

# COPPERMOLY LTD

A.B.N. 54 126 490 855

## INDEX TO CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2009

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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 2009 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 2009.

### **DIRECTORS**

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

Robert D. McNeil  
Peter Swiridiuk  
Dal Brynelsen  
Peter McNeil  
Ces lewago  
Maurice Gannon – appointed as alternate Director for Robert D. McNeil effective 1 October 2009

### **RESULTS AND DIVIDENDS**

The consolidated entity loss after income tax for the half-year is \$1,686,484 (2008: \$3,174,386). There is no dividend paid or recommended.

### **REVIEW OF OPERATIONS**

During the half-year, the Company:

- (i) Allotted 55,164,263 shares (COY), 23,717,729 listed options (COYOA), (26,972 listed options were exercised);
- (ii) Funded ongoing exploration and evaluation work on its exploration areas in Papua New Guinea; and
- (iii) Signed a Letter Agreement with Barrick (PNG Exploration) Limited to sole fund AUD\$20 million to earn up to a 72% interest in Coppermoly Limited's projects on the island of New Britain 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.



Peter Swiridiuk  
Managing Director  
Bundall, Qld  
Dated: 12<sup>th</sup> March 2010

**DECLARATION OF INDEPENDENCE BY CHRISTOPHER SKELTON TO THE DIRECTORS OF  
COPPERMOLY LIMITED**

As lead auditor for the review of Coppermoly Limited for the half-year ended 31 December 2009, I declare that 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.

**BDO Audit (QLD) Pty Ltd**

*BDO*



**Chris Skelton**

**Director**

**Brisbane: 12<sup>th</sup> March 2010**

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COPPERMOLY LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying consolidated half-year financial report of Coppermoly Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a description of accounting policies other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year 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 and fair presentation of the half-year 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 half-year 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.

### **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 Interim and Other Financial Reports 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 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 2009 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 would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.



### 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 2009 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 qualification to the opinion expressed above attention is drawn to the following matter:

As set out in Note 1, the half year financial report has been prepared on a going concern basis. 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 continued ability of the consolidated entity to raise capital and or to successfully explore and subsequently exploit the consolidated entity's tenements.

The ultimate recoupment of costs carried forward for exploration and evaluation is depended 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 half year 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 be unable to raise capital as and when required and the exploitation of the areas of interest not be successful or the company not continue as a going concern

BDO Audit (QLD) Pty Ltd

BDO

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

C J Skelton

Director

Brisbane: 12<sup>th</sup> March 2010

# COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES

A.B.N. 54 126 490 855

## DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, and:
  - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 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.



Managing Director

Bundall Qld

Dated: 12<sup>th</sup> March 2010

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Notes	Half - year	
		2009	2008
		\$	\$
<b>Revenue from continuing operations</b>		<b>81,095</b>	136,083
Other income		-	7,353
		<b>81,095</b>	143,436
Depreciation		<b>(61,807)</b>	(77,609)
Employee benefits expense		<b>(214,145)</b>	(245,345)
Share-based payments expense	6	<b>(742,960)</b>	-
Exploration expenditure	4	<b>(513,928)</b>	(2,809,958)
Administration and insurances		<b>(23,908)</b>	(49,787)
Corporate compliance and shareholder relations		<b>(36,953)</b>	(38,195)
Office rental, communications and consumables		<b>(11,647)</b>	(20,826)
Other expenses		<b>(162,231)</b>	(76,102)
<b>Profit / (Loss) before income tax</b>		<b>(1,686,484)</b>	(3,174,386)
Income tax (expense)/credit		-	-
<b>Net Profit / (Loss) for the half-year</b>		<b>(1,686,484)</b>	<b>(3,174,386)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences	5(b)	<b>(245,690)</b>	453,346
Income tax on items of other comprehensive income		-	-
<b>Other comprehensive income for the half-year</b>		<b>(245,690)</b>	453,346
<b>Total comprehensive income for the half-year</b>		<b>(1,932,174)</b>	<b>(2,721,040)</b>
		<b>Cents</b>	Cents
<b>Basic and diluted earnings / (loss) per share</b>		<b>(2.12)</b>	(4.76)

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 2009**

	Notes	31-Dec-09 \$	30-June-09 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,603,955	488,991
Trade and other receivables		70,938	111,855
<b>Total Current Assets</b>		<b>2,674,893</b>	<b>600,846</b>
<b>Non-Current Assets</b>			
Receivables		13,524	14,816
Property, plant and equipment	3	410,713	523,380
Mineral exploration and evaluation expenditure	4	1,468,072	1,642,413
<b>Total Non-Current Assets</b>		<b>1,892,309</b>	<b>2,180,609</b>
<b>Total Assets</b>		<b>4,567,202</b>	<b>2,781,455</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		157,722	85,180
Provisions		19,803	21,147
<b>Total Current Liabilities</b>		<b>177,525</b>	<b>106,327</b>
<b>Non-Current Liabilities</b>			
Provisions		1,302	6,948
<b>Total Non-Current Liabilities</b>		<b>1,302</b>	<b>6,948</b>
<b>Total Liabilities</b>		<b>178,827</b>	<b>113,275</b>
<b>Net Assets</b>		<b>4,388,375</b>	<b>2,668,180</b>
<b>EQUITY</b>			
Contributed equity	5(a)	10,254,878	8,518,007
Reserves	5(b)	2,297,820	628,012
Accumulated losses	5(c)	(8,164,323)	(6,477,839)
<b>Total Equity</b>		<b>4,388,375</b>	<b>2,668,180</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 2009**

	Contributed Equity	Retained Earnings	Share- Based Payments Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2009</b>	<b>8,518,007</b>	<b>(6,477,839)</b>	<b>423,307</b>	<b>205,038</b>	<b>(333)</b>	<b>2,668,180</b>
Comprehensive income for the half-year						
Loss for the half-year	-	(1,686,484)	-	-	-	(1,686,484)
Foreign currency translation difference	-	-	-	-	(245,690)	(245,690)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(1,686,484)</b>	<b>-</b>	<b>-</b>	<b>(245,690)</b>	<b>(1,932,174)</b>
<b>Transactions with owners in their capacity as owners</b>						
Contributions of equity	3,055,538	-	-	-	-	3,055,538
Costs of share issue	(1,318,667)	-	-	-	-	(1,318,667)
Share-based payments expense	-	-	764,406	-	-	764,406
Share option expense	-	-	-	1,151,092	-	1,151,092
<b>Total transactions with owners in their capacity as owners</b>	<b>1,736,871</b>	<b>-</b>	<b>764,406</b>	<b>1,151,092</b>	<b>-</b>	<b>3,652,369</b>
<b>Balance at 31 December 2009</b>	<b>10,254,878</b>	<b>(8,164,323)</b>	<b>1,187,713</b>	<b>1,356,130</b>	<b>(246,023)</b>	<b>4,388,375</b>
<b>Balance at 30 June 2008</b>	<b>8,540,982</b>	<b>(2,543,286)</b>	<b>423,307</b>	<b>179,144</b>	<b>(93,018)</b>	<b>6,507,129</b>
<b>Comprehensive income for the half-year</b>						
Loss for the half-year	-	(3,174,386)	-	-	-	(3,174,386)
Foreign currency translation difference	-	-	-	-	453,346	453,346
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(3,174,386)</b>	<b>-</b>	<b>-</b>	<b>453,346</b>	<b>(2,721,040)</b>
<b>Transactions with owners in their capacity as owners</b>						
Contributions of equity	-	-	-	-	-	-
Costs of share issue	(22,975)	-	-	-	-	(22,975)
Share-based payments expense	-	-	-	-	-	-
Share option expense	-	-	-	25,894	-	25,894
<b>Total transactions with owners in their capacity as owners</b>	<b>(22,975)</b>	<b>-</b>	<b>-</b>	<b>25,894</b>	<b>-</b>	<b>2,919</b>
<b>Balance at 31 December 2008</b>	<b>8,518,007</b>	<b>(5,717,672)</b>	<b>423,307</b>	<b>205,038</b>	<b>360,328</b>	<b>3,789,008</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 2009**

	Half-year	
	2009	2008
	\$	\$
<b>Cash Flows From Operating Activities</b>		
Cash receipts /(paid) in the course of operations (incl. GST)	52,132	(161)
Interest received	14,734	135,942
Payments to suppliers and employees not included as part of exploration and evaluation activities below (incl. GST)	(373,051)	(399,690)
Goods and Services Tax refunded	40,283	(83,833)
<b>Net cash flow inflow (outflow) from operating activities</b>	<b>(265,902)</b>	<b>(347,742)</b>
<b>Cash Flows From Investing Activities</b>		
Exploration and evaluation activities	(190,477)	(3,578,888)
Security deposits recovered /(paid)	-	(504)
Payments for property, plant and equipment	(1,085)	(395,336)
Proceeds from sale of property, plant and equipment	-	10,518
<b>Net cash (outflow) inflow from investing activities</b>	<b>(191,562)</b>	<b>(3,964,210)</b>
<b>Cash Flows From Financing Activities</b>		
Issuance of share capital	2,778,638	-
Cost of share issue	(203,673)	(2,011)
Cash proceeds from share subscription money held pending issue of shares	350	(350)
<b>Net cash inflow (outflow) from financing activities</b>	<b>2,575,315</b>	<b>(2,361)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>2,117,851</b>	<b>(4,314,313)</b>
Cash and cash equivalents at the beginning of the half-year	488,991	5,444,437
Exchange difference on cash	(2,887)	39,641
<b>Cash and cash equivalents at end of the half-year</b>	<b>2,603,955</b>	<b>1,169,765</b>

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

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

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

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2009 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 2009 Annual Financial Report for the financial year ended 30 June 2009, unless otherwise stated.

*Accounting Standards not Previously Applied*

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

a. Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

b. Operating Segments

From 1 July 2009, AASB 8 requires segment information to be presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions).

The adoption has resulted into disclosure of 4 reportable segments as shown in Note 2, including revised comparative information.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

**NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT (Continued)**

*Basis of Preparation and Going Concern Basis*

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 31 December 2009 the Group had net assets of \$4,388,375 and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2009 the Company had \$2,603,955 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. The directors are of the opinion that they will be able to raise capital as and when required. 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 31 December 2009. 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 be unable to raise capital as and when required and the exploitation of the areas of interest not be successful or the company not continue as a going concern.

**NOTE 2. SEGMENT INFORMATION**

The group has identified its operating segments based upon the internal reports that are reviewed and used by the Board of Directors (as the Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of countries of operations and exploration tenements. Operating segments are therefore determined on the same basis.

The group operates a Head Office in Australia and an exploration base office, equipment and tenements in Papua New Guinea.

Primary reporting format – operating segments, based on location of assets.

	Half-Year	OPERATING SEGMENTS				Consolidated \$
		Australia \$	Papua New Guinea \$			
		Head Office	Simuku/ Talelumas	Nakru	Other	
Segment revenue	<b>2009</b>	<b>20,879</b>	-	-	<b>60,216</b>	<b>81,095</b>
	2008	135,942	-	-	7,494	143,436
Segment profit / (loss)	<b>2009</b>	<b>(1,158,503)</b>	<b>(396,943)</b>	<b>(116,985)</b>	<b>(14,053)</b>	<b>(1,686,484)</b>
	2008	(322,250)	(1,765,790)	(1,044,168)	(42,178)	(3,174,386)
Segment depreciation	<b>2009</b>	<b>2,894</b>	-	-	<b>58,913</b>	<b>61,807</b>
	2008	4,485	-	-	73,124	77,609
Segment write down of exploration assets	<b>2009</b>	-	<b>396,943</b>	<b>116,985</b>	-	<b>513,928</b>
	2008	-	1,765,790	1,044,168	-	2,809,958
Segment assets	<b>Dec 2009</b>	<b>2,613,157</b>	<b>785,615</b>	<b>682,457</b>	<b>485,973</b>	<b>4,567,202</b>
	Jun 2009	517,908	763,503	878,910	621,134	2,781,455
Segment liabilities	<b>Dec 2009</b>	<b>145,748</b>	-	-	<b>33,079</b>	<b>178,827</b>
	Jun 2009	67,061	-	-	46,214	113,275

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

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

The consolidated entity operates predominantly in the mining industry. This comprises exploration and evaluation of copper-gold-molybdenum projects. Inter-segment transactions are priced at cost to the consolidated entity.

**NOTE 3. NON CURRENT ASSETS: PROPERTY, PLANT AND EQUIPMENT**

	<b>31 December 2009</b>	30 June 2009
	<b>\$</b>	<b>\$</b>
<b>Plant and Equipment</b>		
Plant and equipment at cost	<b>620,402</b>	689,601
Less accumulated depreciation	<b>(209,689)</b>	(166,221)
	<b>410,713</b>	523,380
<b>Reconciliation</b>		
Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial period are set out below:		
Carrying amount at the beginning of the period	<b>523,380</b>	355,554
Additions	<b>970</b>	345,037
Disposals	<b>(261)</b>	(67,826)
Depreciation expense	<b>(59,791)</b>	(168,774)
Foreign currency exchange differences	<b>(53,585)</b>	59,389
Carrying amount at the end of the period	<b>410,713</b>	523,380

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

	<b>31 December 2009</b>	30 June 2009
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the period	<b>1,642,413</b>	1,392,470
Expenditure during the period	<b>201,321</b>	2,992,225
10% of Simuku acquired by issue of shares and options (see Note 8(ii))	<b>312,607</b>	-
Amounts written off during the period	<b>(513,928)</b>	(2,992,225)
Foreign currency exchange differences	<b>(174,341)</b>	249,943
Balance at the end of the period	<b>1,468,072</b>	1,642,413

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 Simuku Exploration Licence (EL 1077) expired on 28 November 2009 and is currently subject to an application for renewal (lodged 18 August 2009). The Company has fully complied with all licence requirements and has exceeded expenditure requirements. It therefore expects that the licence will be renewed in the near future.

The Company 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 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.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

**NOTE 5. CONTRIBUTED EQUITY AND RESERVES**

(a) Contributed Equity	Half-Year ended 31 December 2009 Number of Shares	Year ended 30 June 2009 Number of Shares	Half-Year Ended 31 December 2009 \$	Year ended 30 June 2009 \$
Opening Balance	82,015,288	82,015,288	8,518,007	8,540,982
<b>Issues of ordinary shares during the half-year</b>				
Non-Renounceable Rights Issue	44,177,644	-	2,208,882	-
Shares issued to W S Yeaman re 10% interest in EL1077	4,650,000	-	276,900	-
Shares issued to Barrick (PNG Exploration) Limited	6,309,647	-	567,868	
Options exercised (COYOA)	26,972	-	1,888	
<b>Less costs of raising capital</b>			<b>(1,318,667)</b>	<b>(22,975)</b>
<b>Contributed Equity</b>	<b>137,179,551</b>	82,015,288	<b>10,254,878</b>	8,518,007

(b) Reserves	Half-Year Ended 31 December 2009 \$	Year ended 30 June 2009 \$
Share-based payments reserve	1,187,713	423,307
Share option reserve	1,356,130	205,038
Foreign currency translation reserve	(246,023)	(333)
	<b>2,297,820</b>	628,012

*Share-based payments reserve*

Balance at the beginning of the period	423,307	423,307
Option expense	764,406	-
Transfer to share capital (options exercised)	-	-
Balance at the end of the period	<b>1,187,713</b>	423,307

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

**NOTE 5. CONTRIBUTED EQUITY AND RESERVES (Continued)**

<b>(b) Reserves</b>	<b>Half-Year Ended 31 December 2009 \$</b>	<b>Year ended 30 June 2009 \$</b>
<i>Share option reserve</i>		
Balance at the beginning of the period	<b>205,038</b>	179,144
Options issued	<b>1,152,441</b>	25,894
Options exercised	<b>(1,349)</b>	
Balance at the end of the period	<b>1,356,130</b>	205,038
<i>Foreign Currency Translation Reserve</i>		
Balance at the beginning of the period	<b>(333)</b>	(93,018)
Currency translation difference arising during the half-year	<b>(245,690)</b>	92,685
Balance at the end of the period	<b>(246,023)</b>	(333)
<b>(c) Accumulated losses</b>		
Movements in accumulated losses were as follows:		
Balance at the beginning of the period	<b>(6,477,839)</b>	(2,543,286)
Net Profit / (Loss) for the half-year	<b>(1,686,484)</b>	(3,934,553)
Balance at the end of the period	<b>(8,164,323)</b>	(6,477,839)

**(d) 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:

- Directors' and Officers' Options and Employee Options were issued at a value of \$742,960 (refer note 6(iii)).
- 428,906 listed options at \$0.05 per option were issued to Novus Capital Limited as part payment of brokerage fees in relation to the Non-renounceable Rights Issue.

*(ii) Share Option Reserve*

Represents the issue of 20,503,822 listed options at \$0.01 per option in June and July 2008.

During the period:

- 1,200,000 listed options at \$0.04 per option were issued to W S Yeaman in part payment for the 10% interest in Simuku.
- 22,088,823 listed options at \$0.05 per option were issued pursuant to the Non-renounceable Rights Issue.
- 26,972 listed options at \$0.05 per option were exercised.

*(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.

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**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. New Guinea Gold Ltd's parent company, New Guinea Gold Corporation, holds 21.485% of the ordinary shares of, and has two directors in common with, Coppermoly Ltd (Peter A. McNeil and Robert D. McNeil).
- (ii) Coppermoly Ltd has engaged Exploration & Management Consultants Pty Ltd (EMC) a company owned by Peter A. McNeil, for geological consulting services on an as-needed, commercial basis. The Company paid EMC a total of \$9,600 in the current period (\$6,000 in financial year 2009) for these services.

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

- (iii) Share based remuneration during the period consisted of the following non transferable unlisted options:-

	\$
- 1,325,000 Employee Options exercisable at 10 cents between 5 October 2010 and 5 October 2012	64,660
- 3,500,000 Directors and Officers Options exercisable on or before 1 December 2012 at 19 cents	339,150
- 3,500,000 Directors and Officers Options exercisable on or before 1 December 2012 at 23 cents	339,150
	742,960

Fair values at grant date are 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 half-year ended 31 December 2009 included:

- (a) options are granted for no consideration
- (b) exercise price: \$0.10, \$0.19 and \$0.23
- (c) grant date: 5 October 2009 and 1 December 2009
- (d) expiry date: 5 October 2012 and 1 December 2012
- (e) share price at grant date: \$0.09 and \$0.125
- (f) expected price volatility of the Company's shares: 446.33% and 425.36%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 6.13%



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**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).

	Half-Year	
	2009	2008
	\$	\$
<b>(a) Exploration Expenditure Commitments</b>		
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:		
Not later than 1 year	191,186	274,730
Later than 1 year but not later than 2 years	-	249,460
	<b>191,186</b>	<b>524,190</b>
<b>(b) Other Operating Commitments</b>		
Future property rental agreement not provided for in the financial statements and payable:		
Not later than 1 year	30,751	41,759
Later than 1 year but not later than 2 years	10,383	28,800
	<b>41,134</b>	<b>70,559</b>

**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 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 was entitled to a 10% free carried interest (FCI) in the tenement. Upon the completion of a bankable feasibility study Yeaman could 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. During the period Coppermoly Limited

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**NOTE 8. CONTINGENCIES (Continued)**

acquired the 10% interest in Simuku from Yeaman for the consideration of 4,650,000 ordinary shares, 1,200,000 listed options and \$20,000 cash. As the fair value of the 10% interest in Simuku could not be estimated reliably, the issued ordinary shares and listed options to Yeaman have been valued using their fair value at the date the deeds were contracted. Yeaman's interest in Simuku has therefore now been extinguished and EL1077 is now held 100% by Coppermoly Limited.

**(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. Novus has a right to be retained as joint financial advisor, together with South Pacific Securities Limited (SPS), and as exclusive broker and lead manager for a period of 24 months from the date of the Company's official listing in respect of any further capital raising.

**(iv) Termination benefits**

Termination benefits are payable in certain circumstances under the employment agreement with an Executive Director. Under this agreement, a sum equal to three months salary is payable in lieu of notice, at the date of such termination, if services are terminated without notice.

**NOTE 9. DIVIDENDS**

There was no dividend recommended during the reporting period.