

28 January 2016

ASX Code: COY

December 2015 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 31 December 2015 and to the date of this report.

Summary for the Quarter Ended 31 December 2015

- Exploration Activity
- Renewal of EL 1782 Powell
- Issue of Securities approved at AGM
- Placement Agreement with Ever Leap Services Ltd

EXPLORATION ACTIVITY

During the December 2015 quarter the Company performed limited field and office maintenance work on its tenements, maintained its basic operations in Kimbe, and held several productive meetings with landowners from several of the Company's tenements maintaining lines of communication and the relationships with landowners.

Renewal of EL 1782 Powell

In January 2016 the Company was advised by the PNG Mineral Resources Authority that the exploration licence EL 1782 Powell had been renewed for a further 2 year term to 24 September 2017 following a successful Warden's hearing held on 27 October 2015. As per the requirements of the PNG Mining Act, the size of the exploration licence was reduced by just over 50% to 111 sub-blocks.

Current Exploration Portfolio

The Company's current exploration portfolio, all on New Britain Island, Papua New Guinea (PNG), consists of the following tenements:

PROJECT	PERIOD ACQUIRED	LOCATION
EL 1043 Mt Nakru (47km ²)*	Jan 2008	West New Britain
EL 2379 Simuku (122km ²)*	Jan 2008	West New Britain
EL 2014 Makmak (255km ²)	May 2012	East New Britain
EL 1782 Powell (378km ²)	Sep 2013	East New Britain
EL 2272 Wowonga (31km ²)	Feb 2014	East New Britain

* Two of the Company's exploration licences, EL 1043 Mt Nakru and EL 2379 Simuku, (EL 2379 Simuku is a newly consolidated exploration licence combining EL 1077 Simuku and EL 1445 Talelumas), together known as the West New Britain Projects (**WNB Projects**) were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the WNB Projects by spending more than \$20 million on exploration. In July 2013 Coppermoly entered into an agreement with Barrick to reacquire 100% ownership of the WNB Projects' licences on a staged basis. Barrick still holds a nominal 28% interest in the WNB Projects, which the Company has a binding agreement to acquire, completion of which will be effected on the payment of a further \$4.5 million to Barrick within 6 months following the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs for exploration or development of the WNB Projects nor are they entitled to any profits from the projects.

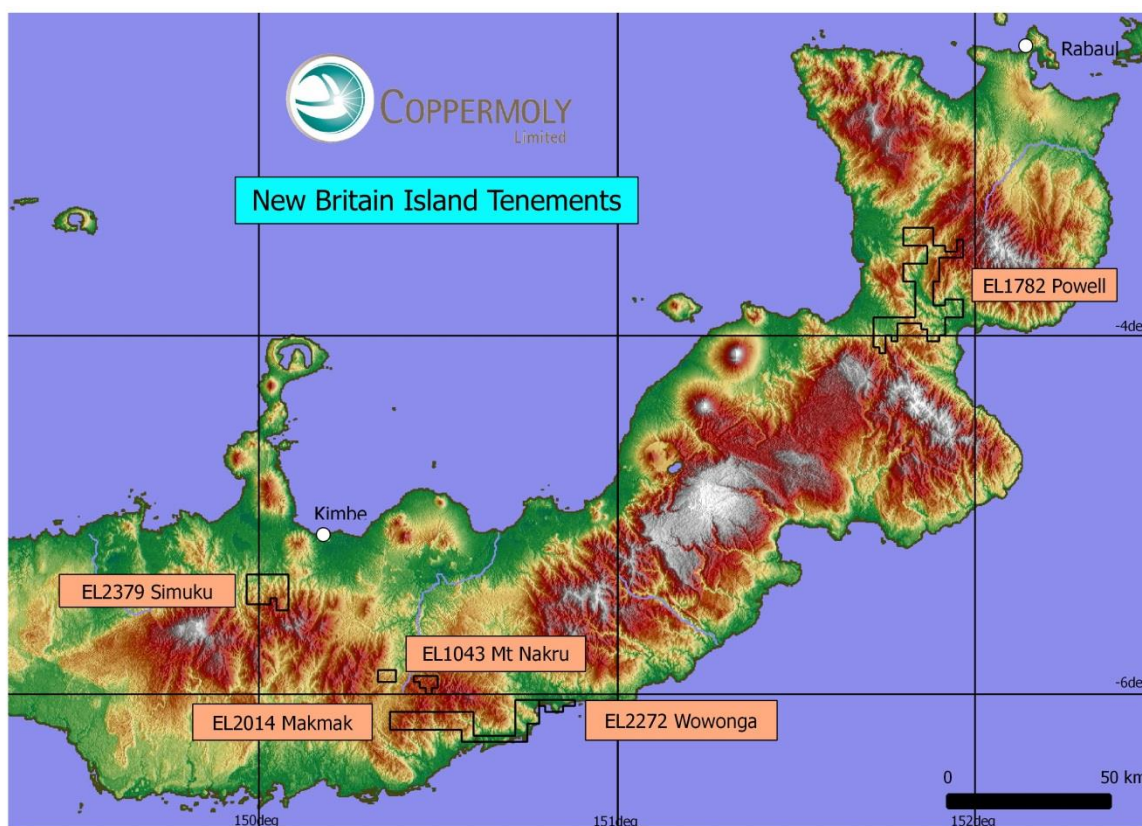


Figure 1: Coppermoly's Exploration Licences on New Britain Island

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Mike Erceg, who is a Member of the Australasian Institute of Geoscientists. Mr Erceg has sufficient experience which is relevant to the style of mineralisation under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Erceg is a contracted consultant to Coppermoly through labour hire company Rock People Solutions Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE ACTIVITY

Issue of Securities approved at AGM

On 7 December 2015 the Company issued 1,755,024 fully paid ordinary shares in Coppermoly (**Shares**) and 585,008 unlisted options to acquire shares in Coppermoly (**Attaching Options**) (together **Payment Securities**) to former Director Mr Michael Howard in lieu of unpaid accrued Director's fees.

The Shares had an issue price of 2 cents per share with one free Attaching Option for every three Shares issued. Each Attaching Option is exercisable into one Share at any time prior to 3 December 2018 at an exercise price of \$0.03 (3 cents).

The Payment Securities were approved for issue by Coppermoly Shareholders at the Company's Annual General Meeting held on 23 November 2015.

Placement Agreement with Ever Leap Services Ltd

Subsequent to the end of the December 2015 quarter, on 21 January 2016, the Company announced it had entered into a Placement Agreement with new investor Ever Leap Services Limited (**Ever Leap**) to raise a total of \$2.5M (**Agreement**).

Ever Leap is a purposely established project company, which is a wholly owned subsidiary of Shanxi Xierun Investment Limited (**Shanxi Xierun**). Shanxi Xierun is a diversified private investment company, with significant interests in various civil engineering and infrastructure projects in the Peoples Republic of China and Bauxite mines in the Shanxi region. Shanxi Xierun is controlled by interests associated with Mr Yu Chao. Mr Yu Chao is a qualified senior engineer with over 20 year of experience in the construction and mining industries.

The Agreement comprises:

- (a) an upfront placement of 57,750,000 Shares at an issue price of \$0.004 (0.4 cents) per Share to raise approximately \$231,000 (**Initial Placement**). The Initial Placement was undertaken without Shareholder approval using Coppermoly's existing placement capacity under ASX Listing Rules 7.1; and
- (b) the subsequent issue of 317,250,000 Shares, at an issue price of \$0.004 (0.4 cents) per Share, and 250,000,000 Deferred Options and 83,333,333 Attached Options, at an issue price of \$0.004 (0.4 cents) per Deferred Option (**Conditional Placement Securities**), to raise approximately \$2,269,000, which is subject to Coppermoly first receiving Shareholder approval in accordance with the Corporations Act and the ASX Listing Rules (**Conditional Placement**). Specifically, as Coppermoly did not have sufficient 'placement capacity' to issue the Conditional Placement Securities in reliance on the exceptions to Listing Rules 7.1 and 7.1A, shareholder approval is required for the purpose of the Listing Rules. As the issue of Conditional Placement Securities could result in Ever Leap obtaining voting power in Coppermoly of more than 20%, Shareholder approval is also required for the purpose of Chapter 6 of the Corporations Act.

A Shareholders' meeting will soon be convened for this purpose (**EGM**). The Company is currently in the process of preparing a Notice of Meeting for the EGM. The Notice of Meeting will be accompanied by an Independent Expert's Report in relation to the Conditional Placement.

(c) Other features of the Agreement:

- i. each Deferred Option is issued at \$0.004 per Deferred Option. The Deferred Options are exercisable by giving written notice to Coppermoly 12 months from the date of their issue; and
- ii. each Attached Option is issued based on a ratio of 1 for every 3 Deferred Options, with a total of 83,333,333 Attached Options. Each Attached Option has an exercise price of \$0.008 per shares. The Attached Options are exercisable at any time between 1 February 2017 and 31 January 2020.
- iii. In addition, the Deferred Options and the Attached Options:
 - will become immediately exercisable in the event a takeover bid is made for the Shares in Coppermoly or a Court approving the convening of a scheme of arrangement between Coppermoly and its Shareholders;
 - will not be Quoted on the ASX and will not be transferable or assigned unless Coppermoly agrees in writing (which agreement may be given or withheld in the absolute discretion of Coppermoly); and
 - do not provide any right to participate in any new issue of securities or other entitlements offered to Shareholders.
- iv. Ever Leap confirms:
 - It intends to support the current management and strategy of Coppermoly and has no intention to change Coppermoly's current business strategy, financial management, or employee arrangements;
 - the purpose of making this Placement is to help the company progress its exploration program in order to further evaluate the economic potential of its copper-gold projects;
 - it is not an associate of any existing shareholder, management or director of Coppermoly.
- v. For a period of 12 months following completion of the Conditional Placement (Standstill Period), Ever Leap and its related bodies corporate must not undertake certain actions without Coppermoly's prior written consent, including:
 - acquiring or offering to acquire, any Shares or right or option to acquire any Shares or other securities in Coppermoly;
 - soliciting proxies from Shareholders or otherwise seeking to influence the composition of the Board or control the management of Coppermoly.
- vi. On completion of the Conditional Placement, Ever Leap will be entitled to nominate Mr Yu Chao, or a representative of Mr Yu Chao, to be a Director of Coppermoly.
- vii. Coppermoly must use reasonable endeavours to procure that all of the Directors recommend, and maintain their recommendation, that Shareholders vote in favour of the Conditional Placement, which may be subject to there being no superior proposal being made.
- viii. Voting Power:
 - Ever Leap will obtain voting power in Coppermoly of approximately 13.0% immediately following completion of the Initial Placement.
 - If Shareholders approve the Conditional Placement, Ever Leap will obtain voting power in Coppermoly of 49.3% as a result of the issue of Shares pursuant to the Conditional Placement. Additionally, Ever Leap may obtain a relevant interest in a further 333,333,333 Shares, providing an aggregate voting power of up to 64.8%, as a result of the issue of Shares on the exercise of Deferred Options and the Attached Options to be issued pursuant to the Conditional Placement.

The funds raised from the Agreement will be used to fund exploration on Coppermoly's tenements and other working capital requirements. This capital raising secures enough funding for Coppermoly to recommence its exploration plans. Coppermoly will concentrate its immediate efforts on the most advanced project, the Mt Nakru tenement, which includes the Nakru 1 and adjacent Nakru 2 prospects where drilling in 2014 intersected high grade near-surface copper mineralisation. The exploration effort will also be expanded to other prospective areas on the Nakru tenement, Simuku and the Company's other tenements.

Corporate Directory

Coppermoly Limited (ABN 54 126 490 855)

Directors

Dr Wanfu Huang (Non-Executive Director)

Mr Jincheng Yao (Non-Executive Director)

Mr Kevin Grice (Non-Executive Director)

Company Secretary

Mr Paul Schultz

Registered office

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Email: info@coppermoly.com.au

Website: www.coppermoly.com.au

About Coppermoly

Coppermoly's mineral exploration activities are focused entirely on the island of New Britain in PNG where it holds five exploration licences. These licences cover copper, gold, silver, zinc, molybdenum and iron mineralisation. The five current tenements are **Mt Nakru**, **Simuku** (a newly consolidated licence combining old EL 1077 Simuku and EL 1445 Talelumas), **Makmak**, **Powell** and **Wowonga**.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(91)	(167)
(b) development	-	-
(c) production	-	-
(d) administration	(143)	(236)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(234)	(403)
Cash flows related to investing activities		
1.8 Payment for purchase of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	(3)
Net Investing Cash Flows	-	(3)
1.13 Total operating and investing cash flows (carried forward)	(234)	(406)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(234)	(406)
Cash flows related to financing activities			
1.14	Proceeds from issue of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	57	57
1.17	Repayment of borrowings	(17)	(34)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(1)
	Net financing cash flows	40	22
	Net increase (decrease) in cash held	(194)	(384)
1.20	Cash at beginning of quarter/year to date	300	488
1.21	Exchange rate adjustments to item 1.20	(2)	-
1.22	Cash at end of quarter	104	104

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	1
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors' fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

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+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available*Add notes as necessary for an understanding of the position*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	104	300
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	104	300

Changes in interests in mining tenements and petroleum tenements

	Tenement Reference	Nature of Interest (note(2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs redemptions				
7.3 +Ordinary securities	385,484,473	385,484,473		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,755,024	1,755,024		
7.5 +Convertible debt securities (description)	60,000,000 (7%, 19.12.16)	Nil	2 cents	2 cents
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	2,000,000 19,999,999 21,963,933 585,008	Nil Nil Nil Nil	Exercise price 5 cents 3 cents 3 cents 3 cents	Expiry date 04-Feb-16 19-Dec-16 25-Mar-17 03-Dec-18
7.8 Issued during quarter	585,008	Nil	3 cents	03-Dec-18
7.9 Exercised during quarter				
7.1 Expired/cancelled during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does / ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: January 28, 2016
.....
(Director/Company Secretary)

Print name: Paul Schultz
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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. Any entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.