

27 July 2017

ASX Code: **COY**

June 2017 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 30 June 2017 and to the date of this report.

Summary for the Quarter Ended 30 June 2017

- Exploration Activity
 - Updated Inferred Mineral Resource Estimate for Mt Nakru Copper Gold Project confirms open pit mining potential
- Current Exploration Portfolio
- Corporate Activity

Exploration Activity

During the quarter Coppermoly announced an updated JORC Mineral Resource Estimate for its Mt Nakru Copper-Gold Project in Papua New Guinea. The updated Mineral Resource follows the successful drilling program completed by Coppermoly in March 2017. Independent mining consultancy Mining Associates Pty Ltd (**Mining Associates**) has estimated Inferred Mineral Resources in two deposits (Nakru 1 and Nakru 2) totalling approximately 29 million tonnes @ 0.92% Cu and 0.22 g/t Au using a cut-off grade of 0.3% Cu (Table 1).

Cut Off %Cu	Deposit	Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (oz)
> 0.2	Nakru 1	40,100,000	0.63	0.21	1.55	253	275	2001
	Nakru 2	9,800,000	0.67	0.04	2.49	66	11	784
Total		49,900,000	0.64	0.18	1.74	319	286	2785
> 0.3	Nakru 1	21,700,000	0.96	0.28	2.05	208	198	1432
	Nakru 2	7,400,000	0.80	0.04	2.82	59	10	672
Total		29,100,000	0.92	0.22	2.25	267	208	2104
> 0.5	Nakru 1	15,100,000	1.23	0.35	2.34	186	169	1138
	Nakru 2	3,100,000	1.39	0.06	4.43	43	6	441
Total		18,200,000	1.26	0.30	2.70	229	175	1579

Table 1. Mt Nakru prospects Nakru 1 and Nakru 2 Inferred Copper resources

The Mt Nakru Cu-Au project (EL 1043) comprises two known deposits, Nakru 1 and Nakru 2, which are 1.5 km apart (Fig. 1).

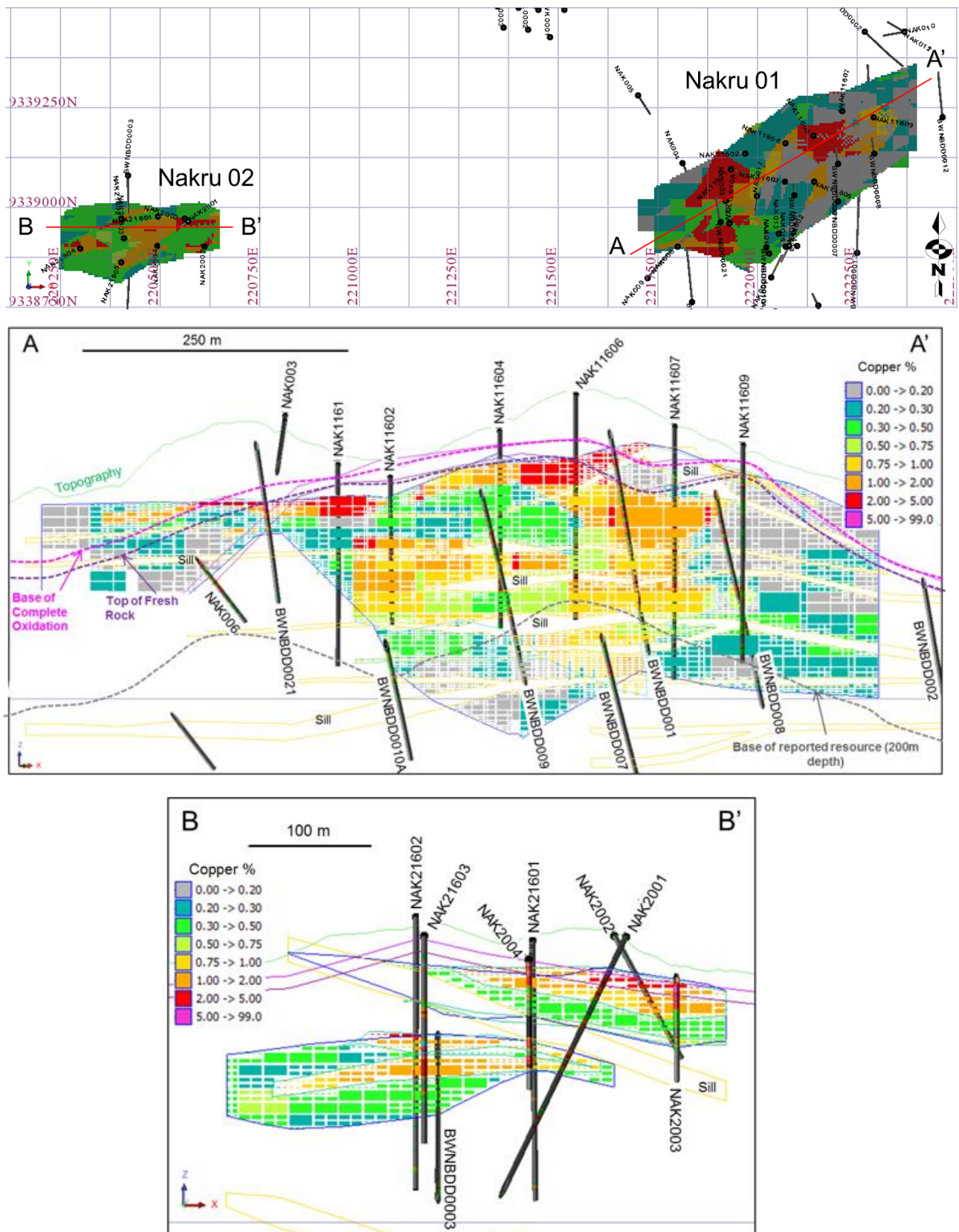


Fig. 1 Plan of Nakru Project Showing Block Model Grades and Drillhole Locations
(Location of long sections A-A' and B-B' also shown)

Modelling by Mining Associates confirmed the presence of higher grade (>0.5% Cu) mineralisation lenses at shallow levels (refer to long sections of Nakru 1 and Nakru 2, Figure 1), which should have a significant impact on the project's economics.

Inferred Mineral Resources are reported from blocks less than 200 m depth from surface topography, approximating the likely depth limit of an open pit.

The Nakru 1 Inferred Mineral Resource is open to the south west down plunge. The Nakru 2 Inferred Mineral Resource is the smaller deposit to date, and is open in all directions.

Due to the fact that in both deposits the higher grades are concentrated in the upper levels, and the shallow depth (over all <200m), an open-pit mine with conventional copper flotation processing is a foreseeable.

Coppermoly Director, Dr Wanfu Huang said:

"Our recent drilling program and this modelling work confirms there is great potential for increasing the Cu-Au Inferred Mineral Resource at the Mt Nakru Project. Importantly, the modelling work indicates that there is 18.2Mt of Inferred Mineral Resources at average 1.26% Cu and 0.30 g/t Au at Nakru 1 and Nakru 2 if the cutoff grade is uplifted to 0.5% Cu, which may greatly improve the economic viability of this project.

We expect further drilling to expand the size and quality of the deposits at Mt Nakru since both prospects are open on multiple sides."

The next phase of exploration activities will focus on seeking to upgrade the resource category while defining the size of Nakru 1 and Nakru 2 in particular.

Please refer to the ASX Announcement released on 22 June 2017 for details of the Inferred Mineral Resource Estimate update as well as ASX Announcements released 16 March, 19 April, 27 April 2017 and for full details of the recent drilling, including all relevant assay results. The Company is not aware of any new information or data that materially affects the information included in these announcements and all the material assumptions and technical parameters underpinning the Inferred Mineral Resource Estimate in the ASX Announcement released on 22 June 2017 continue to apply and have not materially changed.

Current Exploration Portfolio

The Company's current exploration licences, all located on New Britain Island, PNG:

PROJECT	PERIOD ACQUIRED	EXPIRY	AREA	LOCATION
EL 1043 Mt Nakru*	Jan 2008	Dec 2018	47km ²	West New Britain
EL 2379 Simuku*	Jan 2008	Sep 2017	122km ²	West New Britain
EL 1782 Powell	Sep 2013	Sep 2017	378km ²	East New Britain
ELA 2514 Makmak	Pending [†]	NA	269km ²	West and East New Britain

* Two of the Company's exploration licences, EL 1043 Mt Nakru and EL 2379 Simuku, 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.

† The mandatory Warden's Hearing for ELA 2514 Makmak has been postponed due to the PNG National Election. The Warden's Hearing is scheduled to be held on 9 August 2017.

Mt Nakru Exploration Licence Renewed

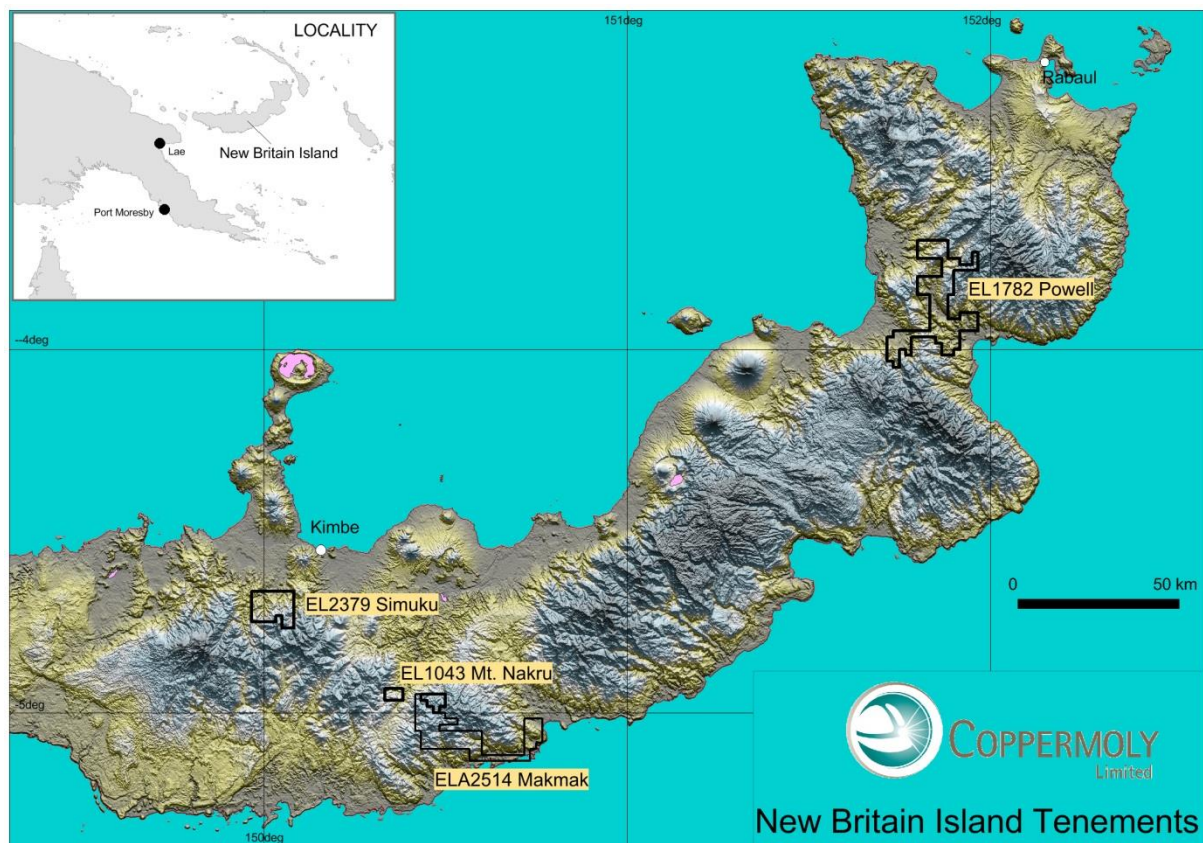
In May 2017 Coppermoly announced that it had received notification from the PNG Mineral Resources Authority that the Company's application for the extension of the term of tenement EL 1043 Mt Nakru has been granted by the PNG Minister for Mining. The tenement has been renewed for a further 2 year term expiring on 8 December 2018.

The renewed licence comes with the following conditions:

1. The holder shall comply with the work programme that was submitted with the renewal application;
2. Subject to any agreement made under section 17 of the PNG Mining Act 1992, the State reserves the right to elect at any time, prior to the commencement of mining, to make a single purchase up to 30% equitable interest in any mineral discovery arising from the licence, at a price prorata to the accumulated exploration expenditure and then to contribute to further exploration and development in relation to the lease on a prorata basis unless otherwise agreed; and
3. The holder to progress the knowledge and confidence of the resource from an inferred resource to an indicated resource by the end of this term of the EL.

Powell Exploration Licence

An internal decision has been made to not seek renewal of EL 1782 Powell when it expires in September 2017. The decision was made to allow the Company to concentrate on its leading prospects Nakru & Simuku along with the new EL application Makmak should it be granted.



Map 1: Coppermoly's exploration licences on New Britain Island

Corporate Activity

Directors Forgoing Cash for their Director Fees

Also in May 2017 Coppermoly announced that the Directors of the Company had resolved to satisfy their accrued Directors' fees owing as at 31 March 2017 by way of the issue of new fully paid shares in Coppermoly (**Shares**) at an issue price of \$0.025 (2.5 cents) per Share (**Director Shares**). The issue of the Director Shares will be subject to obtaining the necessary approvals under the ASX Listing Rules and the Corporations Act.

The Directors had previously resolved to deploy Company funds into on the ground exploration, including drilling at the Mt Nakru Copper-Gold project and to defer payment of their accrued directors' fees until such time as the Company could make other reasonable arrangements. By accepting Shares in lieu of receiving cash the Directors allow the Company to concentrate its efforts and funds on the further exploration and value adding to its exploration properties.

The deemed issue price of the Director Shares was the closing ASX market price of the Shares on 31 March 2017. The issue price is at a premium to recent market closing prices and is significantly higher than the average market price of Shares over the period the Directors' fees were earned and the debts for unpaid fees were accumulated.

The outstanding accrued Directors' fees at 31 March 2017 totalled \$291,619. This equates to a potential total number of Shares of 11,664,749 to be issued at an issue price of 2.5 cents.

Shareholder approval for the issue of the Director Shares will be sought at the next General Meeting of the Company.

<u>Corporate Directory</u>	
Coppermoly Limited (ABN 54 126 490 855)	
Directors	Registered office
Dr Wanfu Huang (Non-Executive Director)	Suite 1B, 91 Upton Street,
Mr Jincheng Yao (Non-Executive Director)	Bundall, Queensland 4217
Mr Kevin Grice (Non-Executive Director)	Telephone: +61 7 5510 3994
Mr Zule Lin (Non-Executive Director)	Facsimile: +61 7 5510 3997
Company Secretary	Email: info@coppermoly.com.au
Mr Paul Schultz CPA	Website: www.coppermoly.com.au

About Coppermoly

Coppermoly (COY) is an ASX listed junior exploration company which has been listed on the ASX since 2008. Coppermoly's head office is located on the Gold Coast, Australia and mineral exploration activities are focused entirely on the island of New Britain in PNG where it is exploring for copper, gold, silver, zinc, and molybdenum.

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, 01/05/13, 01/09/16

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(300)	(1,856)
(b) development	-	-
(c) production	-	-
(d) staff costs	(64)	(206)
(e) administration and corporate costs	(16)	(183)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	20
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	4
1.9 Net cash from / (used in) operating activities	(379)	(2,223)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(13)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other - Security deposits recovered	7	9
2.6 Net cash from / (used in) investing activities	7	(4)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	667
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issue of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	23
3.6 Repayment of borrowings	(6)	(23)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(6)	667

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	932	2,117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(379)	(2,223)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	7	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(6)	667
4.5 Effect of movement in exchange rates on cash held	1	(2)
4.6 Cash and cash equivalents at end of period	555	555

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	155	932
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) - fixed term deposit	400	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	555	932

6. Payments to directors of the entity and their associates

Current quarter \$A'000
18
-

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' fees

7. Payments to related entities of the entity and their associates

Current quarter \$A'000
-
-

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

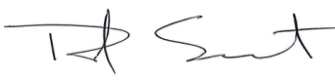
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	47
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	197

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: July 27, 2017
.....
(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. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.