

# COPPERMOLY LTD

A.B.N. 54 126 490 855

## INDEX TO CONSOLIDATED INTERIM FINANCIAL REPORT HALF-YEAR ENDED 31 DECEMBER 2011

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Coppermoly Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## **DIRECTORS' REPORT**

Your directors present their report on the consolidated entity consisting of Coppermoly Limited and the entity it controlled at the end of, or during, the half-year ended 31 December 2011.

### **DIRECTORS**

The following persons were directors of Coppermoly Limited during the half-year and up to the date of this report:

Robert D. McNeil (resigned 16 November 2011)  
Peter Swiridiuk  
Dal Brynelsen  
Ces lewago  
Maurice Gannon  
Ben Faulkner (appointed 6 December 2011)

### **RESULTS AND DIVIDENDS**

The consolidated entity loss after income tax for the half-year is \$705,225 (2010: \$1,056,330). There is no dividend paid or recommended.

### **REVIEW OF OPERATIONS**

During the half-year, the Group:

- (i) Allotted 10,843,875 shares (COY), (383,875 listed options were exercised); and
- (ii) Funded ongoing exploration and evaluation work on its exploration areas in Papua New Guinea.
- (iii) Supported, through its agreement with Barrick (PNG Exploration) Limited, ongoing exploration and evaluation work on its Mt. Nakru, Simuku and Talelumas projects in Papua New Guinea.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* immediately follows this report.

This report is made in accordance with a resolution of the directors.



Maurice Gannon  
Director  
Bundall, Qld  
Dated: 13 March 2012

## DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE DIRECTORS OF COPPERMOLY LIMITED

As auditor for the review of Coppermoly Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been:

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

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



**C J SKELTON**

Director

**BDO Audit (QLD) Pty Ltd**

**Brisbane: 13 March 2012**

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Coppermoly Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Coppermoly Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Coppermoly Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Coppermoly Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Coppermoly Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Material Uncertainty Regarding Going Concern

Without modification to the conclusion expressed above, we draw attention to the matter set out in Note 1 which indicates that the consolidated entity will need to raise capital in the future to ensure it can continue to fund its exploration and evaluation programmes. These conditions indicate the existence of a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business.

**BDO Audit (QLD) Pty Ltd**

BDO



**C J Skelton**

**Director**

**Brisbane: 13 March 2012**

## **COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**

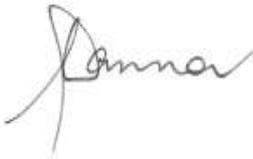
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### **DIRECTORS' DECLARATION**

In the directors' opinion:

- (a) the attached financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, and:
  - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Coppermoly Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Maurice Gannon  
Director  
Bundall Qld  
Dated: 13 March 2012

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Notes	Half - year	
		2011	2010
		\$	\$
<b>Revenue</b>		<b>50,857</b>	113,604
		<b>50,857</b>	113,604
Depreciation		(36,519)	(43,117)
Employee benefits expense	6	(182,175)	(720,850)
Exploration expenditure written-off		(271,202)	(103,190)
Insurances		(22,839)	(19,858)
Corporate compliance and shareholder relations		(55,505)	(44,254)
Office rental, communication and consumables		(30,197)	(22,578)
Other expenses		(157,645)	(216,087)
<b>Profit / (loss) before income tax</b>		<b>(705,225)</b>	(1,056,330)
Income tax (expense)/benefit		-	-
<b>Net Profit / (loss) for the half-year</b>		<b>(705,225)</b>	(1,056,330)
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		335,114	(148,500)
Income tax on items of other comprehensive income		-	-
<b>Other comprehensive income for the half-year</b>		<b>335,114</b>	(148,500)
<b>Total comprehensive income for the half-year</b>		<b>(370,111)</b>	(1,204,830)
		Cents	Cents
<b>Basic and diluted earnings / (loss) per share</b>		<b>(0.49)</b>	(0.76)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Notes	31-Dec-11 \$	30-June-11 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,526,540	1,610,846
Trade and other receivables		36,658	85,788
<b>Total Current Assets</b>		<b>1,563,198</b>	<b>1,696,634</b>
<b>Non-Current Assets</b>			
Receivables		15,470	13,470
Property, plant and equipment	3	266,801	271,894
Mineral exploration and evaluation assets	4	1,711,086	1,444,343
<b>Total Non-Current Assets</b>		<b>1,993,357</b>	<b>1,729,707</b>
<b>Total Assets</b>		<b>3,556,555</b>	<b>3,426,341</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		74,052	70,378
Provisions		22,420	24,773
<b>Total Current Liabilities</b>		<b>96,472</b>	<b>95,151</b>
<b>Non-Current Liabilities</b>			
Provisions		7,641	6,350
<b>Total Non-Current Liabilities</b>		<b>7,641</b>	<b>6,350</b>
<b>Total Liabilities</b>		<b>104,113</b>	<b>101,501</b>
<b>Net Assets</b>		<b>3,452,442</b>	<b>3,324,840</b>
<b>EQUITY</b>			
Contributed equity	5	11,377,068	10,866,559
Reserves		2,809,766	2,487,448
Accumulated losses		(10,734,392)	(10,029,167)
<b>Total Equity</b>		<b>3,452,442</b>	<b>3,324,840</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Contributed Equity	Accumulated Losses	Share- Based Payments Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2011</b>	<b>10,866,559</b>	<b>(10,029,167)</b>	<b>1,370,856</b>	<b>1,409,605</b>	<b>(293,013)</b>	<b>3,324,840</b>
Comprehensive income for the half-year						
Loss for the half-year	-	(705,225)	-	-	-	(705,225)
Foreign currency translation difference	-	-	-	-	335,114	335,114
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(705,225)</b>	<b>-</b>	<b>-</b>	<b>335,114</b>	<b>(370,111)</b>
<b>Transactions with owners in their capacity as owners</b>						
Contributions of equity	562,667	-	-	-	-	562,667
Costs of share issue	(52,158)	-	-	-	-	(52,158)
Share-based payments	-	-	-	-	-	-
Share option exercised	-	-	-	(12,796)	-	(12,796)
Share option expired	-	-	(21,446)	21,446	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>510,509</b>	<b>-</b>	<b>(21,446)</b>	<b>8,650</b>	<b>-</b>	<b>497,713</b>
<b>Balance at 31 December 2011</b>	<b>11,377,068</b>	<b>(10,734,392)</b>	<b>1,349,410</b>	<b>1,418,255</b>	<b>42,101</b>	<b>3,452,442</b>
<b>Balance at 30 June 2010</b>	<b>10,624,369</b>	<b>(8,577,343)</b>	<b>1,187,713</b>	<b>987,864</b>	<b>(252,691)</b>	<b>3,969,912</b>
Comprehensive income for the half-year						
Loss for the half-year	-	(1,056,330)	-	-	-	(1,056,330)
Foreign currency translation difference	-	-	-	-	(148,500)	(148,500)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(1,056,330)</b>	<b>-</b>	<b>-</b>	<b>(148,500)</b>	<b>(1,204,830)</b>
<b>Transactions with owners in their capacity as owners</b>						
Contributions of equity	249,137	-	-	-	-	249,137
Costs of share issue	(9,530)	-	-	-	-	(9,530)
Share-based payments	-	-	606,450	-	-	606,450
Share option exercised	-	-	-	(733)	-	(733)
<b>Total transactions with owners in their capacity as owners</b>	<b>239,607</b>	<b>-</b>	<b>606,450</b>	<b>(733)</b>	<b>-</b>	<b>845,324</b>
<b>Balance at 31 December 2010</b>	<b>10,863,976</b>	<b>(9,633,673)</b>	<b>1,794,163</b>	<b>987,131</b>	<b>(401,191)</b>	<b>3,610,406</b>

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

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-year	
	2011	2010
	\$	\$
<hr/>		
<b>Cash Flows From Operating Activities</b>		
Cash receipts in the course of operations (incl. GST)	50,734	76,689
Interest received	37,577	49,840
Payments for exploration and evaluation activities	(205,216)	(104,813)
Payments to suppliers and employees not included as part of exploration and evaluation activities (incl. GST)	(475,391)	(482,274)
<b>Net cash inflow (outflow) from operating activities</b>	<b>(592,296)</b>	<b>(460,558)</b>
<hr/>		
<b>Cash Flows From Investing Activities</b>		
Security deposits recovered	-	79
Payments for property, plant and equipment	(21,306)	(15,411)
Proceeds from sale of property, plant and equipment	20,635	-
<b>Net cash (outflow) inflow from investing activities</b>	<b>(671)</b>	<b>(15,332)</b>
<hr/>		
<b>Cash Flows From Financing Activities</b>		
Proceeds from issues of shares and options	549,871	248,404
Cost of share and option issues	(52,158)	(9,530)
<b>Net cash inflow (outflow) from financing activities</b>	<b>497,713</b>	<b>238,874</b>
<hr/>		
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>(95,254)</b>	<b>(237,016)</b>
<hr/>		
Cash and cash equivalents at the beginning of the half-year	1,610,846	2,167,437
Exchange difference on cash	10,948	(9,914)
<b>Cash and cash equivalents at end of the half-year</b>	<b>1,526,540</b>	<b>1,920,507</b>
<hr/>		

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

# **COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

#### **NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Coppermoly Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2011 Annual Financial Report for the financial year ended 30 June 2011, unless otherwise stated.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Group for the current or prior periods.

#### *Going Concern*

The financial statements have been prepared on the going concern basis. As at 31 December 2011 the Group had net assets of \$3,452,442 (30 June 2011: \$3,324,840) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2011 the Group had \$1,526,540 in cash and cash equivalents (30 June 2011: \$1,610,846). The ability of the Group to continue exploration and evaluation activities depends on raising appropriate capital in the future. In the event that adequate capital cannot be raised as required there will exist a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and therefore able to realise its assets and extinguish its liabilities in the ordinary course of business.

The directors are of the opinion that they will be able to raise capital as and when required. 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 Group be unable to raise capital as and when required and the exploitation of the areas of interest not be successful or the Group not continue as a going concern.

#### **NOTE 2. SEGMENT INFORMATION**

##### **(a) Description of segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level. Accordingly, the consolidated entity is treated as one operating segment.

Therefore, management identifies the Group as having only one reportable segment. The financial results from this reportable segment are equivalent to the financial statements of the consolidated entity as a whole. There have been no changes in the operating segments during the period.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 2. SEGMENT INFORMATION (Continued)**

**(b) Entity-wide disclosures**

The Group's geographical information is as follows:

		Australia \$	Papua New Guinea \$
Non-current assets	Dec 2011	26,211	1,967,146
	Jun 2011	11,269	1,718,438

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

The Group does not have any products/services it derives revenue from.

**NOTE 3. PROPERTY, PLANT AND EQUIPMENT**

	31 December 2011 \$	30 June 2011 \$
<b>Plant and Equipment</b>		
Plant and equipment at cost	657,761	624,465
Less accumulated depreciation	(390,960)	(352,571)
	<b>266,801</b>	<b>271,894</b>

**NOTE 4. MINERAL EXPLORATION AND EVALUATION ASSETS**

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.

The term of the Mt Nakru Exploration Licence (EL 1043) has been extended for two years to 7 December 2012.

The term of the Simuku Exploration Licence (EL 1077) expired on 28 November 2011 and is currently subject to an application for renewal (lodged 5 August 2011).

The term of the Talelumas Exploration Licence (EL 1445) has been extended for two years to 28 May 2012.

The Group has fully complied with all licence requirements and has exceeded expenditure requirements. It therefore expects that the two licences will be renewed in the near future.

In October 2009 the Group signed a Letter Agreement with Barrick (PNG Exploration) Limited to sole fund AUD\$20 million to earn up to 72% interest in Coppermoly Limited's projects (Mt Nakru, Simuku and Talelumas) on the island of West New Britain in Papua New Guinea. Once Barrick has earned 72% equity, Coppermoly can elect that the payment of its share (28%) of ongoing costs incurred up to the production of a feasibility study will be delayed until that stage and will be repaid from 50% of its share of revenue. Total expenditure by Barrick (PNG Exploration) Limited to 31 December 2011 is AUD\$21,473,009 (30 June 2011: \$13,833,813). Barrick has notified Coppermoly Limited that it has met the AUD\$20 million expenditure commitment under the Letter Agreement. Therefore a joint venture for the further exploration and, if warranted, the development of the tenements will now be formed. Coppermoly Limited does not have to contribute funds until a feasibility study has been finalised. Coppermoly Limited will retain a 28% interest in the three tenements and its cash contribution up to the completion of a feasibility study will be delayed until the commencement of production and will be repaid from Coppermoly Limited's share of any future production revenue.

During 2010 the Group applied for an additional two tenements:

- ELA 1782 Powell was applied for on 10 February 2010. A Warden's Hearing was satisfactorily held on 23 June 2010.
- ELA 1813 Fulleborn was applied for on 13 April 2010.

During 2011 the Group applied for an additional tenement:

- ELA 2014 Makmak was applied for on 24 May 2011. A Warden's Hearing was satisfactorily held on 14 November 2011.

The applications are pending approval.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 4. MINERAL EXPLORATION AND EVALUATION ASSETS (Continued)**

In October 2011 Coppermoly Limited signed a farm-in agreement (the Esk Trough Farm-In Agreement) with ActivEX Limited. The Esk Trough Project area, which is located in South East Queensland, includes EPM's 14476 Boobyjan, 14979 Dadamarine, 16327 Ban Ban, 18717 Stockhaven and part of 16265 Blairmore. Coppermoly can elect to earn 51% by sole funding AUD\$3 million over three years and can then elect to earn up to 70% by spending an additional AUD\$3 million within six years from the commencement date of the agreement. ActivEX may then elect to claw-back 10% (i.e. to 40%) by sole funding AUD\$6 million within three years from the date of its election. Coppermoly's minimum expenditure commitment is AUD\$0.5 million in the first year, which is included in the AUD \$3 million should Coppermoly elect to proceed.

**NOTE 5. CONTRIBUTED EQUITY AND RESERVES**

(a) Contributed Equity	Half-year ended 31 December 2011 Number of Shares	Half-year ended 31 December 2010 Number of Shares	Half-year ended 31 December 2011 \$	Half-year ended 31 December 2010 \$
Opening Balance	139,115,650	137,197,051	10,866,559	10,624,369
<b>Issues of ordinary shares during the half-year</b>				
Private Placement	10,460,000	-	523,000	-
Exercise of listed options for shares (COYOA)	383,875	22,000	39,667	2,273
Shares issued to BSP Capital Limited for PGK0.3386 per share	-	1,871,599	-	246,864
<b>Less costs of raising capital</b>			<b>(52,158)</b>	<b>(9,530)</b>
<b>Contributed Equity</b>	<b>149,959,525</b>	<b>139,090,650</b>	<b>11,377,068</b>	<b>10,863,976</b>

**(b) 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.

During the period:

- No Directors' and Officers' Options were issued.
- 428,906 listed options (COYOA) expired.

*(ii) Share Option Reserve*

The share option reserve represents accumulation of option premium paid on issuing listed options.

During the period:

- 383,875 listed options (COYOA) at \$0.033 per option were exercised.
- 23,242,382 listed options (COYOA) expired.

*(iii) Foreign Currency Translation Reserve*

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 6. RELATED PARTY TRANSACTIONS**

- (i) Coppermoly Ltd shares its Head Office facilities and services with New Guinea Gold Ltd. The two companies share accounting, administration and geological services. Some personnel costs may be interchanged between the two companies on a cost-recovery basis and generally on an as needed project specific basis. During the period the Group has provided logistic and consulting services amounting to \$31 to New Guinea Gold Limited and New Guinea Gold Limited has provided administrative, logistic and geological services amounting to \$29,625 to the Group. As a result, as at 31 December 2011, an amount of \$8 was payable to New Guinea Gold Limited (30 June 2011 \$3,766). New Guinea Gold Ltd's parent company, New Guinea Gold Corporation, holds 13.986% of the ordinary shares of, and has one director in common with, Coppermoly Ltd (Ces lewago).
- (ii) Copper Quest PNG Ltd has paid a retainer to Celestial Equity Investments Ltd for Ces lewago to attend to its activities in Papua New Guinea. Ces lewago is the Sole Director of Celestial Equity Investments Ltd. The Group paid Celestial Equity Investments Ltd at total of \$2,201 in the current period (\$3,792 in financial year 2011).

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 is the wholly-owned group and the consolidated entity is Coppermoly Ltd. Coppermoly Ltd funds the exploration activities of its wholly-owned subsidiary, Copper Quest PNG Ltd.

During the period the Group has provided administrative, logistic and geological services amounting to approximately \$19,079 to Vangold (PNG) Ltd (formerly Kanon Resources Ltd) in relation to Mt Penck and Fergusson. As at 31 December 2011 there is nothing receivable from Vangold (PNG) Ltd (30 June 2011 \$14,929).

During the period the Group has provided administrative, logistic and geological services amounting to approximately \$21,290 to Normanby Mining PNG Ltd in relation to Normanby and Sehulea. As at 31 December 2011 there is nothing receivable from Normanby Mining PNG Ltd (30 June 2011 \$14,133).

Coppermoly Limited, Copper Quest PNG Ltd, Vangold Resources Ltd, Vangold (PNG) Ltd and Normanby Mining PNG Ltd share some common directors.

The above transactions were made on normal terms and conditions and at market rates.

- (iii) There was no share based remuneration during the period (31 December 2010: \$606,450).

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 7. COMMITMENTS**

Under the Letter Agreement between the Company and Barrick (PNG Exploration) Limited, Barrick is committed to a minimum expenditure of AUD\$3 million within the first two years (to October 2011) and must fund the minimum expenditure of AUD\$20 million within 8 years (to October 2017). Barrick has notified Coppermoly, in January 2012, that the AUD\$20 million expenditure has been met.

Under the Farm-In Agreement with ActivEX Limited Coppermoly Limited is committed to a minimum expenditure of AUD\$0.5 million within the first year (to October 2012).

	Half-year	
	2011	2010
	\$	\$
<b>(a) Exploration Expenditure Commitments</b>		
In order to maintain rights of tenure to exploration tenements the Group is required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.		
Commitments are not provided for in the accounts and are payable:		
Not later than 1 year	788,144	122,878
Later than 1 year but not later than 5 years	-	-
	788,144	122,878
<b>(b) Other Operating Lease Commitments</b>		
Future property rental agreements are not provided for in the financial statements and are payable:		
Not later than 1 year	19,920	41,100
Later than 1 year but not later than 5 years	-	5,285
	19,920	46,385

**NOTE 8. CONTINGENCIES**

**(i) The Macmin Royalty**

By an agreement dated 12 June 2002 between Macmin NL, Macmin (PNG) Limited and New Guinea Gold Corporation (NGG Canada), NGG Canada indirectly acquired all rights, title and interests held by Macmin NL in respect of EL1043 (Nakru) and EL1077 (Simuku) through the purchase of all of the issued capital of Macmin (PNG) Limited (being a wholly owned subsidiary of Macmin NL).

Under the terms of the agreement NGG Canada granted a 1% net smelter return royalty (NSRR) in favour of Macmin NL payable in respect of all mineral products produced from the tenements upon being brought into production. The royalty may remain attached to the tenements and may become payable by the Group upon the tenements being brought into production. This would be subject to legal opinions and negotiations should such circumstances come to bear.

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

**(ii) Termination benefits**

In circumstances where the employment of an Executive Director is terminated without cause, between three and

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six months' salary may be payable in lieu of notice.

**NOTE 9. DIVIDENDS**

There was no dividend paid or recommended during the reporting period.

**NOTE 10. EVENTS AFTER THE REPORTING PERIOD**

There are no events after the reporting period that require adjustment or disclosure on the group's financial statements.

The Company announced, on 9 January 2012, that a joint venture will be formed with Barrick (PNG Exploration) Limited for the further exploration and evaluation and, if warranted, the development of Mt. Nakru (EL 1043), Simuku (EL 1077) and Talelumas (EL 1445).