



30 January 2015

ASX Code: COY

December 2014 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Limited (**Coppermoly or the Company**) for the quarter ended 31 December 2014 and to the date of this report.

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

PROJECT	EFFECTIVE OWNERSHIP
EL 1043 Mt Nakru (47km ²)	72% Copper Quest PNG Ltd
EL 1077 Simuku (47km ²)	72% Copper Quest PNG Ltd
EL 1445 Talelumas (75km ²)	72% Copper Quest PNG Ltd
EL 1782 Powell (758km ²)	100% Copper Quest PNG Ltd
EL 2014 Makmak (280.1km ²)	100% Copper Quest PNG Ltd
EL 2272 Wowonga (30.7km ²)	100% Copper Quest PNG Ltd

• *Copper Quest PNG Ltd is a 100% owned subsidiary of Coppermoly Ltd*



Figure 1: Coppermoly's Exploration Licences on New Britain

SUMMARY

- Plans for the March 2015 quarter
- Exploration activity
- Funds raised from Placement and Convertible Note Agreement
- Settlement of balance of the second payment due under Barrick Re-acquisition Agreement
- Repayment of bridging loan

PLANS FOR THE MARCH 2015 QUARTER

In the context of current market conditions and the Company's current funding position, a detailed exploration plan for the coming year will be prepared during the March 2015 quarter. The exploration plan will utilise the results from the review undertaken by the Company in the September 2014 quarter. The September 2014 quarter review identified and prioritised the best use of the Companies then available funds.

The Company's most advanced project is Nakru including the Nakru 1 and the adjacent Nakru 2 prospect where drilling in 2014 intersected high grade near-surface copper mineralisation. The Company has maintained a small camp at its Nakru 2 prospect to maintain the site ready for further drilling once funds are available.

The September 2014 quarter review produced a short list of regional targets as candidates for our next field work, subject to a data review. These targets include Nakru 3, Nakru 4, Nakru 2 Northwest, Malolo Creek (on the Nakru tenement), Mt Misusu (on the Talelumas tenement) and Pulding (on the Makmak tenement). More detailed review and field work to further evaluate these targets will be carried out in the March 2015 quarter.

The Company will hold an Extraordinary General Meeting of Shareholders (**EGM**) on Wednesday 4 March 2015 at the Company's registered office. The notice of meeting has been mailed today to all registered Shareholders. The EGM will seek Shareholder ratification and approval for the issue of the securities under the Placement and Convertible Note Agreement and the issue of the Barrick Options mentioned below.

The Directors of the Company are also actively seeking further capital resources to allow the Company to fully evaluate all the Company's tenements. As stated at the Company's 2014 AGM it is the primary goal of all directors and employees of Coppermoly to realise the full value of its exploration assets and increase shareholder returns.

EXPLORATION ACTIVITY

During the December 2014 quarter the Company performed minor maintenance work in both the field and the office on its tenements. The Company also maintained a stripped down operations base in Kimbe and maintaining its relationships with local landowners on the Company's tenements.

The Company has also investigated alternative exploration methods in order to make the best use of its funds across the Company's tenements. This will allow the Company to maximize the funds employed exploring the Nakru prospects and undertaking early stage exploration on its other tenements.

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 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

Funds raised from Placement and Convertible Note Agreement

In December 2014 the Company announced that it had entered a Placement and Convertible Note Agreement with Jade Triumph International Ltd (**Jade Triumph**) to raise a total of \$1.5M (**Agreement**).

Jade Triumph is an investment consortium of geologists and financial professionals and has substantial interests in coal and base metal projects from greenfield exploration to operating mines in China.

The Agreement comprises:

- (a) 30,000,000 Shares, at an issue price of \$0.01 (**Placement Shares**); and
- (b) 60,000,000 Convertible Notes, at an issue price of \$0.02, together with 19,999,999 unlisted attaching Options (for no additional consideration) (**Attaching Options**).

However, at the time of entering the Agreement, the Company did not have sufficient capacity to issue all of the Placement Shares and Convertible Notes in reliance on ASX Listing Rules 7.1 and 7.1A. Accordingly, the Agreement was structured so that the capital raising would be undertaken in two separate tranches, comprising the:

- (a) initial upfront issue of the Placement Shares and 38,750,000 Convertible Notes (together with 12,916,666 Attaching Options), which occurred on 19 December 2014 (**Upfront Tranche**); and
- (b) subsequent issue of 21,250,000 Convertible Notes (together with 7,083,333 Attaching Options), which was conditional on the Company first obtaining Shareholder approval (**Conditional Tranche**).

The Company will seek Shareholder ratification for the issue of the securities included in the Upfront Tranche and seek Shareholder approval for the issue of the securities forming the Conditional Tranche at the March 2015 EGM.

The funds received (and if Shareholder approval is granted, the funds to be received) have been and will be used for exploration of the Company's tenements and general working capital purposes.

Settlement of balance of the second payment due under Barrick Re-acquisition Agreement

Also in December 2014 the Company settled the balance of the second payment, being \$1,317,836, due to Barrick (PNG Exploration) Limited (**Barrick**) under the Re-acquisition Agreement for the acquisition of Barrick's remaining interest in the West New Britain Project, as amended (**Re-acquisition Agreement**). The settlement was effected by the issue of 65,891,800 fully paid ordinary Share in the capital of Coppermoly Ltd at \$0.02 per Share.

As announced to the ASX on 19 December 2014, it was initially a condition to Barrick agreeing to receive Shares in satisfaction of the second payment due to it from the Company in accordance with the terms of the Re-acquisition Agreement, that the Company first raise a minimum of \$1,200,000 through the issue of equity securities on or before 31 December 2014 (**Condition Precedent**).

However, due to restrictions contained in the ASX Listing Rules, the Company was only able to raise \$1,075,000 prior to that date (which it has done through the Upfront Tranche under the Placement and Convertible Note Agreement).

As a result, Barrick waived the Condition Precedent on the condition that the Company agree to:

- (a) issue 21,963,933 unlisted Options to Barrick (or its nominee) (**Barrick Options**), subject to the Company first obtaining Shareholder approval; and
- (b) if Shareholder approval is not obtained on or before 19 March 2015, paying Barrick a cash sum of \$44,000 being the theoretical value of the Barrick Options using a Black-Scholes valuation (as at the date that they were agreed to be issued).

The number of Barrick Options was determined on the basis of one Barrick Option for every three Shares issued to Barrick in satisfaction of the balance of the second payment due to it (which was the ratio of Attaching Options received by Jade Triumph for each Convertible Note issued to it).

Shareholder approval will be sought to issue the Barrick Options to Barrick (or its nominee) at the March 2015 EGM. If Shareholder approval is not obtained at the EGM, the Company will be required to pay Barrick a cash sum of \$44,000.

Repayment of bridging loan

On 19 December 2014 the Company repaid in full the loan advanced in July 2014 by Jelsh Holdings Pty Ltd (**Jelsh loan**), including accrued interest. The total repayment amount was \$513,979. The repayment of the Jelsh loan was also part of the Condition Precedent to the Barrick Re-acquisition Agreement.

Corporate Directory

Coppermoly Limited (ABN 54 126 490 855)

Directors

Mr Michael Howard (Non-Executive Director)
Mr Ben Faulkner (Non-Executive Director)
Mr Kevin Grice (Non-Executive Director)

Company Secretary

Mr Paul Schultz

Registered office

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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 Nakru, Simuku, 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 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for	(60)	(169)
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(201)	(466)
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	(15)	(15)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(275)	(648)
Cash flows related to investing activities			
1.8	Payment for purchase of:	(a) prospects	-
		(b) equity investments	-
		(c) other fixed assets	(1)
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)	-	-
Net Investing Cash Flows		(1)	(1)
1.13	Total operating and investing cash flows (carried forward)	(276)	(649)

+ 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)	(276)	(649)
Cash flows related to financing activities			
1.14	Proceeds from issue of shares, options, etc.	300	300
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	54	554
1.17	Repayment of borrowings	(503)	(511)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	Convertible Notes	775	775
	Capital raising costs	(23)	(109)
	Net financing cash flows	603	1,009
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	125	91
1.21	Exchange rate adjustments to item 1.20	1	2
1.22	Cash at end of quarter	453	453

**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	14
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.

The Company issued 65,891,800 fully paid ordinary shares in Coppermoly Ltd at an issue price of \$0.02 per share to the nominee of Barrick (PNG Exploration) Limited, AurionGold Limited, on 19 December 2014. The value of the issue was \$1,317,836. The shares were issued to satisfy the balance of the second payment due under a reacquisition agreement with Barrick (PNG Exploration) Limited to acquire their interest in three PNG exploration licences - EL 1043 Nakru, EL 1077 Simuku and EL 1445 Talelumas.

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.

+ See chapter 19 for defined terms.

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	200
Total	300

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	453	125
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	453	125

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 <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs redemptions				
7.3 +Ordinary securities	383,729,449	383,729,449		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,000,000 65,891,800	30,000,000 65,891,800	1 cent 2 cents	1 cent 2 cents
7.5 +Convertible debt securities <i>(description)</i>	38,750,000 (7%, 19.12.16)	Nil	2 cents	2 cents
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	38,750,000 (7%, 19.12.16)	Nil	2 cents	2 cents
7.7 Options <i>(description and conversion factor)</i>	4,308,329 3,373,008 2,000,000 12,916,666	Nil 3,373,008 Nil Nil	Exercise price 5 cents 5 cents 5 cents 3 cents	Expiry date 01-Jul-15 01-Jul-15 04-Feb-16 19-Dec-16
7.8 Issued during quarter	12,916,666	Nil	3 cents	19-Dec-16
7.9 Exercised during quarter				
7.10 Expired/cancelled during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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 30, 2015

(Director/Company Secretary)

Print name: Paul Schultz

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.