

COPPERMOLY LTD

A.B.N. 54 126 490 855

INDEX TO CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2010

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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 2010 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 2010.

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 (resigned 4 February 2011)
Ces Iewago
Maurice Gannon

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$1,056,330 (2009: \$1,686,484). There is no dividend paid or recommended.

REVIEW OF OPERATIONS

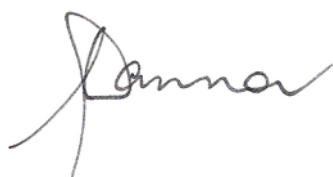
During the half-year, the Group:

- (i) Allotted 1,893,599 shares (COY), (22,000 listed options were exercised); and
- (ii) Funded ongoing exploration and evaluation work on its exploration areas 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: 14 March 2011

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

As lead auditor for the review of Coppermoly Limited for the half-year ended 31 December 2010, 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



C J Skelton

Director

Brisbane: 14 March 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

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 2010, 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 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 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 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 2010 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 2010 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 Regarding Going Concern and Recoverability of Exploration and Evaluation Expenditure

Without qualifying our conclusion, we draw attention to the following matters:

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 areas of interest.

The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation may depend on raising necessary funding.

No adjustments have been made to the half year financial report relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the consolidated entity be unable to raise funding as and when required and not continue as a going concern or the exploitation of the areas of interest not be successful.

BDO Audit (QLD) Pty Ltd

BDO

C J Skelton

Director

Brisbane: 14 March 2011

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES

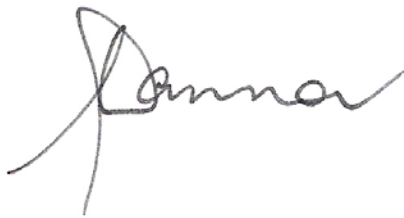
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DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the 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 2010 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.

A handwritten signature in black ink, appearing to read 'Maurice Gannon', with a large, stylized initial 'M'.

Maurice Gannon
Director
Bundall Qld
Dated: 14 March 2011

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Notes	Half - year	
		2010	2009
		\$	\$
Revenue		113,604	81,095
		113,604	81,095
Depreciation		(43,117)	(61,807)
Directors' and employee benefits expense	6	(720,850)	(957,105)
Exploration expenditure	4	(103,190)	(513,928)
Insurances		(19,858)	(23,908)
Corporate compliance and shareholder relations		(44,254)	(36,953)
Office rental, communications and consumables		(22,578)	(11,647)
Other expenses		(216,087)	(162,231)
Profit / (Loss) before income tax		(1,056,330)	(1,686,484)
Income tax (expense)/benefit		-	-
Net Profit / (Loss) for the half-year		(1,056,330)	(1,686,484)
Other comprehensive income			
Exchange differences on translation of foreign operations		(148,500)	(245,690)
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the half-year		(148,500)	(245,690)
Total comprehensive income for the half-year		(1,204,830)	(1,932,174)
		Cents	Cents
Basic and diluted earnings / (loss) per share		(0.76)	(1.53)

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 2010

	Notes	31-Dec-10 \$	30-June-10 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,920,507	2,167,437
Trade and other receivables		87,612	63,210
Total Current Assets		2,008,119	2,230,647
Non-Current Assets			
Receivables		12,866	13,803
Property, plant and equipment	3	298,908	349,692
Mineral exploration and evaluation expenditure	4	1,358,711	1,472,209
Total Non-Current Assets		1,670,485	1,835,704
Total Assets		3,678,604	4,066,351
LIABILITIES			
Current Liabilities			
Trade and other payables		45,873	75,780
Provisions		18,857	18,140
Total Current Liabilities		64,730	93,920
Non-Current Liabilities			
Provisions		3,468	2,519
Total Non-Current Liabilities		3,468	2,519
Total Liabilities		68,198	96,439
Net Assets		3,610,406	3,969,912
EQUITY			
Contributed equity	5	10,863,976	10,624,369
Reserves		2,380,103	1,922,886
Accumulated losses		(9,633,673)	(8,577,343)
Total Equity		3,610,406	3,969,912

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 2010

	Contributed Equity	Accumulated Losses	Share- Based Payments Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2010	10,624,369	(8,577,343)	1,187,713	987,864	(252,691)	3,969,912
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)
Total Comprehensive Income	-	(1,056,330)	-	-	(148,500)	(1,204,830)
Transactions with owners in their capacity as owners						
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)
Total transactions with owners in their capacity as owners	239,607	-	606,450	(733)	-	845,324
Balance at 31 December 2010	10,863,976	(9,633,673)	1,794,163	987,131	(401,191)	3,610,406
Balance at 30 June 2009	8,518,007	(6,477,839)	423,307	205,038	(333)	2,668,180
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)
Total Comprehensive Income	-	(1,686,484)	-	-	(245,690)	(1,932,174)
Transactions with owners in their capacity as owners						
Contributions of equity	2,320,134	-	-	736,294	-	3,056,428
Costs of share issue	(215,575)	-	-	-	-	(215,575)
Share-based payments	-	-	764,406	-	-	764,406
Share option premium	-	-	-	47,110	-	47,110
Total transactions with owners in their capacity as owners	2,104,559	-	764,406	783,404	-	3,652,369
Balance at 31 December 2009	10,622,566	(8,164,323)	1,187,713	988,442	(246,023)	4,388,375

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 2010

	Half-year	
	2010	2009
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations (incl. GST)	76,689	92,415
Interest received	49,840	14,734
Exploration and evaluation activities	(104,813)	(190,477)
Payments to suppliers and employees not included as part of exploration and evaluation activities (incl. GST)	(482,274)	(373,051)
Net cash flow inflow (outflow) from operating activities	(460,558)	(456,379)
Cash Flows From Investing Activities		
Security deposits recovered /(paid)	79	-
Payments for property, plant and equipment	(15,411)	(1,085)
Net cash (outflow) inflow from investing activities	(15,332)	(1,085)
Cash Flows From Financing Activities		
Proceeds from issues of shares and options	248,404	2,778,638
Cost of share and option issues	(9,530)	(203,673)
Cash proceeds from share subscription money held pending issue of shares	-	350
Net cash inflow (outflow) from financing activities	238,874	2,575,315
Net increase /(decrease) in cash and cash equivalents	(237,016)	2,117,851
Cash and cash equivalents at the beginning of the half-year	2,167,437	488,991
Exchange difference on cash	(9,914)	(2,887)
Cash and cash equivalents at end of the half-year	1,920,507	2,603,955

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 2010**

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 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 2010 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 2010 Annual Financial Report for the financial year ended 30 June 2010, 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 2010 the Group had net assets of \$3,610,406 (30 June 2010: \$3,969,912) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2010 the Group had \$1,920,507 in cash and cash equivalents (30 June 2010: \$2,167,437). 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. 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 2010**

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 2010	13,346	1,657,139
	Jun 2010	14,407	1,821,297

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

	31 December 2010 \$	30 June 2010 \$
Plant and Equipment		
Plant and equipment at cost	590,370	618,650
Less accumulated depreciation	(291,462)	(268,958)
	298,908	349,692

NOTE 4. MINERAL EXPLORATION AND EVALUATION EXPENDITURE

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) has been extended for two years to 28 November 2011. 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 2009, Coppermoly Limited 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.

The term of the Talelumas Exploration Licence (EL 1445) expired on 28 May 2010 and is currently subject to an application for renewal (lodged 26 February 2010).

The term of the Mt Nakru Exploration Licence (EL 1043) expired on 7 December 2010 and is currently subject to an application for renewal (lodged 10 September 2010).

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 2010 is AUD\$9,305,611.

During 2010 the group applied for an additional two tenements:

- ELA 1782 Powell was applied for on 10 February 2010
- ELA 1813 Fulleborn was applied for on 13 April 2010

The applications are pending approval.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 5. CONTRIBUTED EQUITY AND RESERVES

(a) Contributed Equity	Half-year ended 31 December 2010 Number of Shares	Half-year ended 31 December 2009 Number of Shares	Half-year ended 31 December 2010 \$	Half-year ended 31 December 2009 \$
Opening Balance	137,197,051	82,015,288	10,624,369	8,518,007
Issues of ordinary shares during the half-year				
Non-Renounceable Rights Issue	-	44,177,644	-	1,472,588
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
Exercise of listed options for shares (COYOA)	22,000	26,972	2,273	2,778
Shares issued to BSP Capital Limited for PGK0.3386 per share	1,871,599	-	246,864	-
Less costs of raising capital			(9,530)	(215,575)
Contributed Equity	139,090,650	137,179,551	10,863,976	10,622,566

(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:

- Directors' and Officers' Options were issued at a value of \$606,450 (refer note 6(iii)).

(ii) Share Option Reserve

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

During the period:

- 22,000 listed options (COYOA) at \$0.033 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.

NOTE 6. RELATED PARTY TRANSACTIONS

- 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 intercharged between the two companies on a cost-recovery basis and generally on an as needed project specific basis. As at 31 December 2010, New Guinea Gold Ltd's parent company, New Guinea Gold Corporation, holds 15.079% of the ordinary shares of, and has two directors in common with, Coppermoly Ltd (Ces lewago and Robert D. McNeil).
- 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. No payments were made to EMC in the current period (\$9,600 in financial year 2010) for these services.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 6. RELATED PARTY TRANSACTIONS (Continued)

Copper Quest PNG Ltd has paid a retainer to Celestial Equity Investments Ltd for Ces Iewago to attend to its activities in Papua New Guinea. Ces Iewago is the Sole Director of Celestial Equity Investments Ltd. The Group paid Celestial Equity Investments Ltd at total of \$1,750 in the current period (nil in financial year 2010).

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 \$145,524 to Vangold (PNG) Ltd (formerly Kanon Resources Ltd) in relation to Mt Penck, Mt Allemata and Fergusson and Normanby Mining PNG Ltd in relation to Normanby and Sehulea. As a result, as at 31 December 2010, an amount of \$22,914 (30 June 2010 \$3,981) was receivable from these Companies. These receivables are not secured and are expected to be settled in cash. 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) Share based remuneration during the period consisted of the following non transferable unlisted options:-

	\$
- 6,500,000 Directors and Officers Options exercisable on or before 1 December 2012 at 19 cents.	606,450

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 2010 included:

- (a) options are granted for no consideration
- (b) exercise price: \$0.19
- (c) grant date: 22 November 2010
- (d) expiry date: 1 December 2012
- (e) share price at grant date: \$0.155
- (f) expected price volatility of the Company's shares: 123.54%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 6.13%

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

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	
	2010	2009
	\$	\$
(a) Exploration Expenditure Commitments		
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	122,878	191,186
Later than 1 year but not later than 5 years	-	-
	<u>122,878</u>	<u>191,186</u>
(b) Other Operating Lease Commitments		
Future property rental agreements are not provided for in the financial statements and are payable:		
Not later than 1 year	41,100	30,751
Later than 1 year but not later than 5 years	5,285	10,383
	<u>46,385</u>	<u>41,134</u>

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

NOTE 9. 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 2010**

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.