chief Executive Officer of Vangold Resources Ltd (TSX-Venture) (appointed September 1990).
- Founding Director of Griffin Mining NPL (AIM-London) (appointed January 2001).
- Director of Janina Resources Limited (TSX-IB) (appointed November 2007).
- Director of International Silver Ridge Inc. (CDNX) (appointed January 2003).



# DIRECTORS' REPORT

## COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

### **Garry M. Edwards**

Company Secretary.

Garry Edwards holds a Master of Business Administration and is a Fellow of the Australian Institute of Company Directors and National Institute of Accountants (Australia). Mr Edwards is also Company Secretary of Macmin Silver Ltd (ASX). Mr Edwards resigned as Company Secretary on 30 July 2008.

Prior to joining Macmin Silver Ltd in 1995, Mr Edwards spent 15 years working in Papua New Guinea, the last 11 for accounting firm KPMG and antecedent firms. From 1987 to 1995 Mr Edwards managed KPMG's Arawa and Rabaul offices.

### **Maurice J. Gannon BSc, FCIS, AFAIM, MAusIMM**

Company Secretary.

Maurice Gannon was appointed as Company Secretary on 30 July 2008. He holds a Bachelor of Science Degree, a Graduate Diploma in Applied Corporate Governance and a Business Management Certificate. He has over twenty years experience in business and financial management and a professional background in earth and environmental sciences.

Mr Gannon is a Fellow of the Australian Institute of Chartered Secretaries, an Associate Fellow of the Australian Institute of Management and a member of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Company Directors and AMPLA – the Australian Resources and Energy Law Association.

## DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the period ended 30 June 2008 (and the number each Director was entitled to attend):-

	Directors' Meetings		Audit Committee Meetings		Planning & Operations Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
Mr R.D. McNeil	3	3	*	*	2	2
Mr P. Swiridiuk	3	3	*	*	2	2
Mr P.A. McNeil	3	3	1	1	*	*
Mr D.S. Hutchison	3	3	*	*	2	2
Mr D. Brynelsen	1	3	0	1	*	*

\* not a member of the relevant committee

## REMUNERATION REPORT (Audited)

### **(a) Policies used to determine the nature and amount of remuneration**

The following people were the directors, executives and key management personnel of the Company during the period covered by this report:-

Name	Position	Period Position Held
R.D. McNeil	Non-Executive Chairman	27 July 2007 – Current
P. Swiridiuk	Managing Director	27 July 2007 – Current
P. McNeil	Non-Executive Director	25 September 2007 - Current
D. Hutchison	Executive Director	27 July 2007 - 30 July 2008
D. Brynelsen	Non-Executive Director	25 September 2007 - Current
G.M. Edwards	Director Company Secretary	27 July 2007 - 25 September 2007 27 July 2007 - 30 July 2008

# DIRECTORS' REPORT

## REMUNERATION REPORT (Audited) (continued)

Name	Position	Period Position Held
M. Gannon	Assistant Company Secretary and Financial Controller Company Secretary	14 March 2008 - 30 July 2008 30 July 2008 - Current
T. Smith	Exploration Manager (PNG)	29 February 2008 - Current

Refer to section (b) for identification of the five highest remunerated executives of the Group.

The objective of the Company'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:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to shareholder growth
- provides a clear structure for earning rewards
- provides recognition for contribution

### *Relationship between remuneration and Company performance*

During the period under review, the Company (and the Consolidated Entity) has generated losses because it is involved solely in exploration and not production.

During the period ended 30 June 2008 the market price of the Company's ordinary shares fell from the ASX listing price of 25 cents to 9 cents, a decrease of 64%. The Company listed on the ASX on 25 January 2008. As such there is no comparative information available.

There were no dividends paid during the period ended 30 June 2008.

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices 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 annually 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 with effect from 1<sup>st</sup> October 2007. Directors' fees are inclusive of committee fees.

### *Retirement allowances for Directors*

The Company provides no retirement allowances for Non-Executive Directors.

### *Executive pay*

The executive pay and reward framework has three components:

- base pay and benefits
- long-term incentives through Directors options (as detailed in subsection (b) of this Remuneration Report), and
- other remuneration such as superannuation.

# DIRECTORS' REPORT

## REMUNERATION REPORT (Audited) (continued)

Options were issued to directors in accordance with the Company's Prospectus dated 25 October 2007. These options are not subject to performance conditions except to the extent that they are cancellable, at the Board's discretion, if the director ceases to hold office.

The combination of these comprises the executive's total remuneration.

### Base pay

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.

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 executives' contracts. Refer to section (c) 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.

### Coppermoly Ltd Employee Incentive Option Plan

Information on the Coppermoly Ltd Employee Incentive Option Plan is set out in Note 21. 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. Options may be cancelled at the discretion of the Board if employment ceases.

Options issued under the Plan vest one year after the date of issue. Options issued to Directors and Officers, in accordance with the Company's Prospectus dated 25 October 2007, vested at the date of issue.

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.

### (b) Details of remuneration

Details of the nature and amount of each element of the emoluments of each key management personnel of the Company and the consolidated entity for the period ended 30 June 2008 are set out in the following tables:

2008	Short-term employee benefits			Post-employment benefits		Share-based payment			
Name	Cash salary and fees \$	Cash Bonus \$	Non-Monetary benefits \$	Super-annuation \$	Retirement benefits \$	Equity-settled Options* \$	Total \$	% Remuneration related to performance	% Remuneration made up of options
<i>Directors</i>									
R.D. McNeil	16,667	-	-	1,500	-	60,000	78,167	-	77
P. Swiridiuk <sup>^</sup>	71,858	-	-	6,467	-	60,000	138,325	-	43
P.A. McNeil	8,333	-	-	750	-	30,000	39,083	-	77
D.S. Hutchison <sup>^</sup>	86,700	-	-	-	-	60,000	146,700	-	41
D. Brynelsen	8,333	-	-	-	-	30,000	38,333	-	78

# DIRECTORS' REPORT

## REMUNERATION REPORT (Audited) (continued)

2008	Short-term employee benefits			Post-employment benefits		Share-based payment			
Name	Cash salary and fees \$	Cash Bonus \$	Non-Monetary benefits \$	Super-annuation \$	Retirement benefits \$	Equity-settled Options* \$	Total \$	% Remuneration related to performance	% Remuneration made up of options
<i>Other key management personnel</i>									
G. Edwards**	-	-	-	-	-	42,000	42,000	-	100
T. Smith^	50,000	-	-	4,500	-	3,750	58,250	-	6
M. Gannon^	30,779	-	-	6,917	-	2,500	40,196	-	6
L. Collar^	37,274	-	-	8,070	-	2,500	47,844	-	5
Total	309,944	-	-	28,204	-	290,750	628,898		

^These executives are the 5 highest paid executives of the group.

\*Option value calculation using Black-Scholes Model

\*\* Fees for G.M. Edward's services form part of a commercial services agreement with Macmin Silver Limited.

### (c) Service Agreements

Remuneration and other terms of employment for the Executive Directors and Company Secretary are formalised in service agreements. Each of these agreements provides for participation, when eligible, in the Coppermoly Ltd Employee Incentive Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

The Company may terminate the agreements immediately in the case of incapacity, bankruptcy, prolonged absence or actions prohibited under the *Corporations Act 2001*. On termination Executive Directors and the Company Secretary are entitled to receive their statutory entitlements of accrued annual leave and long service leave together with any superannuation benefits. No other benefits are payable on termination.

#### R.D. McNeil, *Non-Executive Chairman*

- Term of agreement – 1<sup>st</sup> October 2007 to 1<sup>st</sup> October 2010.
- Base salary, inclusive of superannuation, as at 30 June 2008 of \$43,600, to be reviewed annually.

#### P. Swiridiuk, *Managing Director*

- Date of appointment– 1<sup>st</sup> October 2007.
- Base salary, inclusive of superannuation, as at 30 June 2008 of \$194,565, to be reviewed annually.

#### P.A. McNeil, *Non-Executive Director*

- Term of agreement – 1<sup>st</sup> October 2007 to 1<sup>st</sup> October 2010.
- Base salary, inclusive of superannuation, as at 30 June 2008 of \$21,800, to be reviewed annually.

#### D.S. Hutchison, *Executive Director*

- Term of agreement – 1<sup>st</sup> October 2007 to 1<sup>st</sup> October 2010.
- Base salary as at 30 June 2008 of \$900 per day, to be reviewed annually.

#### D. Brynelsen, *Non-Executive Director*

- Term of agreement – 1<sup>st</sup> October 2007 to 1<sup>st</sup> October 2010.
- Base salary, inclusive of superannuation, as at 30 June 2008 of \$21,800, to be reviewed annually.

#### G.M. Edwards, *Company Secretary*

- Fees for Mr Edward's services form part of a commercial services agreement with Macmin Silver Limited.

### (d) Share-based Compensation

#### Options

Options are granted to Directors and Officers under conditions approved by the Directors at a meeting held on 22 October 2007. Options are granted to other key management personnel under the Coppermoly Ltd Employee Incentive Option Plan which was approved by the Directors by way of Written Resolution dated 17<sup>th</sup> October 2007. These options

# DIRECTORS' REPORT

## REMUNERATION REPORT (Audited) (continued)

are not performance related except to the extent that they are issued at the discretion of the Board in recognition of performance. Employee and Directors and Officers options may be cancelled if employment ceases, at the discretion of the Board.

The terms of the Coppermoly Ltd Employee Incentive Option Plan as outlined in note 21 to the Financial Statements.

Options are granted under the Plan for no consideration. Options are granted for between 2-5 year periods.

The details of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Type of Options	Grant date	Expiry date	Exercise price	Value per option at grant date	% vested	% forfeited	Date exercisable
Directors	22 Oct 2007	22 Oct 2010	\$0.30	\$0.06	100	0	Between 22 Oct 2009 and 22 Oct 2010
Officers	22 Oct 2007	22 Oct 2010	\$0.30	\$0.06	100	0	Between 22 Oct 2008 and 22 Oct 2010
Employee	13 Mar 2008	13 Mar 2011	\$0.25	\$0.0125	0	0	Between 13 Mar 2009 and 13 Mar 2011

Options granted under the Plan 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 21 to the Financial Statements.

Name	Number of Options granted during the year 2008	Number of options vested during the year 2008	% vested in the current period	% available for vesting in future periods
<b>Directors of Coppermoly Ltd</b>				
R.D. McNeil	1,000,000	1,000,000	100	0
P. Swiridiuk	1,000,000	1,000,000	100	0
P. A. McNeil	500,000	500,000	100	0
D.S. Hutchison	1,000,000	1,000,000	100	0
D. Brynelsen	500,000	500,000	100	0
<b>Other key management personnel of the Group</b>				
G.M. Edwards	700,000	700,000	100	0
T. Smith	300,000	-	0	100
M. Gannon	200,000	-	0	100
L. Collar	200,000	-	0	100

### *Shares provided on exercise of remuneration options*

No shares were issued as a result of the exercise of options by Directors or employees.

### *Employee incentive option plan*

None of the Directors of Coppermoly Ltd are eligible to participate in the Company's Employee Incentive Option Plan.



# DIRECTORS' REPORT

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## REMUNERATION REPORT (Audited) (continued)

**(e) Additional information**

*Share-based compensation: Options*

Further details relating to options are set out below.

Name	A Value at grant date \$	B Value at exercise date \$	C Value at lapse date \$	D Total of columns A-C \$
R.D. McNeil	60,000	-	-	60,000
P. Swiridiuk	60,000	-	-	60,000
P.A. McNeil	30,000	-	-	30,000
D.S. Hutchison	60,000	-	-	60,000
D. Brynelsen	30,000	-	-	30,000
G.M. Edwards	42,000	-	-	42,000
T. Smith	3,750	-	-	3,750
M. Gannon	2,500	-	-	2,500
L. Collar	2,500	-	-	2,500

A = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

B = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

C = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

## END OF REMUNERATION REPORT (Audited)

# DIRECTORS' REPORT

## 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 UNDER OPTION

Unissued ordinary shares of Coppermoly Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
22 October 2007	22 October 2010	\$0.30	4,700,000
22 January 2008	30 April 2011	\$0.30	2,000,955
13 March 2008	13 March 2011	\$0.25	1,700,000
19 June 2008	30 April 2011	\$0.30	17,914,385
			<hr/> 26,315,340 <hr/>

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. No ordinary shares of Coppermoly Ltd were issued during the year ended 30 June 2008 on the exercise of options. No further shares have been issued since that date.

## INSURANCE OF OFFICERS

Since the end of the previous financial year the consolidated entity has 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 Company 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 or auditor or any of its controlled entities against a liability incurred as such an officer or 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 Kendalls 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 auditors, 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 Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

# DIRECTORS' REPORT

## NON-AUDIT SERVICES (continued)

CONSOLIDATED  
2008  
\$

During the period the following fees were paid or payable for services provided by the auditors of the parent entity and subsidiary entity, its related practices and non-related audit firms.

### Assurance services

#### 1. Audit Services

BDO Kendalls Australian firm:	14,000
Sinton Spence Chartered Accountants PNG firm:	6,280
<b>Total remuneration for audit services</b>	<b>20,280</b>

#### 2. Other Assurance Services

BDO Kendalls Australian firm:	-
Sinton Spence Chartered Accountants PNG firm:	13,349
<b>Total remuneration for other assurance services</b>	<b>13,349</b>
<b>Total remuneration for assurance services</b>	<b>26,629</b>

### Taxation Services

BDO Kendalls Australian firm:	-
Sinton Spence Chartered Accountants PNG firm:	-
<b>Total remuneration for taxation services</b>	<b>-</b>

## 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.



**P. Swiridiuk**  
Managing Director

Bundall, Queensland  
26 September 2008

# AUDITORS' INDEPENDENCE DECLARATION

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BDO Kendalls

BDO Kendalls (QLD)  
Level 18, 300 Queen St  
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GPO Box 457 Brisbane QLD 4001  
Phone 61 7 3237 5999  
Fax 61 7 3221 9227  
info.brisbane@bdo.com.au  
www.bdo.com.au

ABN 70 202 702 402

*Declaration of Independence by Christopher Skelton to the Directors of Coppermoly Ltd.*

As lead auditor for the audit of Coppermoly Ltd for the period ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Chris Skelton', with a long horizontal flourish extending to the right.

C.J. Skelton  
Partner

Brisbane  
26 September 2008

# CORPORATE GOVERNANCE STATEMENT

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## For the period ended 30 June 2008

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 encompasses 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 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 and Company Secretary;
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 but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, 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 Committee, sets the strategic direction of the Company with management and monitors management's implementation of strategy.



# CORPORATE GOVERNANCE STATEMENT

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The Planning and Operations Committee consists of the Chairman, the Managing Director, the Company Secretary and the Exploration Manager. It meets as regularly as possible (generally at least once every two 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 nine. Given the Company's background, nature and size of its business and the current stage of its development, the Board is comprised of four directors, three of whom are non-executive. The Board believes that this is both appropriate and acceptable at this stage for the Company's development.

The Chairperson, Mr. R.D. McNeil is not independent, but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

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 judgement 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 judgement.

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 members, 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 counsellor 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.

# CORPORATE GOVERNANCE STATEMENT

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## Directors' Independence

None of the Company's directors are independent.

The Board reviews annually the independence of directors having regard to ASX Corporate Governance Council Recommendation 2.1.

Materiality is determined on both quantitative and qualitative bases. An amount over 5% of annual turnover of the Company or Group or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of their director's independence.

## Independent Professional Advice

Each Director has the right to seek independent professional advice at the consolidated entity's expense. However, prior approval of the Chairman is required.

## 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 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](http://www.coppermoly.com.au) or by contacting the registered office.

### Dealings in Company Securities by Directors and Employees

The Company's share trading policy for Directors and employees is available at [www.coppermoly.com.au](http://www.coppermoly.com.au) or by contacting the registered office.

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company.

## 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](http://www.coppermoly.com.au) or by contacting the registered office. In accordance with this Charter, all members of the Committee must be directors 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.A. McNeil (Chairman), D. Brynensen (Director) and M. Gannon, Company Secretary. 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.

# CORPORATE GOVERNANCE STATEMENT

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## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

### Continuous Disclosure to ASX

The Company's Continuous Disclosure Policy is available at [www.coppermoly.com.au](http://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](http://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](http://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**

The Board is responsible for the oversight of the Group's Risk Management Policy and Control Framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the CEO and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

The Company has a Risk Management Policy which was adopted on 30<sup>th</sup> July 2008 and is available at [www.coppermoly.com.au](http://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](http://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

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## ADOPTION OF ASX CORPORATE GOVERNANCE RECOMMENDATIONS

The Company has adopted the ASX Corporate Governance Principles and Recommendations for all or part of the 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 2.1: A majority of the Board should be Independent Directors.*

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of Independent Non-Executive Directors.

Half of the Board (being two Directors) are Non-Executive Directors. These two Non-Executive Directors are not Independent Directors in accordance with the Best Practice Recommendations.

The Board is of the opinion that each Director on the Board holds sufficient experience to make quality and independent judgments and decisions in their role as Director in the best interests of the Company on all relevant issues.

Further Independent Directors may be appointed depending upon the future acquisitions and growth of the Company.

*Council Recommendation 2.2: The chair should be an Independent Director.*

The Chairperson, Mr. R.D. McNeil, is not considered independent under ASX guidelines but due to his experience and expertise in areas the Company operates in, the board considers he is suitably skilled to perform the role.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an Independent Non-Executive Chairman.

### 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 consists only of Non-Executive Directors, but does not have a majority of Independent Directors. The Board considers the mix of two Non-Executive Directors and the Company Secretary appropriate for the Company given the current size of the Company and the Board and role of the Committee.

### Risk

#### **Council Principle 7: Recognise and manage risk.**

*Council Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*

There was no formal report by management to the Board as to the effectiveness of the Company's management of its material business risks. However, the Board calendar has been amended to require this report in future.

### Remuneration

#### **Council Principle 8: Remunerate fairly and responsibly**

*Council Recommendation 8.2: 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](http://www.coppermoly.com.au) or by contacting the registered office.

## CORPORATE GOVERNANCE STATEMENT

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Where necessary, the Nomination Committee seeks advice of external advisors in connection with the suitability of applicants for Board membership.

*Council Recommendation 8.2: Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executives.*

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

Non-Executive Directors have been issued options (although lesser amounts thereof) on the same terms and conditions as Executive Directors in accordance with the Company's prospectus dated 25 October 2007.

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-Executives 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.

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This financial report covers both Coppermoly Ltd as an individual entity and 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. 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 12 and in the Directors' Report on pages 13 to 24, both of which are not part of the financial report.

The financial report was authorised for issue by the Directors on 26 September 2008. The Company has 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](http://www.coppermoly.com.au).

For queries in relation to our reporting please call +61 7 5592 2274 or e-mail [mgannon@macmin.com.au](mailto:mgannon@macmin.com.au).

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Notes	CONSOLIDATED 2008 \$	PARENT ENTITY 2008 \$
<b>Revenue from continuing operations</b>	4	194,061	194,061
Other income	4	178	-
Depreciation		(18,353)	(4,121)
Employee benefits expense		(540,505)	(528,172)
Exploration expenditure	5, 11	(1,956,915)	-
Administration and insurances		(116,366)	(103,709)
Corporate compliance and shareholder relations		(31,776)	(20,411)
Office rental, communication and consumables		(13,093)	(12,859)
Other expenses		(60,517)	(57,553)
Provision for non-recovery of subsidiary loan		-	(2,103,540)
<b>Profit / (Loss) before income tax</b>		(2,543,286)	(2,636,304)
Income tax (expense)/credit	6	-	-
<b>Net Profit / (Loss) for the period</b>	5	(2,543,286)	(2,636,304)
		<b>Cents</b>	
Basic and diluted earnings / (loss) per share	24	(4.54)	

The above income statements should be read in conjunction with the accompanying notes.



**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**BALANCE SHEETS**  
**AS AT 30 JUNE 2008**

	Notes	CONSOLIDATED 2008 \$	PARENT ENTITY 2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	5,444,437	5,344,265
Trade and other receivables	8	75,092	17,629
Total Current Assets		5,519,529	5,361,894
<b>Non-Current Assets</b>			
Receivables	9	14,435	1,327,083
Property, plant and equipment	10	355,554	24,681
Mineral exploration and evaluation expenditure	11	1,392,470	-
Total Non-Current Assets		1,762,459	1,351,764
<b>Total Assets</b>		<b>7,281,988</b>	<b>6,713,658</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	733,554	202,207
Provisions	13	38,943	4,110
Total Current Liabilities		772,497	206,317
<b>Non-Current Liabilities</b>			
Provisions	14	2,362	212
Total Non-Current Liabilities		2,362	212
<b>Total Liabilities</b>		<b>774,859</b>	<b>206,529</b>
Net Assets		6,507,129	6,507,129
<b>EQUITY</b>			
Parent entity interest			
Contributed equity	15	8,540,982	8,540,982
Reserves	16	509,433	602,451
Accumulated losses	16	(2,543,286)	(2,636,304)
<b>Total Equity</b>		<b>6,507,129</b>	<b>6,507,129</b>

The above balance sheets should be read in conjunction with the accompanying notes.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Notes	CONSOLIDATED 2008 \$	PARENT ENTITY 2008 \$
<b>Total equity at the beginning of the year</b>		-	-
Costs of share issue		(1,402,839)	(1,402,839)
Foreign currency translation reserve differences		(93,018)	-
<b>Total income and expense recognised for the year in equity</b>		(1,495,857)	(1,402,839)
<b>Profit / (Loss) for the year</b>		(2,543,286)	(2,636,304)
<b>Total income and expense for the year</b>		(4,039,143)	(4,039,143)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity *	15	9,943,821	9,943,821
Share options		179,144	179,144
Share based payments expense	16	423,307	423,307
		10,546,272	10,546,272
<b>Total equity at the end of the year</b>		6,507,129	6,507,129

\*Contributions of equity include:

\$350 held in trust at 30 June 2008 pending the issue of shares.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**CASH FLOW STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

	Notes	CONSOLIDATED 2008 \$	PARENT ENTITY 2008 \$
<b>Cash Flows from Operating Activities</b>			
Interest received		194,061	194,061
Payments to suppliers and employees not included as part of exploration, evaluation and development activities below (incl. GST)		(549,291)	(404,159)
Goods and Services Tax refunded		1,858	18,766
<b>Net Cash Outflow From Operating Activities</b>	26(a)	<b>(353,372)</b>	<b>(191,332)</b>
<b>Cash Flows From Investing Activities</b>			
Exploration and evaluation activities	26(b)	(1,281,002)	-
Security deposits recovered /(paid)		(14,435)	(2,640)
Payments for property, plant and equipment		(359,973)	(29,153)
Proceeds from sale of plant and equipment		225	-
Funding activities of subsidiaries		-	(1,885,604)
<b>Net Cash Outflow From Investing Activities</b>		<b>(1,655,185)</b>	<b>(1,917,397)</b>
<b>Cash Flows From Financing Activities</b>			
Net cash proceeds from the issue of shares		7,452,644	7,452,644
Cash proceeds from parent entity share subscription money held pending issue of shares		350	350
<b>Net Cash Inflow From Financing Activities</b>		<b>7,452,994</b>	<b>7,452,994</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>5,444,437</b>	<b>5,344,265</b>
Cash and cash equivalents at the beginning of the financial year		-	-
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	7	<b>5,444,437</b>	<b>5,344,265</b>

The above cash flow statements should be read in conjunction with the accompanying notes.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

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**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 financial report includes separate financial statements for Coppermoly Ltd as an individual entity and the consolidated entity consisting of Coppermoly Ltd and its controlled entities. Coppermoly Ltd is a listed public company incorporated and domiciled in Australia.

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.

The company was incorporated on 27 July 2007 and accordingly this is the first annual report to be presented.

**(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*.

*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 includes the consolidated financial statements and notes of Coppermoly Ltd and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Coppermoly Ltd as an individual parent entity ('Parent Entity').

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The financial statements have been prepared on the going concern basis. The financial report has also been prepared on a historical cost basis. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell. As at 30 June 2008 the Group had net assets of \$6,507,129 and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2008 the Company had \$5,444,437 in cash and cash equivalents. 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. Ultimate exploitation through the development of mines will depend on raising necessary funding. At this time the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2008. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the company not 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.

The financial report has been prepared on an accruals basis under the historical cost convention.

**(b) Principles of consolidation**

*(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Coppermoly Ltd ("company" or "parent entity") as at 30 June 2008 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**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**(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 income statement.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

*(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement 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 as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

**(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.

*(i) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

**(f) Income tax**

The income tax expense shown in the income statement 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.

Deferred tax assets and liabilities are recognised for all temporary differences 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. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the organisation will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit an income tax benefit to be obtained.

**(g) Impairment of assets**

Assets are reviewed 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

**(h) Cash and cash equivalents**

For cash flow statement 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 balance sheet.



**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility 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 income statement as part of other expenses.

**(j) Investments and other financial assets**

The Group classifies its investments 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 investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Investments and other financial assets are initially stated at cost, being the fair value of consideration given plus any directly attributable transaction costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other 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 arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (notes 8 and 9).

Loans and receivables are measured at amortised cost using effective interest method less any impairment losses.

**(ii) Impairment**

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

**(k) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. 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.

**(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 income statement 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 each balance sheet date.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 the income statement.

**(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) 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.

**(o) 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 is expected to be settled within 12 months of the reporting date are recognised in other payables 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 employees via the Coppermoly Ltd Employee Incentive Option Plan. Information relating to this Plan is set out in note 21.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature 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 become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. 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.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

**(p) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

**(q) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit 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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(ii) Diluted earnings per share*

Potential 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.

**(r) Mineral exploration and evaluation expenditure**

The Company has adopted a policy of writing off exploration and evaluation expenditure at the end of the period in which it is incurred, unless a mineral resource has been estimated for the area of interest.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the consolidated entity.

Costs arising from exploration and evaluation activities are written-off where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of any exploration and evaluation costs carried forward is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

**(s) Accounting standards and interpretations issued but not yet effective**

Certain new accounting standards and Australian interpretations have been issued but not yet effective for 30 June 2008 reporting periods. Coppermoly's assessment of the impact of these new standards and interpretations is set out below.

*(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. Coppermoly has not adopted the standard early. AASB 8 may result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The timing of the adoption of this standard has not been determined. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

*(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123*

Revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This will not impact Coppermoly because the current accounting policy is for all borrowing costs relating to qualifying assets to be capitalised.

*(iii) AASB Interpretation 12 Service Concession Arrangements; Revised UIG 4 Determining whether an Arrangement contains a Lease and AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12*

AASB Interpretation 12 is effective for annual reporting periods commencing on or after 1 January 2008. It provides guidance on the accounting by operators for public-to private service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy facilities. This will not affect any of the amounts recognised in the financial statements.

*(iv) AASB 3 (reissued March 2008;) Business Combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later*

Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.

As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

*(v) AASB 2008-1 (issued February 2008); Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations periods commencing on or after 1 January 2009*

The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share-based payment expense and are treated in a manner similar to market conditions.

To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

**(t) 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 balance sheet.

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 flow.

**(u) Comparatives**

As the Company was incorporated on 27 July 2007, no comparative figures are available.

**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 fair value interest rate risk and foreign exchange 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 other than interest rate 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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2 FINANCIAL RISK MANAGEMENT (continued)**

(ii) *Fair value interest rate risk*

Refer to (d) below.

**(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.

Credit risk arises principally from receivables including inter company loans.

The objective of the entity is to minimise risk of loss from credit risk exposure.

The entity has established a number of policies and processes to manage credit risk. These include:

- Credit assessment and approval policies
- Credit limits
- Review of aging
- Follow-up procedures
- Debt recovery procedures
- External credit ratings, references, guarantees or indemnities
- Collateral / security
- Retention of title clauses

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 Balance Sheet.

The Group has no significant concentrations of credit risk. No amounts owing to the Group are past due and none are impaired. The parent entity has made an impairment adjustment for amounts due from the controlled entity (refer Note 9).

**(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
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows
- Financial assets held for which there is liquid market and that are readily saleable
- Financial assets held for which there is not a liquid market, but which are expected to generate cash inflows that are available to meet cash outflows
- Maintaining adequate reserves and support facilities (eg related parties)
- Maintaining adequate borrowing facilities (eg unused credit or overdraft facilities)
- Monitoring liquidity ratios (working capital)
- Liabilities are usually paid later than contractual cashflow in accordance with usual industry practice.

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 Company'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**

	<b>2008</b>
Current assets	\$5,519,529
Current liabilities	\$772,497
Surplus / (deficit)	\$4,747,032

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2 FINANCIAL RISK MANAGEMENT (continued)**

**Maturity analysis**

Financial liabilities have differing maturity profiles depending on the contractual term and in the case of borrowings, different repayment amounts and frequency. The table shows the period in which recognised and unrecognised financial liability 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.

**CONSOLIDATED**

	<b>Carrying amount</b>	<b>Contract cashflow</b>	<b>Within 1 year</b>	<b>1-2 years</b>
Trade and other payables	\$733,554	-	\$733,554	-
Commitments	-	\$1,376,478	\$1,086,705	\$289,773

**PARENT**

	<b>Carrying amount</b>	<b>Contract cashflow</b>	<b>Within 1 year</b>	<b>1-2 years</b>
Trade and other payables	\$202,207	-	\$202,207	-
Commitments	-	\$24,000	\$24,000	-

**(d) Cash flow and fair value interest rate risk**

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) Commodity price risk**

As the Company 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 1(j) - impairment of receivables

Note 1(r) - mineral explorations and evaluation expenditure

Note 21 - the measurement of share based payments

Estimates and assumptions are reviewed on an ongoing basis.

**(b) Critical judgements in applying the entity's accounting policies**

No judgements made in applying the entity's accounting policies are considered critical to the extent that they would be likely to cause a material adjustment within the next financial year.

**NOTE 4 REVENUE**

**Revenue from Continuing Operations**

Interest received – unrelated parties

**Other Income**

Gain on sale of asset

	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
Interest received – unrelated parties	194,061	194,061
	<u>194,061</u>	<u>194,061</u>
Gain on sale of asset	178	-
	<u>178</u>	<u>-</u>



**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>NOTE 5</b>	<b>EXPENSES</b>	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
<b>Loss before income tax includes the following specific expenses:</b>			
	Depreciation	18,703	4,471
	Less depreciation capitalised	350	350
		18,353	4,121
	Provision for non-recovery of subsidiary loan (significant item)	-	2,103,540
	Exploration expenditure		
	EL 1043 Mt Nakru	348,530	-
	EL 1077 Simuku	1,607,605	-
	EL 1445 Talelumas	780	-
		1,956,915	-
	Rental expenses on operating leases	4,800	4,800
	Deferred contribution superannuation expense	35,320	26,124
<b>NOTE 6</b>	<b>INCOME TAX</b>		
<b>(a) The prima facie tax on loss before income tax is reconciled to the income tax provided in the financial report as follows:</b>			
	Prima facie tax payable on profit / (loss) before income tax at 30%	(762,986)	(790,891)
	<b>Add tax effect of:</b>		
	Other non-deductible items	1,884	1,884
	Deferred tax not recognised on current year loss	1,154,109	147,419
	Share based payments	90,975	90,975
	Other temporary differences	17,929	634,783
	<b>Less tax effect of:</b>		
	Deductible amounts recognised in equity	84,170	84,170
	Other deductible items	417,741	-
	Income tax expense / (benefit) attributable to profit before income tax	-	-
<b>(b) Unrecognised deferred tax assets</b>			
Deferred tax assets have not been recognised in the Balance Sheet for the following items:			
	Unused tax losses	1,154,109	147,419
	Deductible temporary differences	354,611	340,403
	Potential benefit at 30%	1,508,720	487,822

There is no expiry date on the future deductibility of unused tax losses.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>NOTE 7</b>	<b>CURRENT ASSETS: CASH &amp; CASH EQUIVALENTS</b>	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
	Cash at bank and on hand	831,215	731,043
	Deposits at call	4,613,222	4,613,222
		<u>5,444,437</u>	<u>5,344,265</u>

The cash at bank earns floating interest at between 6.0% and 7.05%. The cash on deposit earns fixed interest as follows:-

- \$4,094,926.03 maturing 2 September 2008, earning 7.75% per annum
- \$518,295.89 maturing 29 July 2008, earning 7.90% per annum

<b>NOTE 8</b>	<b>CURRENT ASSETS: TRADE AND OTHER RECEIVABLES</b>		
	Other receivables	40,448	629
	Prepayments	34,604	17,000
		<u>75,092</u>	<u>17,629</u>

<b>NOTE 9</b>	<b>NON-CURRENT ASSETS: RECEIVABLES</b>		
	Deposits – tenements and premises	14,435	2,640
	Loans to controlled entities	-	3,427,983
	Less provision for non-recovery	-	(2,103,540)
		<u>14,435</u>	<u>1,327,083</u>

<b>NOTE 10</b>	<b>NON CURRENT ASSETS: PROPERTY, PLANT AND EQUIPMENT</b>		
	<b>Plant and Equipment</b>		
	Plant and equipment at cost	374,200	29,152
	Less accumulated depreciation	(18,646)	(4,471)
		<u>355,554</u>	<u>24,681</u>

**Reconciliation**

Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial year are set out below:

Carrying amount at the beginning of the period	-	-
Additions	374,247	29,152
Disposals	(47)	-
Depreciation expense	(18,646)	(4,471)
Carrying amount at the end of the period	<u>355,554</u>	<u>24,681</u>

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>NOTE 11</b>	<b>MINERAL EXPLORATION AND EVALUATION EXPENDITURE</b>	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
	Other expenditure during the period	1,956,915	-
	Acquired by issue of shares	1,392,470	-
	Amounts written off during the period	(1,956,915)	-
	Balance at the end of the period	<u>1,392,470</u>	<u>-</u>

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.

**NOTE 12**      **CURRENT LIABILITIES: TRADE AND OTHER PAYABLES**

Unsecured:

Trade creditors	328,611	109,955
Other creditors	<u>404,943</u>	<u>92,252</u>
	<u>733,554</u>	<u>202,207</u>

**NOTE 13**      **CURRENT LIABILITIES: PROVISIONS**

Aggregate employee benefit and related on-costs liabilities	<u>38,943</u>	<u>4,110</u>
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**NOTE 14**      **NON-CURRENT LIABILITIES: PROVISIONS**

Employee benefit Long Service Leave	<u>2,362</u>	<u>212</u>
	<u>2,362</u>	<u>212</u>

<b>NOTE 15</b>	<b>CONTRIBUTED EQUITY</b>	<b>PARENT ENTITY 2008 Shares</b>	<b>PARENT ENTITY 2008 \$</b>
<b>(a) Paid Up Capital</b>			
Ordinary shares – fully paid – no par value		<u>82,015,288</u>	<u>8,540,982</u>

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.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
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**NOTE 15 CONTRIBUTED EQUITY (continued)**

**(b) Movements in ordinary share capital:**

Date	Details	Notes	Number of Shares	Issue Price \$	\$
27 Jul 2007	Opening Balance		Nil	Nil	Nil
12 Oct 2007	Acquisition of Copper Quest PNG Ltd from New Guinea Gold Corporation, Canada		1	Nil	Nil
19 Oct 2007	Seed Capital Issue		10,000,000	0.05	500,000
31 Dec 2007	Shares issued to Pacific Kanon Gold Corporation for termination of the Nakru Joint Venture*		10,526,316	0.036	378,947
31 Dec 2007	Shares issued to New Guinea Gold Corporation for transfer of EL1043 and EL1077*		29,473,683	0.036	1,061,052
31 Jan 2008	Initial Private Offering subscriptions		32,015,288	0.25	8,003,822
	Less costs of raising capital				(1,402,839)
30 June 2008	Sub-total		<u>82,015,288</u>		<u>8,540,982</u>
30 June 2008	Balance		<u>82,015,288</u>		<u>8,540,982</u>

\*The issue of these shares, in accordance with the Company's Prospectus dated 25 October 2007, in effect, resulted in the acquisition of the Mt Nakru and Simuku exploration licences by Coppermoly Ltd through its subsidiary Copper Quest PNG Ltd.

**(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 cash and cash equivalents and equity attributable to equity holders of the Parent comprising issued capital, reserves and retained earnings.

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.

**(d) Options**

**No. of Options  
2008**

The number of unissued ordinary shares relating to options not exercised at year end:

Over shares in the Parent Entity:

Directors & Officers Options exercisable at 30 cents, expiry 22 October 2010	4,700,000
Brokers Options exercisable at 30 cents, expiry 30 April 2011	2,000,955
Employee Options exercisable at 25 cents, expiry 13 March 2011	700,000
Consultants Options exercisable at 25 cents, expiry 13 March 2011	1,000,000
Listed Options exercisable at 30 cents on or before 30 April 2011	17,914,385

26,315,340

**(e) Option Issues**

Date	Details	Number of Options	Exercise Price	Expiry Date
22 Oct 2007	Directors & Officers Options	4,700,000	\$0.30	22 Oct 2010
22 Jan 2008	Brokers Options	2,000,955	\$0.30	30 Apr 2011
13 Mar 2008	Employee Options	700,000	\$0.25	13 Mar 2011
13 Mar 2008	Consultants Options	1,000,000	\$0.25	13 Mar 2011
19 Jun 2008	Listed Options	17,914,385	\$0.30	30 Apr 2011

**(f) Option Exercise**

No options were exercised during the financial year.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 15 CONTRIBUTED EQUITY (continued)**

**(g) Option Expiry**

No options expired during the financial year.

**(h) Option Cancellation**

No unlisted options were cancelled during the financial year.

**NOTE 16 RESERVES AND ACCUMULATED LOSSES**

**(a) Reserves**

	CONSOLIDATED 2008 \$	PARENT ENTITY 2008 \$
Share-based payments reserve	423,307	423,307
Share option reserve	179,144	179,144
Foreign currency translation reserve	(93,018)	-
	<u>509,433</u>	<u>602,451</u>

*Share-based payments reserve*

Balance 27 July	-	-
Option expense	423,307	423,307
Transfer to share capital (options exercised)	-	-
Balance 30 June	<u>423,307</u>	<u>423,307</u>

*Share option reserve*

Balance 27 July	-	-
Options issued	179,144	179,144
Balance 30 June	<u>179,144</u>	<u>179,144</u>

*Foreign Currency Translation Reserve*

Balance 27 July	-	-
Currency translation difference arising during the year	(93,018)	-
Balance 30 June	<u>(93,018)</u>	<u>-</u>

**(b) Accumulated losses**

Movements in accumulated losses were as follows:

Balance 27 July	-	-
Net Profit / (Loss) for the year	(2,543,286)	(2,636,304)
Balance 30 June	<u>(2,543,286)</u>	<u>(2,636,304)</u>

**(c) Nature and purpose of reserves**

*(i) Share-based payments reserve*

The share-based payments reserve is used to recognise the fair value of options issued as part of remuneration but not exercised.

*(ii) 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.

*(iii) Share Option Reserve*

Represents the issue of 17,914,385 listed options at \$0.01 per option.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
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**NOTE 17 COMMITMENTS**

**(a) Exploration Expenditure Commitments**

In order to maintain rights of tenure to exploration tenements the Company and the consolidated entity are required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.

Outstanding obligations are not provided for in the accounts and are payable:

	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
Not later than 1 year	81,956	-
Later than 1 year but not later than 2 years	19,521	-
	<u>101,477</u>	<u>-</u>

**(b) Other Operating Commitments**

Future property, equipment hire, service and exploration drilling agreements not provided for in the financial statements and payable:

Not later than 1 year	1,004,749	747,752
Later than 1 year but not later than 2 years	270,252	270,252
	<u>1,275,001</u>	<u>1,018,277</u>

**NOTE 18 RELATED PARTY TRANSACTIONS**

- (i) Coppermoly Ltd shares its Head Office facilities and services with a group of exploration and mining companies. Macmin Silver Limited provides these facilities and related accounting, administration and geological support services on a cost-recovery basis. Macmin Silver Limited is a related party to Coppermoly Ltd because Robert D. McNeil is the Chairman of both companies. The agreement covering the procedural arrangements for the cost recovery arrangement is subject to regular review and ratification by the Board. The amount shown in the table below is the best estimate of the forecast expense. The majority (approximately 90%) of the expense is comprised of personnel costs, which are incurred on an as-needed basis. The remaining 10% is, in effect, a reimbursement to Macmin Silver Ltd of overhead expenses.
- (ii) Coppermoly Ltd has entered into a contract to use two drill rigs and the associated personnel and services of Frontier Resources Limited for completion of a 3,000 metre drilling program on its Simuku and Mt Nakru Exploration Licences. Frontier Resources Limited is a related party to Coppermoly Ltd because Peter McNeil is a director of both companies. The drilling contract was negotiated at normal commercial rates and under normal commercial terms and conditions. As at 30 June 2008 approximately 30% of the drilling program had been completed.

	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
Other Operating Commitments as shown in Note 17(b) include the following estimated amounts that will be payable to related companies for services to be provided:		
Not later than 1 year		
Service Agreement with Macmin Silver Limited	270,252	270,252
Drilling contract with Frontier Resources Limited	453,500	453,500
Later than 1 year but not later than 2 years		
Services Agreement with Macmin Silver Limited	<u>270,252</u>	<u>270,252</u>
	<u>994,004</u>	<u>994,004</u>

The wholly-owned group and the consolidated entity consist 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.

Transactions between Coppermoly Ltd and its subsidiary during the year ended 30 June 2008 consisted of loan funds of \$3,427,983 advanced by Coppermoly Ltd. Coppermoly Ltd has made provision for the non-recovery of \$2,103,450 provided to Copper Quest PNG Ltd. This amount represents the difference between the funds provided to-date and the net assets of Copper Quest PNG Ltd at 30 June 2008.

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced by Coppermoly Ltd and no interest has been charged.



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**NOTE 19 EVENTS OCCURRING AFTER BALANCE SHEET DATE**

Option Issue: On 15 July 2008 2,589,437 listed options were issued, being the shortfall from the Entitlements Issue prospectus dated 30 April 2008.

Resignation of Director: Mr D. Hutchison resigned as a Director on 30 July 2008.

Resignation of Company Secretary: Mr G.M. Edwards resigned as Company Secretary on 30 July 2008.

Appointment of Company Secretary: Mr M. Gannon was appointed as Company Secretary on 30 July 2008.

**NOTE 20 KEY MANAGEMENT PERSONNEL DISCLOSURES**

	<b>CONSOLIDATED</b>	<b>PARENT ENTITY</b>
	<b>2008</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	309,945	226,670
Post-employment benefits	28,204	15,633
Share-based payments	290,750	284,500
	<u>628,899</u>	<u>526,803</u>

**(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 17 to 22 and in note 21 on pages 53 to 56.

*(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.

<b>2008</b>	<b>Balance at the</b>	<b>Granted</b>	<b>Exercised</b>	<b>Other</b>	<b>Balance at the</b>	<b>Vested and</b>
<b>Name</b>	<b>start of the</b>	<b>during the</b>	<b>during the</b>	<b>changes</b>	<b>end of the</b>	<b>exercisable at</b>
	<b>year</b>	<b>year as</b>	<b>year</b>	<b>during the</b>	<b>year</b>	<b>the end of the</b>
	<b>Number</b>	<b>compensation</b>	<b>Number</b>	<b>year</b>	<b>Number</b>	<b>year</b>
		<b>Number</b>		<b>Number</b>		<b>Number</b>
<b>Directors of Coppermoly Ltd</b>						
R.D. McNeil	-	1,000,000	-	194,000	1,194,000	1,194,000
P. Swiridiuk	-	1,000,000	-	50,000	1,050,000	1,050,000
P.A. McNeil	-	500,000	-	466,750	966,750	966,750
D.S. Hutchison	-	1,000,000	-	85,000	1,085,000	1,085,000
D. Brynelsen	-	500,000	-	275,000	775,000	775,000
<b>Other key management personnel of the Group</b>						
G.M. Edwards	-	700,000	-	100,000	800,000	800,000
T. Smith	-	300,000	-	300,000	300,000	-
M. Gannon	-	200,000	-	25,000	225,000	25,000
L. Collar	-	200,000	-	200,000	200,000	-

*(iii) Share holdings*

The numbers of shares in the Company held during the financial year by each Director of Coppermoly Ltd and the specified executive of the consolidated entity, including their personally-related entities, are set out below.

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**NOTE 20 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

2008 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<b>Directors of Coppermoly Ltd</b>				
R.D. McNeil	-	-	876,000	876,000
P. Swiridiuk	-	-	200,000	200,000
P.A. McNeil	-	-	1,817,000	1,817,000
D.S. Hutchison	-	-	340,000	340,000
D. Brynelsen	-	-	1,200,000	1,200,000
<b>Other key management personnel of the Group</b>				
G.M. Edwards	-	-	400,000	400,000
T. Smith	-	-	-	-
M. Gannon	-	-	100,000	100,000
L. Collar	-	-	-	-

**(b) Loans to Directors and executives**

No loans were made to Directors of Coppermoly Ltd or the specified executive of the consolidated entity, including their personally-related entities.

**(c) Other transactions with Directors and specified executives**

No other transactions occurred between the Company and directors and specified executives except for the reimbursement at cost of expenditure incurred on behalf of the Company.

**NOTE 21 SHARE-BASED PAYMENTS**

**(a) Coppermoly Ltd Employee Incentive Option 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 first business day three (3) years after the date of issue of the options or such earlier date as the Directors determine 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 [see back of Option Certificate] 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 Stock 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 holders 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.

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**NOTE 21 SHARE-BASED PAYMENTS (continued)**

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.

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

Grant Date	Exercise Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Cancelled during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
<b>Consolidated and parent entity - 2008</b>								
13 Mar 2008	13 Mar 2011	\$0.25	-	1,700,000	-	-	1,700,000	-
		Total	-	1,700,000	-	-	1,700,000	-

Weighted average remaining contractual life: 2 years 8 months (from 1 July 2008)

All options granted to employees as at 30 June 2008 did not vest at that date.

No shares were issued as a result of the exercise of options by directors or employees during the year ending 30 June 2008.

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

**Terms and Conditions**

Each Option 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.

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**NOTE 21 SHARE-BASED PAYMENTS (continued)**

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.

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 Holders 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' 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	Exercise Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Exercisable at end of year Number
<b>Consolidated and parent entity – 2008</b>								
22 Oct 2007	22 Oct 2010	\$0.30	-	4,700,000	-	-	4,700,000	-
		Total	-	4,700,000	-	-	4,700,000	-

Weighted average remained contractual life: 1 year 4 months (from 1 July 2008)

All options granted to directors and officers as at 30 June 2008 vested at the date of issue.

No shares were issued as a result of the exercise of options by directors or employees during the year ending 30 June 2008.

**(a) Brokers' options**

In accordance with the Company's Prospectus dated 25 October 2007, 2,000,955 options were issued to Novus Capital Limited as payment (in part) for its services in procurement of applications to the Company's IPO.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
<b>Consolidated and parent entity – 2008</b>							
22 Jan 2008	30 Apr 2011	\$0.30	-	2,000,955	-	-	2,000,955
		Total	-	2,000,955	-	-	2,000,955

All options granted to brokers as at 30 June 2008 vested at the date of issue.

No shares were issued as a result of the exercise of options by directors or employees during the year ending 30 June 2008.

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**NOTE 21 SHARE-BASED PAYMENTS (continued)**

**(d) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense or capitalised as development expenditure, were as follows:

	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
Options issued under employee option plan	8,750	8,750
Options issued for consultancy services	12,500	12,500
Options issued to directors and officers	282,000	282,000
Options issued to brokers	120,057	120,057
	<b>423,307</b>	<b>423,307</b>

Fair values at grant date are independently 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.

The model inputs for options granted during the year ended 30 June 2008 included:

- (a) options are granted for no consideration
- (b) exercise price: \$0.30 and \$0.25
- (c) grant date: 22 October 2007 and 13 March 2008
- (d) expiry date: 22 October 2010 and 13 March 2011
- (e) share price at grant date: \$Nil and \$0.13
- (f) expected price volatility of the Company's shares: 50%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 6.5%

**NOTE 22 SEGMENT INFORMATION**

Primary reporting – geographical segments, based on location of assets.

		<b>Geographical Segments</b>		
		<b>Papua New Guinea \$</b>	<b>Australia \$</b>	<b>Consolidated \$</b>
Operating revenue	2008	178	194,061	194,239
Segment results	2008	(2,112,004)	(431,282)	(2,543,286)
Segment assets	2008	1,892,759	5,389,229	7,281,988
Segment liabilities	2008	568,330	206,529	774,859
Segment depreciation	2008	14,175	4,471	18,646
Segment write down of exploration assets	2008	1,956,915	-	1,956,915
Segment investment in associates	2008	-	-	-
Segment equity accounting proceeds (share of net loss of associate)	2008	-	-	-

The consolidated entity operates predominantly in the mining industry. This comprises exploration, evaluation and development of gold, silver and base metals projects. Inter-segment transactions are priced at cost to the consolidated entity.

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**NOTE 23 AUDITORS' REMUNERATION**

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

**Assurance services**

**1. Audit Services**

BDO Kendalls Australian firm:	14,000	7,000
Sinton Spence Chartered Accountants PNG firm:	6,280	-
<b>Total remuneration for audit services</b>	<b>20,280</b>	<b>7,000</b>

**2. Other Assurance Services**

BDO Kendalls Australian firm:	-	-
Sinton Spence Chartered Accountants PNG firm:	13,349	-
<b>Total remuneration for other assurance services</b>	<b>13,349</b>	<b>-</b>
<b>Total remuneration for assurance services</b>	<b>26,629</b>	<b>7,000</b>

**Taxation Services**

BDO Kendalls Australian firm:	-	-
Sinton Spence Chartered Accountant PNG firm:	-	-
<b>Total remuneration for taxation services</b>	<b>-</b>	<b>-</b>

**NOTE 24 EARNINGS PER SHARE**

	<b>2008</b>
Basic and diluted earnings (losses) per share (cents per share)	(4.54)
The loss used in calculating basic earnings per share is the net loss for the year.	\$2,543,286
Weighted average number of shares used in the calculation of the basic EPS	56,069,672
The number of potential ordinary shares relating to options not exercised at year end. These potential ordinary shares are not dilutive.	26,315,340

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
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**NOTE 25 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 remains attached to the tenements and becomes payable by the company upon the tenements being brought into production.

*(ii) The Yeaman Trust Deed*

Macmin NL's original application for EL1077 (Simuku) was lodged as agent for both itself and Mr William Stanley Yeaman (Yeaman). By two deeds of trust dated 5 June 1994 and 20 April 1996, respectively Yeaman is entitled to a 10% free carried interest (FCI) in the tenement. Upon the completion of a bankable feasibility study Yeaman must elect to convert his FCI to either a 10% fully contributing joint venture interest or a 2% gross royalty interest payable in respect of all products mined from the Simuku property.

*(iii) Joint Financial Advisor and Sponsoring Broker*

By an agreement dated 20 August 2007 the company agreed to pay fees to Novus Capital Limited (Novus) for its services in raising the IPO capital. As part of the fee agreement the company had a liability to issue 2,000,955 options, exercisable at \$0.30 cents (valued at \$0.06 cents per option at the time of issue) to Novus. These options were issued on 23 January 2008. They expire on 30 April 2011 and are subject to an escrow period until 31 January 2010.

Novus also has a right to be retained:

1. for a period of 24 months from the date of the company's official listing, in respect of any further capital raising as joint financial advisor, together with South Pacific Securities Limited (SPS), and as exclusive broker and lead manager, and
2. for a period of 12 months from the date of the company's official listing, as the exclusive investor relations adviser to the company for a monthly fee of \$6,000 (plus GST).

**NOTE 26 RECONCILIATION OF LOSS AFTER INCOME TAX TO  
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>CONSOLIDATED 2008 \$</b>	<b>PARENT ENTITY 2008 \$</b>
<b>(a) Reconciliation of the net loss for the year to the net cash flow from operations:</b>		
Operating profit / (loss) after income tax	(2,543,286)	(2,636,304)
Adjustment for non cash items:		
Less exploration expenditure written off (included in investing activities)	1,956,915	-
- Loss/(gain) on disposal of fixed assets	(177)	-
- Depreciation and amortisation expense	18,646	4,471
- Non-cash employee benefits expense – share based payments	303,250	303,250
- Provision for (reversal of) non recovery of loans to controlled entities	-	2,103,540
Change in operating assets and liabilities:		
- Accounts payable and provisions	67,448	51,340
- Amounts receivable	(121,563)	(629)
- Prepayments	(34,605)	(17,000)
<b>Net Cash inflow / (outflow) from operating activities</b>	<b>(353,372)</b>	<b>(191,332)</b>

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
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**NOTE 26 RECONCILIATION OF LOSS AFTER INCOME TAX TO  
NET CASH INFLOW FROM OPERATING ACTIVITIES  
(continued)**

	CONSOLIDATED 2008	PARENT ENTITY 2008
	\$	\$
<b>(b) Reconciliation of the exploration, evaluation and development expenditure:</b>		
Movement in Balance Sheet for the year		
- Exploration and development	1,392,470	-
Adjustment for Non Cash items:		
- Exploration costs written-off	1,956,915	-
- Shares issued to acquire tenement interests	(1,392,470)	-
Change in assets and liabilities:		
- Accounts payable and provisions	(687,856)	-
- Accounts receivable	11,943	-
<b>Balance as per Statements of Cash Flows</b>	<b>1,281,002</b>	<b>-</b>
Exploration and evaluation activities	1,281,002	-
	<b>1,281,002</b>	<b>-</b>

**NOTE 27 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 2008 %
Copper Quest PNG Ltd	PNG	Ordinary	100

On 12 October 2007 Coppermoly Ltd acquired all of the issued shares in Copper Quest PNG Ltd for a cash consideration of 1 Kina. Copper Quest PNG Ltd, as that time, had no assets, liabilities or goodwill. It is a company incorporated in Papua New Guinea.

**NOTE 28 NON-CASH FINANCING AND INVESTING ACTIVITIES**

In December 2007 the company issued 40,000,000 ordinary shares at a nominal value of \$0.036 cents per share, being a total value of \$1,440,000, for the acquisition of two advanced exploration projects in Papua New Guinea.

**NOTE 29 FINANCIAL INSTRUMENTS**

The Group's financial instruments comprise:

- Cash and cash equivalents
- Loans and receivables
- Available for sale financial assets (parent only); and
- Payables

Refer to the relevant supporting notes for these amounts.

**(a) Financial Risk Management Policies & Objectives**

The Group's activities expose it to foreign exchange risk and interest rate risk. The Group has no significant exposure to credit risk, market risk or commodity price risk.

The Group's risk management program seeks to minimise exposures and any potential adverse impacts upon financial performance. Risk management is carried out by executive management with guidance from the Audit Committee under guidance of policies approved by the Board.

The company does not enter into derivative or speculative financial investments. Primary responsibility for the identification and control of financial risks rests with the Board. Refer to comments in Note 2.



**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
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**NOTE 29 FINANCIAL INSTRUMENTS (continued)**

**(b) Foreign exchange risk**

At balance date the Group had the following exposure to foreign currencies:

	<b>Consolidated</b>	<b>Parent Entity</b>
	<b>2008</b>	<b>2008</b>
	<b>Kina</b>	<b>Kina</b>
<b>Financial Assets</b>		
Cash and cash equivalents	255,210	-
Trade and other receivables	176,415	-
	<b>431,625</b>	<b>-</b>
<b>Financial Liabilities</b>		
Trade and other payables	1,353,715	-
	<b>1,353,715</b>	<b>-</b>
<b>Net exposure</b>	<b>(922,090)</b>	<b>-</b>

The Group's financial liabilities are comprised solely of accounts payable, all of which are payable within the next twelve months.

The Group constantly analyses its interest rate exposure and seeks to maximise its cash holdings on appropriate fixed term deposits. The Group places funds on deposit only with major financial institutions. The Group does not enter any hedging or derivative financial investments.

The Board receives regular reports from the Group Financial Controller through which it reviews the effectiveness of the processes in place and the appropriateness of objectives and policies.

**Sensitivity Analysis**

**Consolidated June 2008**

		Carrying amount	Interest Rate Risk		Interest Rate Risk		Foreign Exchange Risk		Foreign Exchange Risk	
			- 1%		+ 1%		-10%		+10%	
			Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>	Note									
Cash and cash equivalents	1	829,261	(3,154)	(3,154)	3,154	3,154	11,130	11,130	(9,107)	(9,107)
Trade and other receivables	2	69,245	-	-	-	-	7,694	7,694	(6,295)	(6,295)
<b>Financial Liabilities</b>										
Trade and other payables	3	531,348					(59,039)	(59,039)	48,304	48,304
<b>Total increase / decrease</b>			<b>(3,154)</b>	<b>(3,154)</b>	<b>3,154</b>	<b>3,154</b>	<b>(40,214)</b>	<b>(40,214)</b>	<b>32,903</b>	<b>32,903</b>

1. Cash and cash equivalents include deposits at call at floating and short-term interest rates. At balance date \$100,173 was denominated in PNG Kina.
2. Trade and other receivables denominated in PNG Kina at balance date.
3. Trade and other payables denominated in PNG Kina at balance date.

**COPPERMOLY LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2008**

**NOTE 29 FINANCIAL INSTRUMENTS (continued)**

**Sensitivity Analysis**

Parent June 2008

		Carrying amount	Interest Rate Risk - 1%		Interest Rate Risk + 1%		Foreign Exchange Risk -10%		Foreign Exchange Risk +10%	
			Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
			\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>	Note									
Cash and cash equivalents	1	730,843	(3,154)	(3,154)	3,154	3,154	-	-	-	-
Trade and other receivables		-	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>										
Trade and other payables		-	-	-	-	-	-	-	-	-
Total increase / decrease			(3,154)	(3,154)	3,154	3,154	-	-	-	-

1. Cash and cash equivalents include deposits at call at floating and short-term interest rates. At balance date the parent company did not have any cash denominated in a foreign currency.

## DIRECTORS' DECLARATION

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In the directors' opinion:

- (a) the financial statements and notes set out on pages 32 to 61 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 company's and consolidated entity's financial position as at 30 June 2008 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial period ended on that date; 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 disclosures set out on pages 17 to 22 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 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.



**P. Swiridiuk**  
Managing Director

Bundall, Queensland  
26 September 2008

# INDEPENDENT AUDITOR'S REPORT

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BDO Kendalls

BDO Kendalls (QLD)  
Level 18, 300 Queen St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Phone 61 7 3237 5999  
Fax 61 7 3221 9227  
info.brisbane@bdo.com.au  
www.bdo.com.au

ABN 70 202 702 402

To the members of Coppermoly Limited

## Report on the Financial Report

We have audited the accompanying financial report of Coppermoly Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the period.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

### *Auditor's 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 company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report ~~also complies with~~ International Financial Reporting Standards as disclosed in Note 1(a)

# INDEPENDENT AUDITOR'S REPORT

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## Emphasis of Matter

Without qualification to the opinion expressed above attention is drawn to the matters detailed in Note 1(a). That note states that the financial report has been prepared on the going concern basis. It also states that 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. Ultimate exploitation through the development of mines will depend on raising necessary funding.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the exploitation of the areas of interest not be successful or the company not continue as a going concern.

## Report on the Remuneration Report

We have audited the Remuneration Report included on pages 17 to 22 of the directors' report for the period ended 30 June 2008. 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.

### *Auditor's Opinion*

In our opinion, the Remuneration Report of Coppermoly Limited for the period ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

## BDO Kendalls (QLD)

BDO Kendalls  


**CJ Skelton**  
Partner

Brisbane  
Dated 26 September 2008

## 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 18 SEPTEMBER 2008

a) Distribution of Shareholders

Size of Holding	Number of Shareholders	Number of Optionholders
1 – 1,000	1	7
1,001 – 5,000	16	126
5,001 – 10,000	139	32
10,001 – 100,000	213	60
100,001 and over	41	15
	<b>410</b>	<b>240</b>

b) Number of holders of less than marketable parcels

23 185

c) Percentage holding of 20 largest holders

82.94 89.65

d) There are two substantial shareholders listed in the Company's register as at 18 September 2008.

e) Twenty largest shareholders/optionholders (as at 18 September 2008).

Shareholder			Optionholder (expiry date 30 April 2011)		
Name	Quantity	% of Total Holding	Name	Quantity	% of Total Holding
New Guinea Gold Corporation	38,273,684	46.67	New Guinea Gold Corporation	9,568,422	46.67
Pacific Kanon Gold Corporation	10,526,316	12.83	Pacific Kanon Gold Corporation	2,631,579	12.83
Firebird Global Master Fund 11 Ltd	3,000,000	3.66	Felix Bay Capital Pty Ltd	1,000,000	4.88
Feta Nominees Pty Limited	2,326,159	2.84	Firebird Global Master Fund 11 Ltd	750,000	3.66
Maple Leaf Macro Volatility Pty Ltd <Master Fund A/c>	2,000,000	2.44	Citicorp Nominees Pty Limited	624,164	3.04
Ms Paige Simone McNeil	1,807,000	2.20	Ms Kimberly Carter & Mr John McIntosh	579,437	2.83
Merrill Lynch (Australia) Nominees Pty Ltd	1,301,250	1.59	BMS Capital Pty Limited	516,125	2.52
Theodoor Gilissen Global Custody	1,300,000	1.58	Novus Capital Limited	502,500	2.45
Vangold Resources Ltd	1,100,000	1.34	Ms Paige Simone McNeil	464,250	2.26
Nolco Pty Ltd <Laurens Super Fund A/C>	1,000,000	1.22	Theodoor Gilissen Global Custody	325,000	1.58
Wexford Finance BV	949,880	1.16	Merrill Lynch (Australia) Nominees Pty Ltd	300,000	1.46
Woonalee Pty Ltd <Pessios Family S/F A/C>	800,000	0.97	Vangold Resources Ltd	275,000	1.34
Mrs Rosemary Joy McNeil	600,000	0.73	Mrs Rosemary Joy McNeil	150,000	0.73
Junde Pty Ltd <O'Neill Hall Super Fund>	500,000	0.61	110980 BC Ltd	125,000	0.61
110980 BC Ltd	500,000	0.61	Del Mar Management Ltd	110,000	0.54
Del Mar Management Ltd	440,000	0.53	Mr Garry Michael Edwards	100,000	0.49
Mr Garry Michael Edwards	400,000	0.49	Archem Trading NZ Limited	100,000	0.49
Archem Trading NZ Limited	400,000	0.49	Mr Greg Clarkes	100,000	0.49
Mr Greg Clarkes	400,000	0.49	Hutchison Superfund Pty Ltd	85,000	0.41
Timothy Michael Wright & John Joseph Wright <Wright Holdings S/Fund A/C>	400,000	0.49	Secret Cove Management Ltd	75,000	0.37
<b>TOTAL</b>	<b>68,024,289</b>	<b>82.94</b>	<b>TOTAL</b>	<b>18,381,477</b>	<b>89.65</b>

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 18 SEPTEMBER 2008

There are on issue the following unquoted securities:-

	Quantity
Directors & Officers options exercisable at 30 cents per share on or before 22 October 2010	4,700,000
Consultants options exercisable at 25 cents per share on or before 13 March 2011	1,000,000
Brokers options exercisable at 30 cents per share on or before 30 April 2011	2,000,955
Non transferable options issued under the Coppermoly Employee Incentive Option Plan Exercisable at 25 cents per share on or before 13 March 2011	700,000

# CORPORATE DIRECTORY & SCHEDULE OF TENEMENTS

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## DIRECTORS

R.D. (Bob) McNeil (Non-Executive Chairman)  
P. (Peter) Swiridiuk  
P.A. (Peter) McNeil  
D. (Dal) Brynelsen

## COMPANY SECRETARY

M. (Maurice) Gannon

## HEAD OFFICE & REGISTERED OFFICE

Level 1, 94 Bundall Road  
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](mailto:info@coppermoly.com.au)  
Website: [www.coppermoly.com.au](http://www.coppermoly.com.au)

## SHARE REGISTRY

Registries Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000

## AUDITORS

BDO Kendalls  
Level 18  
300 Queen Street  
Brisbane Qld 4000

## BANKERS

Westpac Bank

## STOCK EXCHANGE

Coppermoly Ltd is listed on the Australian Stock Exchange.  
The home branch is Brisbane.

## SCHEDULE OF TENEMENTS

PROJECT	OWNERSHIP
EL 1043 Mt Nakru (47km <sup>2</sup> )	100% Copper Quest PNG Ltd
EL 1077 Simuku (47km <sup>2</sup> )	90% Copper Quest PNG Ltd / 10% W.S. Yeaman
EL 1445 Talelumas (75km <sup>2</sup> )	100% Copper Quest PNG Ltd
• <i>Copper Quest PNG Ltd is a 100% owned subsidiary of Coppermoly Ltd</i>	

