

ASX Announcement

28th October 2010

ASX Code: COY

TECHNICAL REPORT – QUARTER ENDED 30 SEPTEMBER 2010

HIGHLIGHTS

- The first drill hole by Barrick (PNG) Exploration Ltd (“Barrick”) at the **Nakru-1 Prospect** intersected 213.75m grading 0.92% copper and 0.33 g/t gold, from 74.45m depth.
- The first drill hole by Barrick at the **Nakru-2 Prospect** intersected two zones of visible copper mineralisation at 142m depth and 268.5m depth.
- Barrick are currently operating two diamond drill rigs at the Nakru Exploration Licence and one on the Simuku Exploration Licence.
- Barrick are continuing exploration and drilling of the Simuku porphyry system. The first hole will be reported in the near future and the second drill hole is currently underway.

1.0 NAKRU PROJECT

The Mt. Nakru property is owned 100% by Copper Quest (PNG) Ltd and is accessible by a four hour drive from the provincial capital and deep water port of Kimbe. The tenement (EL 1043) contains three discrete Volcanic Hosted Massive Sulphide (VHMS) and/or breccia related copper-gold-molybdenum systems.

Four first order geochemical copper-gold anomalies have been identified within the interpreted Nakru volcanic rim. Only two anomalies (Nakru-1 and Nakru-2) have been drill tested, with significant copper mineralisation coincident with Three Dimensional Induced Polarisation (3DIP) geophysical anomalies. Nakru-3 and Nakru-4 Prospects are yet to be drill tested and additional prospects are likely to occur clustered within the volcanic rim (Refer to Figure 1).

The **Nakru-1 Prospect** possesses a large and strong 3DIP anomaly associated with anomalous copper in drilling and bulldozer trenching results. Four historical drill holes tested what became the south-western portion of the 3DIP anomaly, and produced the initial association of the geophysics with copper mineralisation (Refer to Figure 2).

The first Barrick drill hole BWNBDD0001 was designed to test the more intense central part of the 3DIP geophysical anomaly and intersected 213.75m grading 0.92% copper and 0.33 g/t gold from 74.45m depth downhole. This mineralised intercept included two zones of secondary copper enrichment of 13.55m grading 2.8% copper and 0.23 g/t gold (from 74.45m depth) and 22.25m grading 1.47% copper and 0.13 g/t gold (from 98.75m depth) (Refer to Table 1).

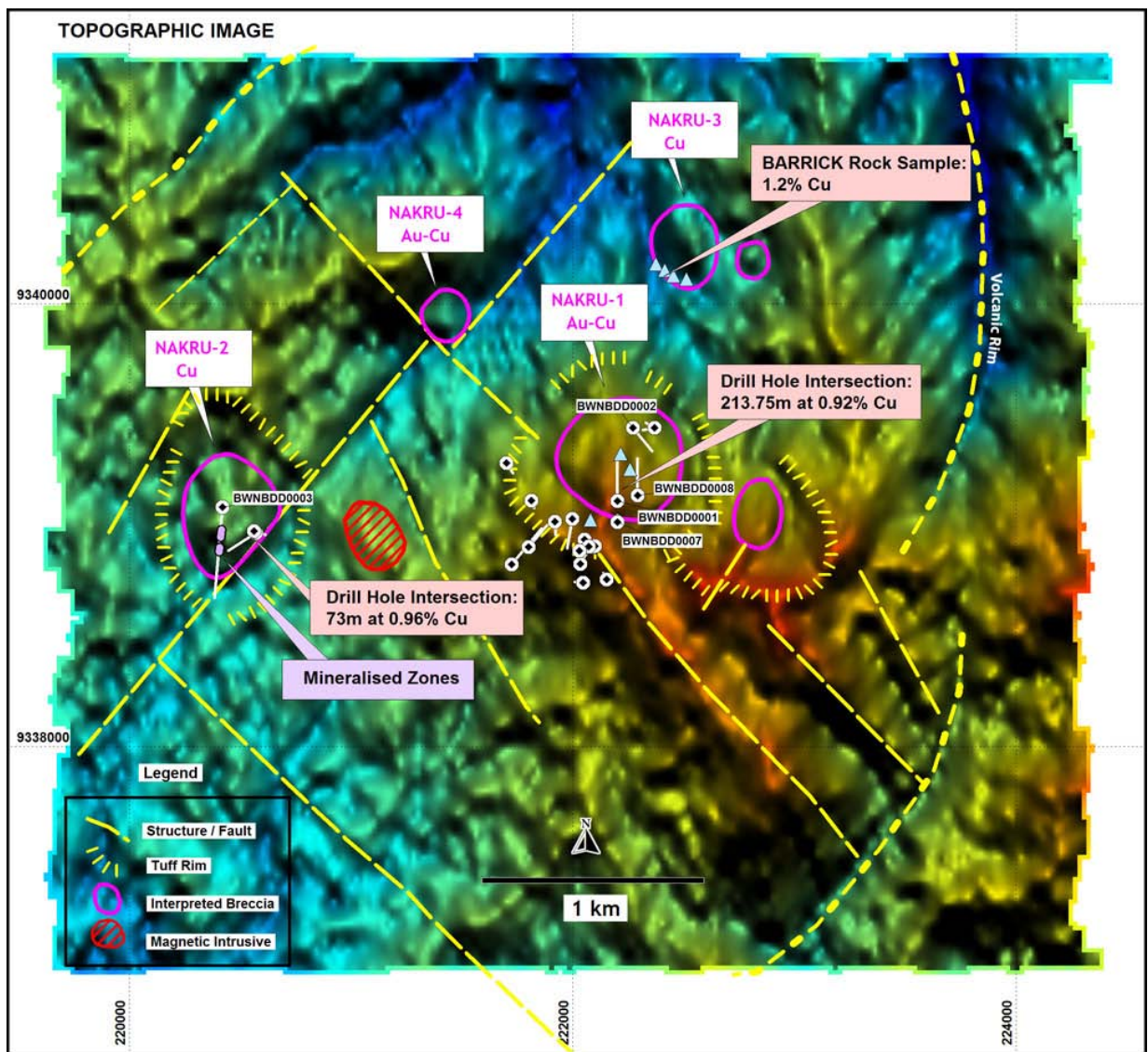


FIGURE 1: Nakru VHMS/Breccia Deposits

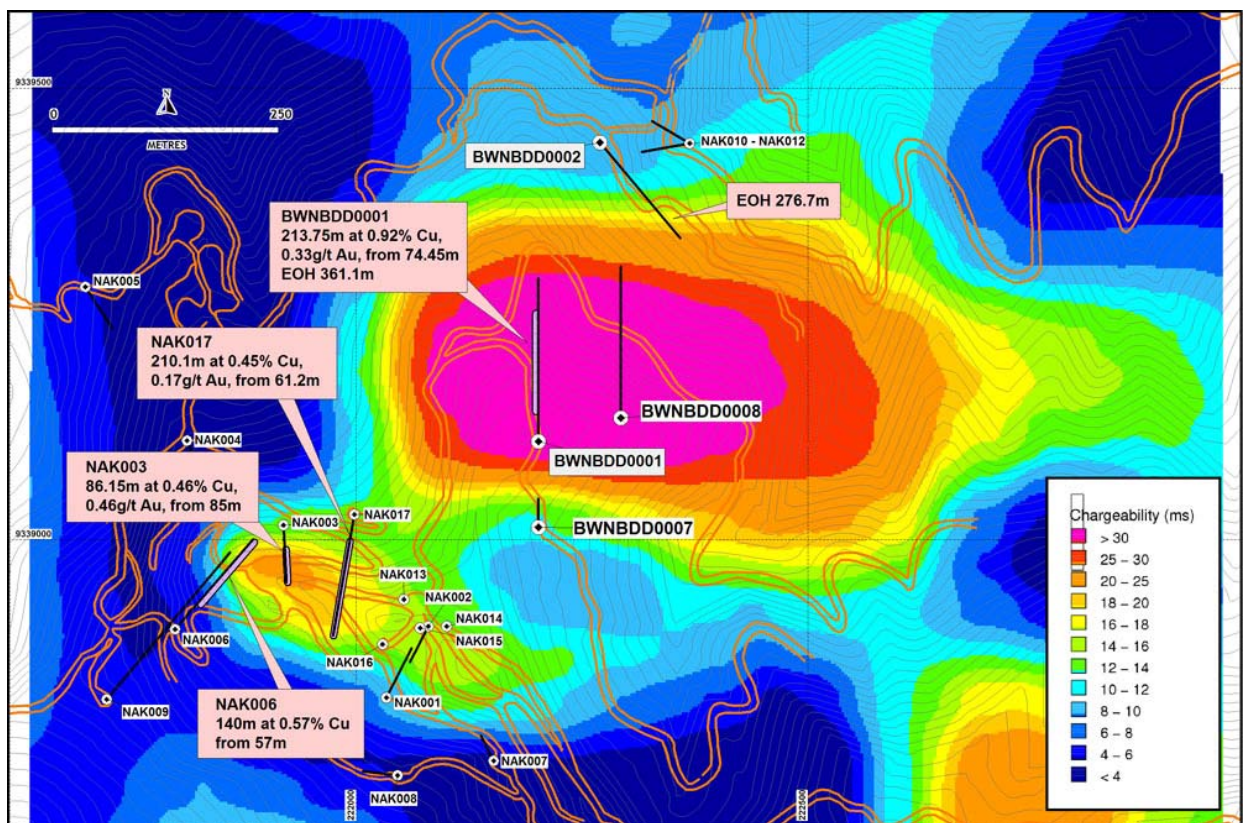


FIGURE 2: Nakru-1 Breccia System with Chargeability Image at 200m Depth

Table 1: Mineralised Intercepts in drill hole BWNBDD0001

Mineralisation Style	Depth From (m)	Depth To (m)	Intercept Width (m)	Copper (%)	Cut-off (% Cu)	Gold (g/t)
Secondary and Primary	74.45	288.2	213.75	0.92	Nil	0.33
Including						
Secondary	74.45	88	13.55	2.8	0.2	0.23
	98.75	121	22.25	1.47	0.5	0.13
Primary	121	175.4	54.4	0.9	0.2	0.27
	178.4	201.5	23.1	1.14	0.2	0.54
	206	236	30	1.17	0.2	0.87
	238.7	265.3	26.6	0.43	0.2	0.35
	273.6	288.2	14.6	0.30	0.2	0.11

Drill hole BWNBDD0002 intersected rhyolitic breccia and 3m grading 0.54% copper at 211m depth. This hole was terminated at 276.7m depth due to poor ground conditions and failed to reach its target and test the eastern flank of the chargeability anomaly.

Drill hole BWNBDD0007 is currently at over 63m depth and is designed to test continuity of copper mineralisation intersected in BWNBDD0001.

Drill hole BWNBDD0008 is designed to test for eastern extensions of copper mineralisation and has intersected veinlet-controlled chalcopyrite copper mineralisation starting from about 67m depth, at the base of oxidation, to at least 275m depth.

Exploration and rock float sampling to the north-east of Nakru-1 confirmed the presence of mineralised (pyrite-chalcopyrite-sphalerite-covellite) breccia float. This supports the possibility for additional breccia hosted copper mineralisation in addition to the two copper breccia systems drilled to date.

At the **Nakru-2 Prospect** the first drill hole by Barrick (BWNBDD0003) intersected two zones of visible copper mineralisation at 142m depth for a width of 62.3m and at 268.5m depth for a width of 17.3m. Assay results for the entire hole are pending. The mineralised zone is within strongly silicified rhyolite breccias with irregular quartz veining and chalcopyrite and pyrite mineralisation.

The hole was completed to a depth of 640.2m and drilled across the 3DIP geophysical anomaly (Refer to Figure 3). The hole confirmed an association of chargeability highs with the vein-hosted and disseminated sulphide mineralisation. Copper bearing zones comprise of a subset of larger bodies of pyrite.

- Major geologic units intersected in drill hole BWNBDD0003 include:
 - 0 to 123.3m: Un-mineralised volcanoclastic and hyaloclastic (pillow-breccia like) rocks and possible lavas that differ from the copper hosting rhyolites.
 - 123.3 to 142.2m: Quartz-sericite altered breccia (?) with abundant fine disseminated pyrite.
 - 142.2 to 203m: Strongly mineralised zone, comprising silicified rhyolite breccia with chalcopyrite-bearing quartz veinlets (commonly irregular).
 - 203 to 245m: Quartz-sericite-pyrite altered rhyolite and breccia. Abundant disseminated pyrite; no chalcopyrite.
 - 245 to 249m: Post mineral dyke.
 - 249 to 270m: Rhyolite with quartz-chlorite-sericite alteration. Disseminated pyrite; no chalcopyrite.

- 270 to 285m: Mineralised zone. Predominantly rhyolite; quartz-chlorite-sericite alteration, mineralisation of pyrite, chalcopyrite, and locally sphalerite.
- 285 to 341m: Rhyolite; weak pyrite, locally chalcopyrite ($\leq 0.1\%$)
- 341 to 393.2m: Un-mineralised andesite.
- 393.2 to 461m: Predominantly rhyolite with some rhyolite breccia with moderate sulphide mineralisation (2-5% Pyrite; 0.1-0.5 % Chalcopyrite).

Note: The percentage sulphide is a macroscopic volume estimation only.

The first drill hole into Nakru-2 was completed by Coppermoly (NAK2-001) and it intersected 51.7m grading 1.21% copper including 6.7m grading 3.80% copper. The second drill hole intersected 73m grading 0.96% copper, including 7m grading 3.36% copper. The sulphides are inferred to have been deposited on the ocean floor with the massive sulphide copper lens representing sea floor exhalatives.

The presence of an un-mineralised sequence overlying copper mineralisation in drill hole BWNBDD0001 implies areas of mineralisation that would remain undetected by surface geochemistry, especially in less eroded areas. Select surface rock sample geochemistry and trench samples include 5m grading 3.5% copper located 500m to the north-west of the copper mineralisation intersected by drilling (Refer to Figure 3).

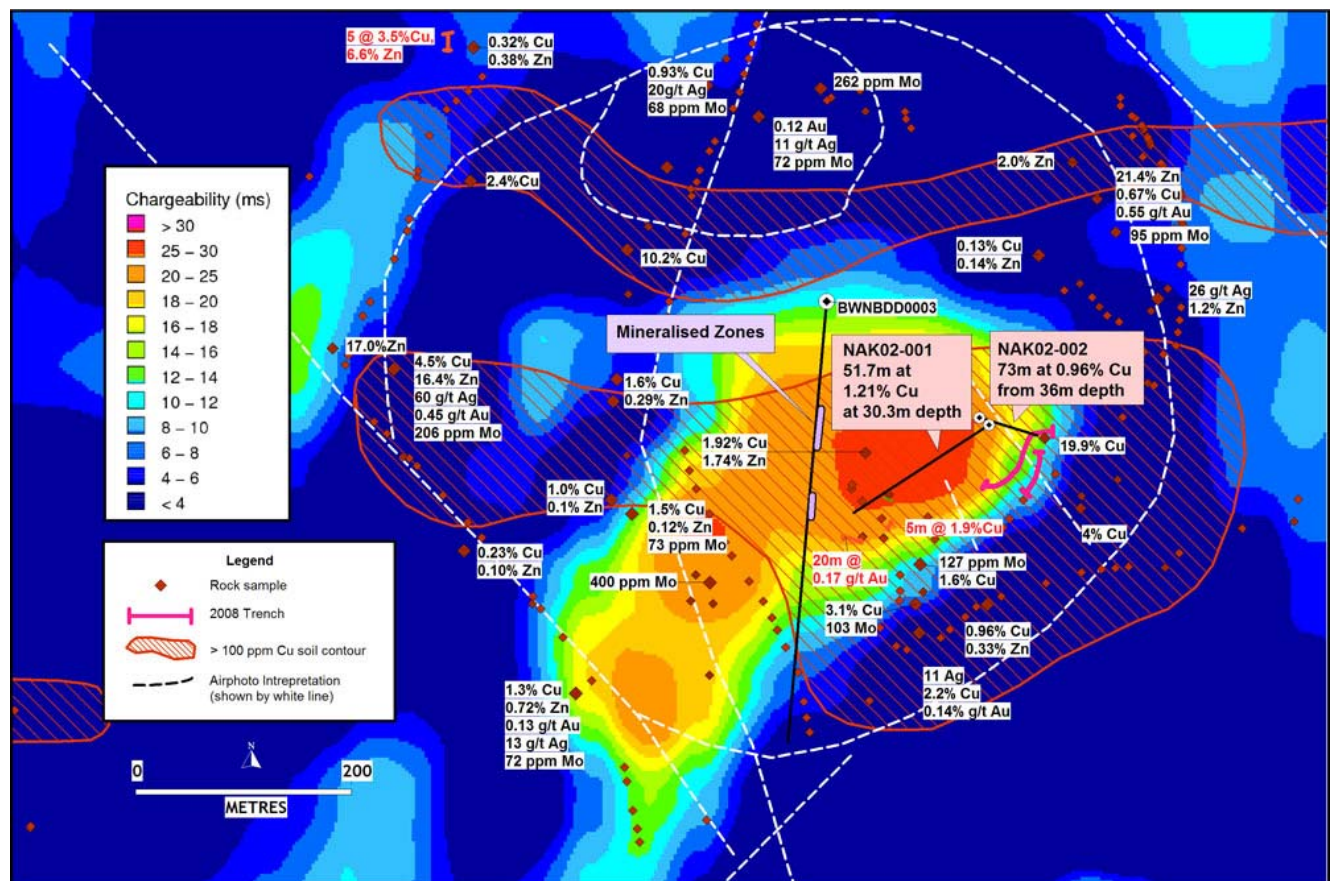


FIGURE 3: Nakru-2 Select Surface Samples with Chargeability Image at 100m Depth

2.0 SIMUKU PROJECT

Barrick is continuing its drilling and exploration programme on Coppermoly's Simuku porphyry copper system. Their second diamond drill hole is currently underway with all drill hole assay results pending for the first hole. A total of 174 rock chip samples (Refer to Figure 4) and 10 stream sediment samples were collected by Barrick in order to help develop additional targets.

Major exploration programs have historically been completed at Simuku including 6,021m of drilling in 31 diamond drill holes, 28 kilometres of bulldozer surface trenching, airborne magnetics and ground Gradient Array I.P. geophysics. In addition, Barrick have completed over 858m of diamond drilling. This data has defined a 3,500m by 650m envelope of copper mineralisation. The maiden Inferred Resource was estimated at 200 million tonnes of 0.36% copper, 61 ppm molybdenum, 0.06 g/t gold, 2 g/t silver within one-third of the known area of surface mineralisation.

Higher grades of secondary copper enrichment nearer the surface occur in eleven historic drill holes at Simuku, including a 16m thick horizon grading 1.0% copper (from 16m depth) at the Nayam Prospect. Primary copper of 16m grading 1.24% copper was also intersected at Nayam from 240m downhole depth.

High grade zones of molybdenum at the Horseshoe Prospect are yet to be further tested by drilling, where drill hole SMD-014 historically intersected 19m grading 0.32% molybdenum, including 7m grading 0.61% molybdenum from surface.

The first Barrick drill hole was designed to test the southern part of the Simuku "trend". Hole BWNBDD0004 (169085E, 9365990N, dipping -60 degrees) was drilled to 685.5m depth and it intersected narrow intervals of visible copper mineralisation from 17 to 43m, 159 to 180.8m, 186 to 199.1m and 270 to 291.4m depth. The lower part of the hole intersected weakly mineralised garnet-pyroxene skarn and hornfels.

Drill hole BWNBDD0005 (169254E, 9366633, Dipping -60 degrees) is sited approximately 600m north of hole 4, and is also testing the southern continuation of the Simuku 'trend'. From 99.5m depth, the hole intersected feldspar porphyry that is generally sericite-chlorite-clay altered and cut by several fault breccias. Weak potassic alteration with disseminated and fracture fill chalcopyrite was logged in diorite porphyry from 99m to the current hole depth of 126.8m.

Continuing field reconnaissance work is being undertaken over the northern part of the Kulu Prospect, approximately 5 kilometres east of Simuku. Copper mineralisation was documented along a 400m stretch of creek intersecting the northern part of the Kulu prospect.

Exploration is being carried out by a Barrick Gold Corporation subsidiary under an agreement with Coppermoly Ltd. The agreement allows Barrick to spend A\$20 million to earn 72% of EL 1043 (Nakru), EL1077 (Simuku) and EL1445 (Talelumas). Coppermoly Ltd retains 100% ownership until the earn-in is complete. Barrick have spent over AUD\$5 million during the past 10 months and have met the minimum earn-in amount specified over a maximum of two years.

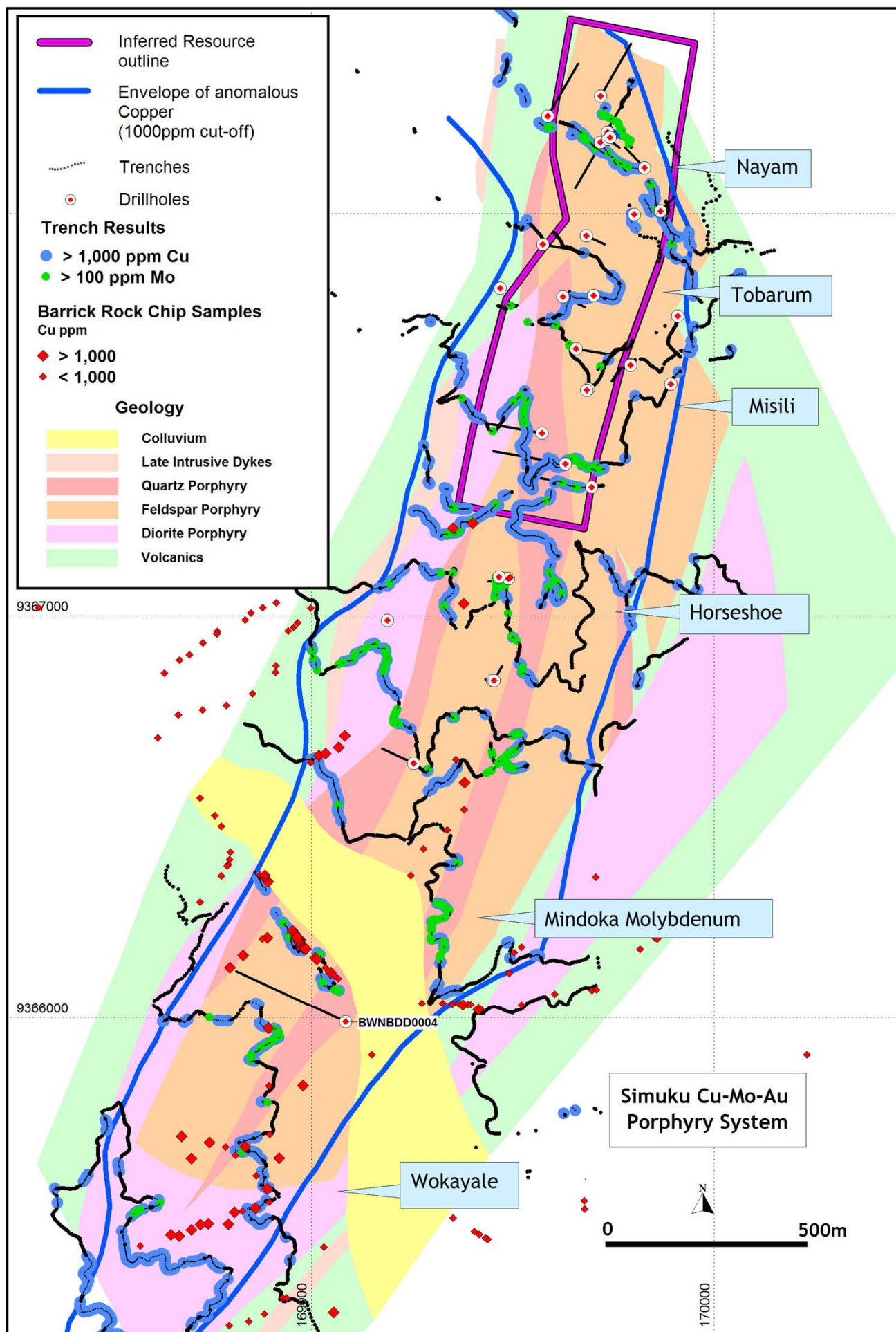


FIGURE 4: Simuku Geology and Envelope of Copper Mineralisation

On behalf of the board,



Peter Swiridiuk
MANAGING DIRECTOR

For further information please contact Peter Swiridiuk or Maurice Gannon on (07) 5592 1001 or visit www.coppermoly.com.au.

The information in this report that relates to Exploration Results and is based on information compiled by Peter Swiridiuk, who is a Member of the Australian Institute of Geoscientists. Peter Swiridiuk is a consultant to Coppermoly Ltd and employed by Aimex Geophysics. Peter Swiridiuk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Swiridiuk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Notes:

- All stated intersections are weighted assay averages ($[\text{Sum of each total interval} \times \text{grade}] / \text{Total length of intersection}$).
- Samples from drill holes were transported to the camp site then to the town of Kimbe where they were logged, orientated and sampled between 1m and 2m intervals from core split by saw. The split samples are then freighted to Intertek in Lae (PNG) for sample preparation. Samples are dried to 106 degrees C and crushed to < 2 mm. Samples greater than 2kg are rifle split down to 1.5kg and pulverised to 75 microns. The final 300g sized pulp samples are then sent to Intertek laboratories in Jakarta for geochemical analysis. Intertek analyse for gold using a 50g Fire Assay with Atomic Absorption Spectroscopy finish. Other elements are assayed with ICPAES Finish. Copper values greater than 0.5% are re-assayed. Intertek laboratories have an ISO 17025 accreditation. Unused half core is stored in sheltered premises in the town of Kimbe.
- Quality control and quality assurance checks on sampling and assaying quality are undertaken by Barrick.
- BWNBDD (Barrick West New Britain Diamond Drill hole) Series Drill Core is PQ, HQ and NQ in size with core recovery predominantly greater than 90%.
- Drill hole co-ordinates are given in UTM Zone 56, AGD66 Datum.
- Mineralised intersections are quoted as downhole widths.

Kc/ps027.10

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year To Date* (3 months) \$A'000
1.1 Receipts from product sales and related debtors	32	32
1.2 Payments for (a) exploration and evaluation	(52)	(52)
(b) development	-	-
(c) production	-	-
(d) administration	(206)	(206)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(2)	(2)
Net Operating Cash Flows	(202)	(202)
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	(66)	(66)
1.11 Loans repaid by other entities	57	57
1.12 Other (provide details if material)	-	-
Net Investing Cash Flows	(9)	(9)
1.13 Total operating and investing cash flows (carried forward)	(211)	(211)

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(211)	(211)
Cash flows related to financing activities			
1.14	Proceeds from issue of shares, options, etc.	241	241
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		241	241
Net increase (decrease) in cash held		30	30
1.20	Cash at beginning of quarter/year to date	2,168	2,168
1.21	Exchange rate adjustments to item 1.20	(4)	(4)
1.22	Cash at end of quarter	\$2,194	\$2,194

Payments to directors of the entity and associates of the directors
Payments to 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	71
1.24	Aggregate amount of loans to the parties included in item 1.10	23
1.25	Explanation necessary for an understanding of the transactions Directors: salaries and consulting 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.

- 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.

Barrick (PNG Exploration) Limited has spent \$A2,892 ('000) during the September 2010 quarter in relation to exploration of the three tenements in West New Britain, Papua New Guinea. Total expenditure by Barrick (PNG Exploration) Limited, since the commencement of the agreement, is \$A5,425 ('000).

+ See chapter 19 for defined terms.

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Appendix 5B
Mining 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	150
Total	250

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	436	235
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) - fixed term deposits	1,758	1,933
Total: cash at end of quarter (item 1.22)	2,194	2,168

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

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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

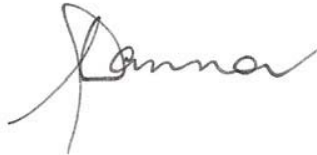
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)	Nil	Nil		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs redemptions				
7.3	+Ordinary securities	139,090,650	139,090,650		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,893,599	1,893,599		
7.5	+Convertible debt securities (description)	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	3,000,000 1,700,000 22,504,777 23,651,257 1,325,000 3,500,000 3,500,000	22,504,777 23,651,257	Exercise price 30 cents 25 cents 30 cents 7 cents 10 cents 19 cents 23 cents	Expiry date 22-Oct-10 13-Mar-11 30-Apr-11 01-Dec-11 05-Oct-12 01-Dec-12 01-Dec-12
7.8	Issued during quarter				
7.9	Exercised during quarter	22,000	22,000		
7.10	Expired/cancelled during quarter				
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

+ See chapter 19 for defined terms.

30/09/2001

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4)
- 2 This statement does / ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed



Sign here: Date: October 28, 2010
(Director/Company Secretary)

Print name: Maurice Gannon

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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