

COPPERMOLY LTD

A.B.N. 54 126 490 855

INDEX TO CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2012

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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 2012 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 2012.

DIRECTORS

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

Peter Swiridiuk (resigned 18 January 2013)
Dal Brynelsen (resigned 14 November 2012)
Ces lewago (resigned 13 November 2012)
Maurice Gannon
Ben Faulkner
Shawn Uldridge (appointed 30 July 2012)
Geoff Booth (appointed 18 January 2013)

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$461,040 (2011: Restated \$473,335). There is no dividend paid or recommended.

REVIEW OF OPERATIONS

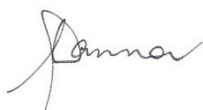
During the half-year, the Group:

- (i) Allotted 1,087,837 shares in lieu of salaries to directors (COY).
- (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.
- (iv) Barrick is currently seeking to divest its 72% Interest under the West New Britain Project Farm-In Agreement. Coppermoly has a right of first refusal under the Agreement and is seeking to negotiate to directly reacquire Barrick's Interest.

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: 11 March 2013

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

As auditor for the review of Coppermoly Limited for the half-year ended 31 December 2012, 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.



A S LOOTS

Director

BDO Audit Pty Ltd

Brisbane: 11 March 2013

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| Notes | Half – year | |
|---|------------------|-----------|
| | | Restated |
| | 2012 | 2011 |
| | \$ | \$ |
| Revenue | 13,399 | 50,857 |
| | 13,399 | 50,857 |
| Depreciation | (28,151) | (36,519) |
| Employee benefits expense | (158,148) | (182,175) |
| Exploration expenditure written-off | (62,526) | (39,312) |
| Insurances | (26,096) | (22,839) |
| Corporate compliance and shareholder relations | (59,756) | (55,505) |
| Office rental, communication and consumables | (28,048) | (30,197) |
| Other expenses | (111,714) | (157,645) |
| Profit / (loss) before income tax | (461,040) | (473,335) |
| Income tax (expense)/benefit | - | - |
| Net Profit / (loss) for the half-year | (461,040) | (473,335) |
| Other comprehensive income | | |
| Items that may be reclassified to the profit or loss | | |
| Exchange differences on translation of foreign operations | (447,559) | 1,313,667 |
| Income tax on items of other comprehensive income | - | - |
| Other comprehensive income for the half-year | (447,559) | 1,313,667 |
| Total comprehensive income for the half-year | (908,599) | 840,332 |
| | Cents | Cents |
| Basic and diluted earnings / (loss) per share | (0.29) | (0.33) |

The above consolidated statement of profit or loss and other 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 2012

| | Notes | 31-Dec-12 \$ | 30-June-12 \$ |
|---|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 113,900 | 759,259 |
| Trade and other receivables | | 23,588 | 58,164 |
| Total Current Assets | | 137,488 | 817,423 |
| Non-Current Assets | | | |
| Receivables | | 15,414 | 13,265 |
| Property, plant and equipment | | 180,034 | 216,410 |
| Mineral exploration and evaluation assets | 3 | 8,111,014 | 8,308,716 |
| Total Non-Current Assets | | 8,306,462 | 8,538,391 |
| Total Assets | | 8,443,950 | 9,355,814 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 95,233 | 141,908 |
| Provisions | | 26,395 | 23,357 |
| Total Current Liabilities | | 121,628 | 165,265 |
| Non-Current Liabilities | | | |
| Provisions | | 11,534 | 10,646 |
| Total Non-Current Liabilities | | 11,534 | 10,646 |
| Total Liabilities | | 133,162 | 175,911 |
| Net Assets | | 8,310,788 | 9,179,903 |
| EQUITY | | | |
| Contributed equity | 4 | 11,852,059 | 11,812,576 |
| Reserves | | 2,736,726 | 3,184,284 |
| Accumulated losses | | (6,277,997) | (5,816,957) |
| Total Equity | | 8,310,788 | 9,179,903 |

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 2012**

| | Contributed Equity | Accumulated Losses | Share-Based Payments Reserve | Share Option Reserve | Foreign Currency Translation Reserve | Total |
|---|-----------------------|-----------------------|------------------------------------|----------------------------|---|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2012 | 11,812,576 | (5,816,957) | 1,349,411 | 1,418,254 | 416,619 | 9,179,903 |
| Comprehensive income for the half-year | | | | | | |
| Loss for the half-year | - | (461,040) | - | - | - | (461,040) |
| Foreign currency translation difference | - | - | - | - | (447,558) | (447,558) |
| Total Comprehensive Income | - | (461,040) | - | - | (447,558) | (908,598) |
| Transactions with owners in their capacity as owners | | | | | | |
| Contributions of equity | - | - | - | - | - | - |
| Costs of share issue | - | - | - | - | - | - |
| Share-based payments | 39,483 | - | - | - | - | 39,483 |
| Share option exercised | - | - | - | - | - | - |
| Share option expired | - | - | (1,349,411) | 1,349,411 | - | - |
| Total transactions with owners in their capacity as owners | 39,483 | - | (1,349,411) | 1,349,411 | - | 39,483 |
| Balance at 31 December 2012 | 11,852,059 | (6,277,997) | - | 2,767,665 | (30,939) | 8,310,788 |
| Balance at 30 June 2011 | 10,866,559 | (10,029,167) | 1,370,856 | 1,409,605 | (293,013) | 3,324,840 |
| Effect of change in accounting policy (refer to Note 9) | - | 5,688,811 | - | - | (466,337) | 5,222,474 |
| Restated balance at 30 June 2011 | 10,866,559 | (4,340,356) | 1,370,856 | 1,409,605 | (759,350) | 8,547,314 |
| Loss for the half-year as reported | - | (705,225) | - | - | - | (705,225) |
| Effect of change in accounting policy (refer to Note 9) | - | 231,890 | - | - | - | 231,890 |
| Restated loss for the half-year | - | (473,335) | - | - | - | (473,335) |
| Other comprehensive income | | | | | | |
| Foreign currency translation difference as reported | - | - | - | - | 335,114 | 335,114 |
| Effect of change in accounting policy (refer to Note 9) | - | - | - | - | 978,553 | 978,553 |
| Restated Foreign currency translation difference | - | - | - | - | 1,313,667 | 1,313,667 |
| Total Comprehensive Income as reported | - | (705,225) | - | - | 335,114 | (370,111) |
| Effect of change in accounting policy (refer to Note 9) | - | 231,890 | - | - | 978,553 | 1,210,443 |
| Restated Total Comprehensive Income | - | (473,335) | - | - | 1,313,667 | 840,332 |
| Transactions with owners in their capacity as owners | | | | | | |
| Contributions of equity | 562,667 | - | - | - | - | 562,667 |
| Costs of share issue | (52,158) | - | - | - | - | (52,158) |
| Share option exercised | - | - | - | (12,796) | - | (12,796) |
| Share option expired | - | - | (21,445) | 21,445 | - | - |
| Total transactions with owners in their capacity as owners | 510,509 | - | (21,445) | 8,649 | - | 497,713 |
| Balance at 31 December 2011 | 11,377,068 | (4,813,691) | 1,349,411 | 1,418,254 | 554,317 | 9,885,359 |

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 2012**

| | Half-year | |
|--|------------------|------------------|
| | 2012 | Restated 2011 |
| | \$ | \$ |
| | <hr/> | <hr/> |
| Cash Flows from Operating Activities | | |
| Cash receipts in the course of operations (incl. GST) | 53,252 | 50,734 |
| Interest received | 11,387 | 37,577 |
| Payments to suppliers and employees (incl. GST) | (378,305) | (436,079) |
| Net cash inflow (outflow) from operating activities | (313,666) | (347,768) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Cash Flows from Investing Activities | | |
| Payments for exploration and evaluation activities | (327,868) | (244,528) |
| Security deposits paid | (2,850) | - |
| Payments for property, plant and equipment | (653) | (21,306) |
| Proceeds from sale of property, plant and equipment | - | 20,635 |
| Net cash (outflow) inflow from investing activities | (331,371) | (245,199) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Cash Flows from Financing Activities | | |
| Proceeds from issues of shares and options | - | 549,871 |
| Cost of share and option issues | - | (52,158) |
| Net cash inflow (outflow) from financing activities | - | 497,713 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Net increase /(decrease) in cash and cash equivalents | (645,037) | (95,254) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Cash and cash equivalents at the beginning of the half-year | 759,259 | 1,610,846 |
| Exchange difference on cash | (322) | 10,948 |
| Cash and cash equivalents at end of the half-year | 113,900 | 1,526,540 |
| | <hr/> <hr/> | <hr/> <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 2012**

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 2012 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 2012 Annual Financial Report for the financial year ended 30 June 2012, 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.

Material Uncertainty Regarding Going Concern

The financial statements have been prepared on the going concern basis. As at 31 December 2012 the Group had net assets of \$8,310,788 (30 June 2012: \$9,179,903) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2012 the Group had \$113,900 in cash and cash equivalents (30 June 2012: \$759,259). 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 significant doubt on the Group's ability to continue as a going concern and therefore whether it will be 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 2012

NOTE 3. MINERAL EXPLORATION AND EVALUATION ASSETS

| Papua New Guinea | 31-Dec-12 | 31-Dec-11 |
|---|------------------|------------------|
| | \$ | \$ |
| Balance at the beginning of the half-year | 8,308,716 | 6,666,817 |
| Expenditure during the half-year | 232,066 | 245,949 |
| Foreign currency exchange differences | (429,768) | 1,231,237 |
| Balance at the end of the half-year | <u>8,111,014</u> | <u>8,144,003</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.

The Makmak Exploration Licence (EL 2014) has been granted. The term is for two years to 14 May 2014.

The term of the Simuku Exploration Licence (EL1077) has been extended for two years to 28 November 2013.

The term of the Talelumas Exploration Licence (EL 1445) expired on 28 May 2012 and is currently subject to an application for renewal. A Warden's Hearing was held on 10 May 2012.

The term of the Mt Nakru Exploration Licence (EL 1043) expired on 7 December 2012 and is currently subject to an application for renewal. A Warden's Hearing scheduled for 7 February 2013 was postponed by the Mineral Resources Authority. The Mineral Resources Authority will advise the date for the re-scheduled Warden's hearing in due course.

The Group has fully complied with all licence requirements and has exceeded expenditure requirements. It therefore expects that the two licences under application 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 New Britain in Papua New Guinea. Barrick earned 72% equity in January 2012 and Coppermoly elected that the payment of its share (28%) of ongoing costs incurred up to the production of a feasibility study will be delayed until that stage and will be repaid from 50% of its share of any future production revenue. Total expenditure by Barrick (PNG Exploration) Limited to 31 December 2012 is AUD\$24,618,284 (30 June 2012: \$21,681,880). Barrick has notified Coppermoly Limited that it has met the AUD\$20 million expenditure commitment under the Letter Agreement. Therefore under the terms of the Letter Agreement a joint venture for the further exploration and, if warranted, the development of the tenements could now be formed. Coppermoly Limited does not have to contribute funds until a feasibility study has been finalised. Coppermoly Limited will retain a 28% interest in the three tenements and its cash contribution up to the completion of a feasibility study will be delayed until the commencement of production and will be repaid from Coppermoly Limited's share of any future production revenue.

In May 2012 Barrick notified Coppermoly of its intention to divest its 72% equity. The divestment process is currently ongoing. Coppermoly has a right of first refusal (i.e. it can choose to meet any divestment price offered by any third party) under the terms of the Letter Agreement. In November 2012 Coppermoly reached an agreement to enter into exclusive negotiations with Barrick regarding a proposed transaction in relation to the Company potentially acquiring Barrick's interest in the West New Britain Project (Mt Nakru, Simuku and Talelumas). The period of exclusivity was extended to December 2012 and has now lapsed.

Furthermore, since the commencement of the divestment process Coppermoly has announced an Inferred Resource for part of the Nakru Exploration Licence and has also announced a Conceptual Mining Study which confirms potential for a mine development with very positive financial parameters.

The Group has applied and awaits approval for the following 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. This application is subject to contention by a third party. At this stage it appears likely that the other party's application will be successful and the company's application may be rejected.
- ELA 2272 Wowonga was applied for on 24 October 2012.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 3. MINERAL EXPLORATION AND EVALUATION ASSETS (Continued)

| Australia | 31-Dec-12 | 31-Dec-11 |
|---|------------------|------------------|
| | \$ | \$ |
| Balance at the beginning of the half year | - | - |
| Expenditure during the half-year | 62,526 | 39,312 |
| Expenditure written off | (62,526) | (39,312) |
| Balance at the end of the half-year | <u>-</u> | <u>-</u> |

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 could elect to earn 51% by sole funding AUD\$3 million over three years and could 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 could 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 was AUD\$0.5 million in the first year, which was included in the AUD \$3 million should Coppermoly elect to proceed. The minimum Expenditure Commitment was completed in July 2012.

Exploration expenditure for Esk Trough has been written-off because having met the minimum expenditure requirements of the agreement with ActivEX Limited, Coppermoly resolved not to proceed with the farm-in to the Esk Trough Project.

NOTE 4. CONTRIBUTED EQUITY AND RESERVES

| (a) Contributed Equity | Half-year ended 31 December 2012 Number of Shares | Half-year ended 31 December 2011 Number of Shares | Half-year ended 31 December 2012 \$ | Half-year ended 31 December 2011 \$ |
|---|--|--|--|--|
| Opening Balance | 159,499,525 | 139,115,650 | 11,812,576 | 10,866,559 |
| Issues of ordinary shares during the half-year | | | | |
| Private Placement | - | 10,460,000 | - | 523,000 |
| Exercise of listed options for shares (COYOA) | - | 383,875 | - | 39,667 |
| Shares issued in lieu of salary, directors fees & consulting fees | 1,087,837 | - | 39,483 | - |
| Less costs of raising capital | - | - | - | (52,158) |
| Contributed Equity | 160,587,362 | 149,959,525 | 11,852,059 | 11,377,068 |

(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 granted as part of remuneration but not exercised.

During the period:

- No Directors' and Officers' Options were issued.
- 1,325,000 Employee Options were forfeited or expired.
- 13,500,000 Directors' and Officers' Options expired.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

NOTE 4. CONTRIBUTED EQUITY AND RESERVES (Continued)

(ii) Share Option Reserve

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

(iii) Foreign Currency Translation Reserve

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

NOTE 5. RELATED PARTY TRANSACTIONS

(i) Coppermoly Ltd shared its Head Office facilities and services with New Guinea Gold Ltd until January 2012. The two companies shared accounting, administration and geological services. Some personnel costs were intercharged between the two companies on a cost-recovery basis and generally on an as needed project specific basis. During the period the Group has not provided any logistic and consulting services to New Guinea Gold Ltd (31 December 2011: \$31) and New Guinea Gold Ltd has not provided any administrative, logistic and geological services to the Group (31 December 2011: \$29,625).

As at 31 December 2012 there is no payable to New Guinea Gold Ltd (30 June 2012: Nil). New Guinea Gold Ltd's parent company, New Guinea Gold Corporation, no longer holds any ordinary shares of Coppermoly Ltd (30 June 2012: 13.15%). It had one Director in common with Coppermoly Ltd (Ces Iewago). Ces Iewago resigned as a Director of Coppermoly Ltd on 13 November 2012.

(ii) The consolidated entity consists of Coppermoly Ltd and its wholly-owned subsidiary, Copper Quest PNG Ltd. Copper Quest PNG Ltd is incorporated in and operates in Papua New Guinea. The ultimate parent entity in the wholly-owned group and the consolidated entity is Coppermoly Ltd. Coppermoly Ltd funds the exploration activities of its wholly-owned subsidiary, Copper Quest PNG Ltd.

During the period the Group has provided administrative and logistical services amounting to \$6,000 (31 December 2011: \$19,079) to Vangold (PNG) Ltd. As a result, as at 31 December 2012, an amount of \$1,000 (30 June 2012: \$10,500) is receivable from Vangold (PNG) Ltd. Dal Brynelsen and Ces Iewago are directors of Vangold (PNG) Ltd. Dal Brynelsen resigned as a Director of Coppermoly Ltd on 14 November 2012. Ces Iewago resigned as a Director of Coppermoly Ltd on 13 November 2012.

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

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

NOTE 6. CONTINGENCIES

(i) West New Britain Project

In October 2009 the Group signed a Letter Agreement with Barrick (PNG Exploration) Limited to sole fund AUD\$20 million to earn up to 72% interest in Coppermoly Limited's projects (Mt Nakru, Simuku and Talelumas) on the island of New Britain in Papua New Guinea. Barrick earned 72% equity in January 2012 and Coppermoly elected that the payment of its share (28%) of ongoing costs incurred up to the production of a feasibility study will be delayed until that stage and will be repaid from 50% of its share of any future production revenue. Total expenditure by Barrick (PNG Exploration) Limited to 31 December 2012 is AUD\$24,618,284. Therefore, as at 31 December 2012 Coppermoly Limited's accrued contribution is AUD\$1,293,120.

(ii) There have been no further changes in contingent liabilities since the end of the previous annual reporting period (30 June 2012).

NOTE 7. DIVIDENDS

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

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

- Mr Peter Swiridiuk resigned as Managing Director on 18 January 2013.
- Mr Maurice Gannon was appointed as Managing Director on 24 January 2013.
- On 9 January 2013 4,545,454 shares were issued to professional and sophisticated investors, raising a total of \$150,000.
- On 22 January 2013 the Group entered into two Convertible Note Deeds, each for a sum of \$125,000, with Mitchell River Group Pty Ltd and Aviva Corporation Limited.
- On 8 February 2013 6,250,000 shares were issued to professional and sophisticated investors, raising a total of \$250,000.
- Vangold Resources Ltd and its wholly owned subsidiary, Pacific Kanon Gold Corporation, lodged a Notice under S249D of the Corporations Act to call an Extraordinary General Meeting (EGM) to consider and vote upon the removal of Messrs Gannon and Uldridge as Directors of Coppermoly Limited and their replacement by two nominees of Vangold. The meeting was scheduled to be on 8 March 2013.

Vangold served a subsequent notice withdrawing the original notice and requesting a further EGM to remove all of the current directors of Coppermoly Limited and be replaced by four nominees of Vangold. The meeting is scheduled to be held on 10 April 2013.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 9. CHANGE IN ACCOUNTING POLICY

The Group changed its accounting policy relating to the capitalisation of exploration and evaluation expenditure for the financial year ending 30 June 2012. Exploration and evaluation expenditure on initial acquisition was capitalised and subsequent expenditure was previously expensed by the Group. The Group elected, during the year ended 30 June 2012, to capitalise exploration and evaluation costs where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

The impact of the change in accounting policy is as follows:

Consolidated Statement of Profit or Loss and other Comprehensive Income (extract)

| | 31 December 2011 | | |
|---|------------------|------------|--------------|
| | Previous Policy | Adjustment | Restated |
| | \$ | \$ | \$ |
| Exploration expenditure written-off | 271,202 | (231,890) | 39,312 |
| Loss before income tax | (705,225) | 231,890 | (473,335) |
| Loss for the year | (705,225) | 231,890 | (473,335) |
| Foreign currency translation difference | 335,114 | 978,553 | 1,313,667 |
| Total Comprehensive Income | (370,111) | 1,210,443 | 840,332 |
| Basic & diluted loss per share | (0.49) cents | 0.16 cents | (0.33) cents |

Consolidated Statement of Cash Flows (extract)

| | 31 December 2011 | | |
|--|------------------|------------|-----------|
| | Previous Policy | Adjustment | Restated |
| | \$ | \$ | \$ |
| Operating Activities | | | |
| Payments for exploration and evaluation activities | (205,216) | 205,216 | - |
| Payments to suppliers and employees (incl. GST) | (475,391) | 39,312 | (436,079) |
| Net cash outflow from operating activities | (592,296) | 244,528 | (347,768) |
| Investing Activities | | | |
| Payments for exploration and evaluation activities | - | (244,528) | (244,528) |
| Net cash used in investing activities | (671) | (244,528) | (245,199) |

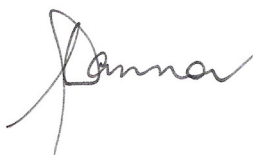
**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the attached financial statements and notes set out on pages 4 to 13 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 other mandatory professional reporting requirements;
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 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: 11 March 2013

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Coppermoly Limited

We have reviewed the accompanying half-year financial report of Coppermoly Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and 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 disclosing entity's financial position as at 31 December 2012 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 review 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 2012 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*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to the matters set out in Note 1. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of the business. The ability of the consolidated entity to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent upon the ability of the consolidated entity to successfully raise additional funding and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development. As a result of these factors, there exists a material uncertainty regarding the ability of the consolidated entity to continue as a going concern. Therefore the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

BDO Audit Pty Ltd



A S Loots

Director

Brisbane: 11 March 2013