



31 July 2014

ASX Code: COY

### June 2014 Quarterly Activity Report

Queensland-based mineral explorer Coppermoly Limited is pleased to report its activities on the Company's projects on New Britain Island, Papua New Guinea (PNG) as well as corporate developments for the quarter ending 30 June 2014.

#### SUMMARY

- High-grade copper assays received from drilling at Nakru-2
- Completion of Rights Issue
- Favourable variation of Barrick re-acquisition agreement
- Loan Agreement and changes to the Board
- Grant of Wowonga exploration licence

#### SEPTEMBER 2014 QUARTER PLANS

The assays results of the two holes drilled at Nakru-2 have been evaluated in the context of the geological and geophysical interpretation of the Nakru system. The assay results support the model of a near-surface, sub-horizontal mineralised envelope up to 100m thick at Nakru-2, similar in many respects to the Nakru-1 mineralisation but a separate mineralising centre. The Nakru-2 mineralisation has a strong IP geophysics response suggesting mineralisation extends to the south-west. If sufficient funds are available it is expected that a more extensive drilling program will commence at the Nakru-2 site during the September 2014 quarter.

Also during the September 2014 quarter, subject to funding, it is expected that a program of mapping and sampling commence advancing prospects to drill stage at:

- quartz stockwork veins at the Mt Misusu porphyry in the Talelumas Exploration Licence
- the Malolo Creek Au prospect adjacent to the Pleysumi Cu prospect within the Nakru Exploration Licence
- Puldung Au prospect within the Makmak Exploration Licence
- Simuku porphyry for near-surface high-grade copper within the Simuku Exploration Licence.

## EXPLORATION ACTIVITY



Figure 1: Coppermoly's Exploration Licences on New Britain

**MT NAKRU tenement (51% Coppermoly, 49% Barrick)**

High-grade copper assays (Table 1) were received for two reconnaissance holes completed at the Nakru-2 prospect.

Hole	from(m)	to(m)	interval(m)	Cu(%)	Au(g/t)	Ag(g/t)
NAK2003	5	68	63	<b>1.01</b>	0.10	4
Including	7	30	23	<b>2.05</b>	0.22	9
NAK2004	1	51.5	50.5	0.79	<0.1	<3
And	72	105	33	0.81	<0.1	<3
Including	5	23	18	<b>1.33</b>	0.13	4
	74	81	7	<b>1.09</b>	<0.1	<3
	89	97	8	<b>1.40</b>	<0.1	4

Table 1: Significant drill intervals (weighted average grade) at 0.1%Cu and 1%Cu cutoff)

Hole	Easting	Northing	RL(m)	Azimuth(T)	Dip	Depth(m)
NAK2003	220602	9338896	665	000	-60°	99.5
NAK2004	220502	9338913	684	000	-60°	123.6

Table 2: Drill locations (AGD Zone 56)

The two new core holes (NAK2003 and NAK2004) (Figure 2) were located 100m apart and drilled from the south testing for a gently south-dipping pumice breccia unit. A similarly orientated pumice breccia unit is host to mineralisation at Nakru-1. The drill results support the model of a near-surface, sub-horizontal mineralised envelope up to 100m thick. In addition the chalcopyrite dominated primary zone is capped by a zone of secondary copper enrichment dominated by chalcocite.



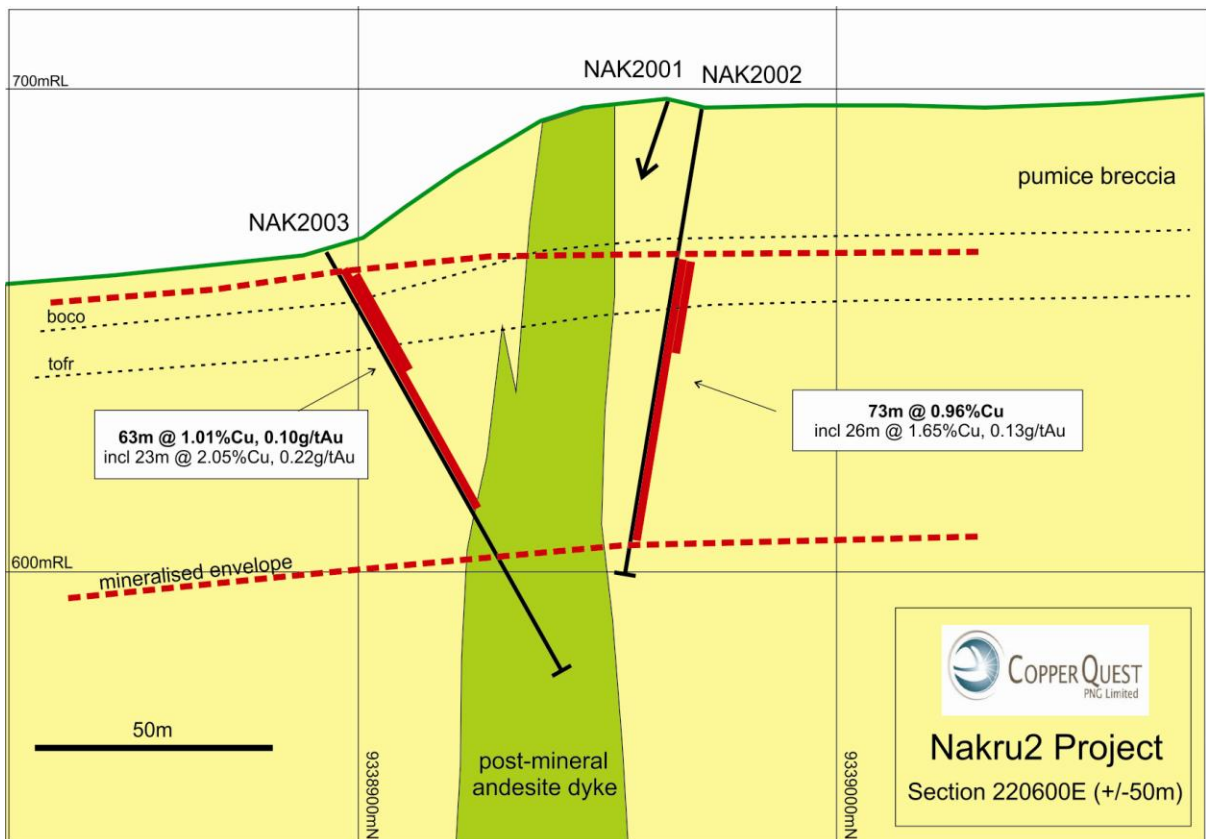


Figure 3: Schematic drill section 220600E (view west) showing location of drill hole NAK2004 and significant drill intersections

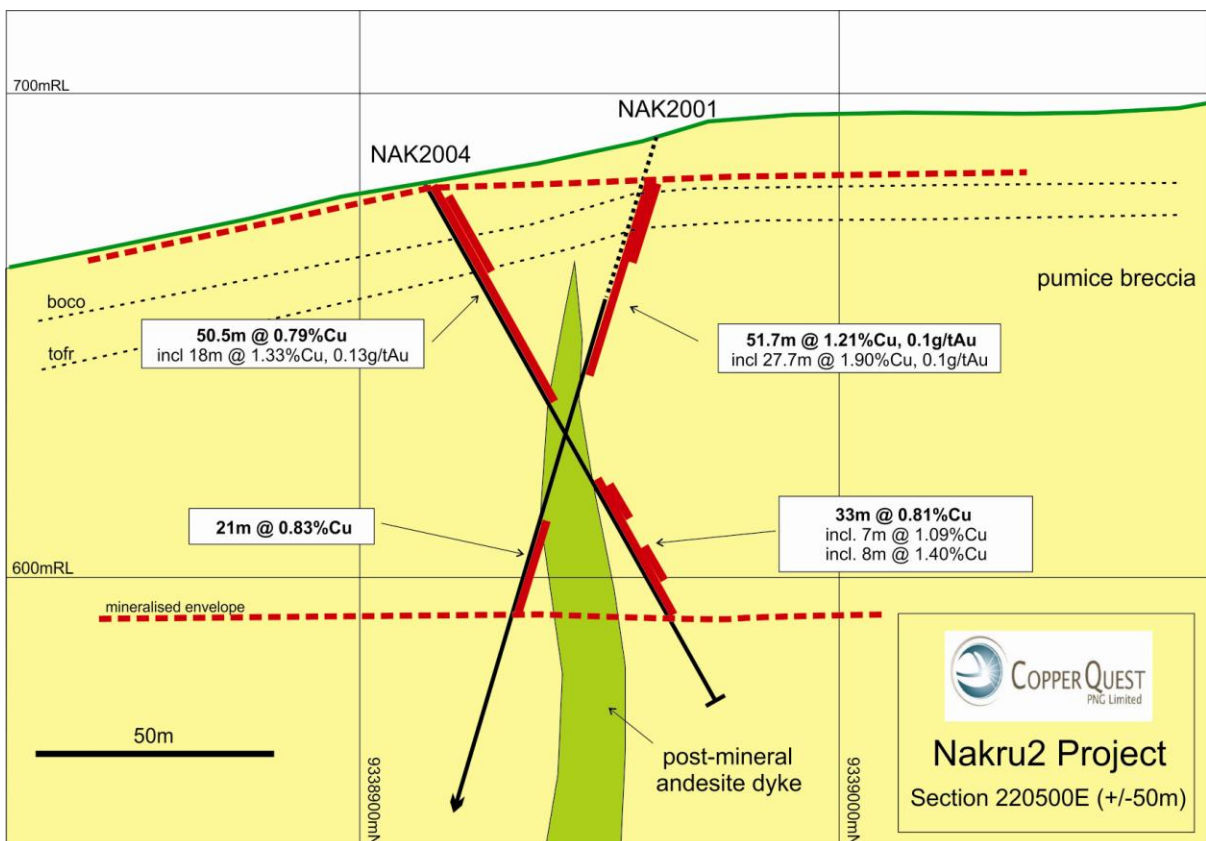


Figure 4: Schematic drill section 220500E (view west) showing drill hole NAK2004 and significant drill intersections

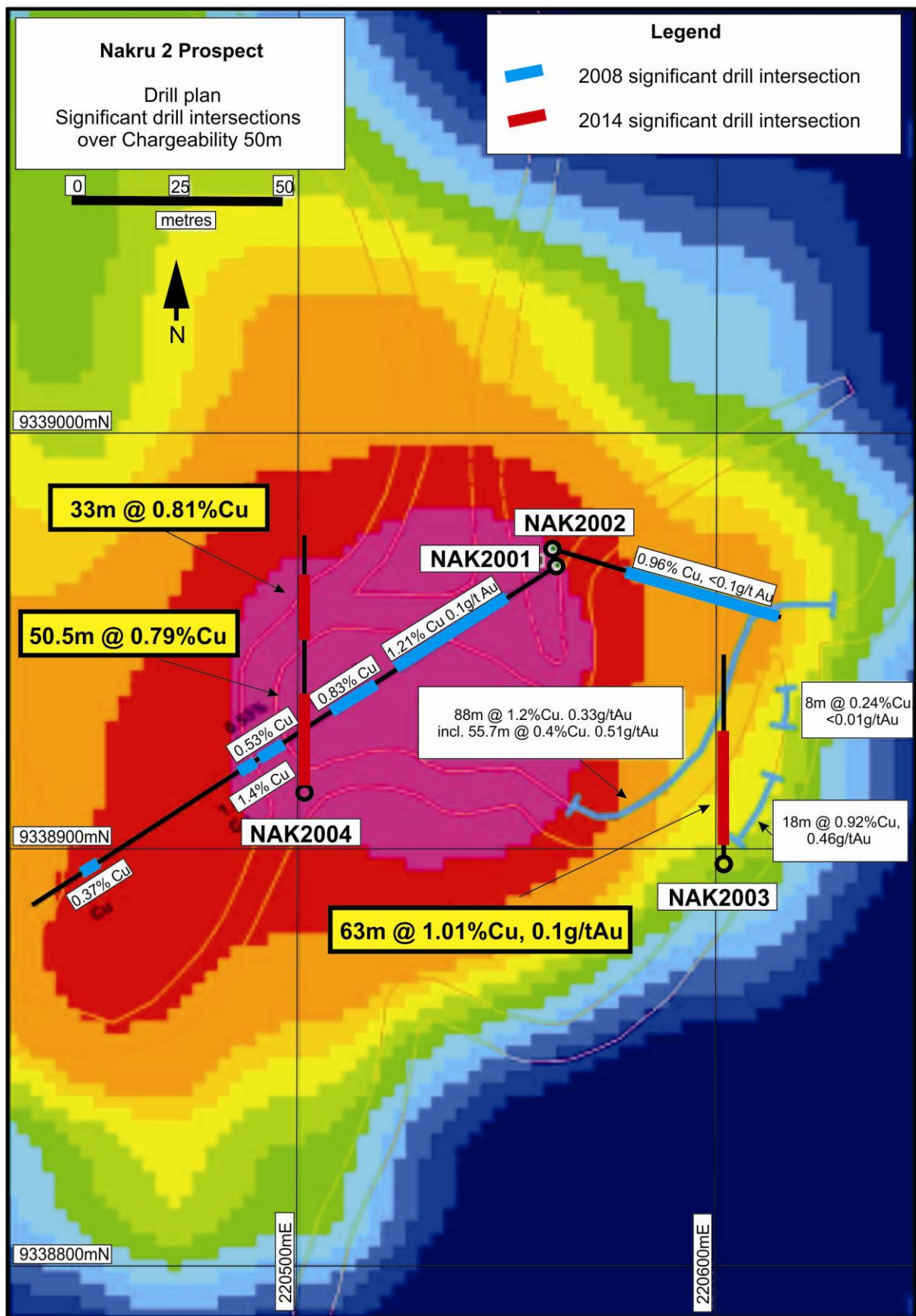


Figure 5: Nakru 2 detailed drill hole plan and significant drill and trench intersections on chargeability at 50m.

## CORPORATE ACTIVITY

### Completion of Rights Issue

A non-renounceable rights issue to eligible shareholders at \$0.02 per share, with free attaching options on a one for three basis, closed on 20 May 2014. A total of 10,119,078 shares were taken up by eligible shareholders raising \$202,382. A total of 3,373,008 options will also be issued as part of the entitlement offer.

### Favourable variation of Barrick re-acquisition agreement

In June 2014 the Company reached agreement with Barrick (PNG Exploration) Ltd (**Barrick**) to amend the terms of its agreement for the acquisition of Barrick's interests in the three Exploration Licences, EL1043 – Nakru, EL 1077 – Simuku and EL 1445 – Talelumas (**Reacquisition Agreement**).

Under the terms of the amended Reacquisition Agreement, Coppermoly may, prior to 31 July 2014, elect to satisfy the second payment due to Barrick, of \$1,331,836 (**Second Purchase Price**) in whole or part by issuing fully paid ordinary shares in Coppermoly (Shares) to Barrick or its nominee (**First Election**).

In the event that Coppermoly elects to satisfy some but not all of the Second Purchase Price in Shares the remaining portion of the Second Purchase Price (**Deferred Purchase Price**) will be deferred until 30 November 2014.

Provided that Coppermoly Shareholders approve the issue of any Shares issued under the First Election Coppermoly may also elect to satisfy the Deferred Purchase Price wholly or partly in Shares (**Second Election**).

The issue price of any Shares issued will be at a 10% discount to the VWAP of Coppermoly's Shares over the 30 days preceding the date of the First and Second Elections, respectively (as applicable), and is subject to such issue not causing Barrick or any of its associate's voting power in Coppermoly increasing to more than 20% and compliance with the ASX Listing Rules.

In August 2014 Coppermoly will acquire an additional 21% interest from Barrick, taking Coppermoly to a 72% interest in the three Exploration Licences on the satisfaction of requirements of the First Election.

The final payment under the Reacquisition Agreement, when Coppermoly will acquire the final 28% interest from Barrick, taking Coppermoly to a 100% interest in the three Exploration Licences, requires payment of \$3,000,000.00 on or before the earlier of:

- August 2018; and
- the date that Coppermoly releases a feasibility study on any one or more of the exploration licences to the ASX.

### Loan Agreement

In July 2014 the Company entered into a bridging loan with its major shareholder, Jelsh Holdings Pty Ltd, for the sum of \$500,000 (**Bridging Loan**).

The Bridging Loan has been provided on an unsecured basis and provides Coppermoly with additional interim financing which is intended to be used for general working capital purposes.

The Bridging Loan is repayable by Coppermoly on or before 16 December 2014 and attracts interest of 6.5% per annum (subject to additional default interest applying in the event of non-repayment), and may be repaid early by Coppermoly without penalty or additional fees.

**Changes to the Board**

Also in July 2014 the composition of the Company's Board of Directors (**Board**) changed.

Mr Maurice Gannon resigned from his role as Managing Director of Coppermoly.

Mr Kevin Grice was appointed as a non-executive Director. Mr Grice is a successful finance executive with significant experience with listed and unlisted exploration companies and general management experience, including as acting Chief Executive and Chief Financial Officer of Renison Consolidated Mines NL (now Laneway Resources Ltd), Chief Financial Officer of ASX Listed Highlands Pacific Limited and various other roles with Ensham Resources, Century Gold Resources Pty Ltd and others.

The Board now comprises Mr Ben Faulkner, Mr Michael Howard and Mr Kevin Grice, and the Board will soon commence a search for a replacement Chief Executive Officer or Managing Director.

The Company wishes to thank Mr Gannon for his services to the company in his numerous positions over the previous six years and wishes him the best for the future.

**Grant of Wowonga exploration licence**

During the June 2014 quarter the Company was also notified by the PNG Mineral Resources Authority (MRA) that it had been granted exploration licence EL2272 over Wowonga on New Britain Island PNG.

The Company also learned during the June 2014 quarter that it had been unsuccessful in its licence application for ELA 1813 Fulleborn, also on New Britain Island PNG.

**About Coppermoly**

Coppermoly's mineral exploration activities are focused entirely on the island of New Britain in PNG where it holds six exploration licences. These licences cover copper, gold, silver, zinc, molybdenum and iron mineralisation. The six current tenements are Simuku, Talelumas, Nakru, Makmak, Powell and Wowonga.

**Competent Person Statement**

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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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.