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ASX Announcement

Date: **26 February 2016**

ASX Code: **COY**

NOTICE OF GENERAL MEETING AND INDEPENDENT EXPERT'S REPORT

Further to the announcement dated 21 January 2016, Coppermoly Ltd (**Coppermoly**) advises that it will be holding a general meeting of shareholders to consider the issue of securities to Ever Leap Services Limited (**ELS**) (as set out in that announcement) at its registered office at 11am on Wednesday 30 March 2016.

The notice of meeting, including an Independent Expert's Report (**IER**) prepared by RSM Financial Services Australia Pty Ltd (**RSM**) in relation to the Conditional Placement to ELS, for the meeting is attached to this announcement and will be dispatched to Shareholders today. The Directors encourage all Shareholders to read the notice of meeting and the IER in full.

As set out in detail in the IER, the Independent Expert has concluded that the proposed Conditional Placement is not fair but is reasonable to Coppermoly's Non-Associated Shareholders, and has assessed the value of a Coppermoly Share prior to and immediately following the proposed Conditional Placement as set out below:

	Low (\$)	High (\$)	Preferred (\$)
Fair Value per share prior to the Conditional Placement (on a controlling basis)	\$0.0246	\$0.0251	\$0.0248
Fair Value per Share immediately after the Conditional Placement (on a non-controlling basis)	\$0.0129	\$0.0136	\$0.0132
Fair Value per Share immediately after the Conditional Placement (on a non-controlling basis and assuming all Deferred and Attached Options held by ELS are exercised)	\$0.0094	\$0.0099	\$0.0097

Commenting on the IER, Coppermoly Director Dr Wanfu Huang, said:

"While the Independent Expert's preferred valuation of \$0.0132 per Share immediately after the Conditional Placement (on a non-controlling basis) and \$0.0097 immediately after the Conditional Placement (on a non-controlling and fully diluted basis) is above the proposed issue price for the Conditional Placement and the Independent Expert has concluded that the Conditional Placement is not fair, we consider that this is in part a reflection of the current broader market sentiment for junior exploration companies – where the share price of many companies does not reflect their underlying asset values or prospects.

This is also reflected in Coppermoly's current share price, which is significantly below both the proposed issue price for the Conditional Placement and the Independent Expert's preferred valuations."

The Directors of Coppermoly encourage all shareholders to vote in favour of the Conditional Placement at the upcoming EGM, in the absence of a superior proposal.

Clarification of 21 January Announcement

For the sake of completeness, Coppermoly notes that the ASX announcement dated 21 January 2016 incorrectly stated that the Deferred Options forming part of the proposed Conditional Placement are exercisable at any time within 12 months from their date of issue. This was inaccurate because, as set out in the attached notice of meeting, the Deferred Options are exercisable at any time between 1 February 2017 and 31 January 2020.

On behalf of the Board.

Paul Schultz
Company Secretary
Coppermoly Ltd

About Coppermoly

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**.



ABN 54 126 490 855

Notice of General Meeting

Notice is hereby given that a general meeting of the shareholders of Coppermoly Limited (**Coppermoly**) will be held at Coppermoly's registered office located at

Suite 1B, 91 Upton Street, Bundall, Queensland

on

Wednesday 30 March 2016 at 11.00am (Queensland time)

for the purpose of transacting the business set out in this Notice.

If you are unable to attend the meeting you are encouraged to complete and return the enclosed Proxy Form which allows you to appoint a proxy to vote on your behalf. The completed Proxy Form must be received by Coppermoly no later than 11.00am (Queensland time) on Monday 28 March 2016, being 48 hours before the commencement of the meeting.

Ordinary Business:

RESOLUTION 1: Ratification of Initial Placement

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.4, and for all other purposes, the prior issue of 57,750,000 Shares issued at an issue price of \$0.004 per share to Ever Leap on 28 January 2016, and otherwise on the terms set out in the Explanatory Notes, be ratified."

Voting Exclusion Statement: *The Company will disregard any votes cast on this Resolution by Ever Leap and any of its Associates. However, Coppermoly need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form.*

RESOLUTION 2: Approval of Conditional Placement

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for Coppermoly to issue:

- (a) 317,250,000 Shares at an issue price of \$0.004 (0.4 cents) per Share;*
- (b) 250,000,000 Deferred Options at an issue price of \$0.004 (0.4 cents) per Deferred Option (with no amount payable to exercise the Deferred Options); and*
- (c) 83,333,333 Attached Options for no additional consideration but having an exercise price of \$0.008 (0.8 cents) per Attached Option,*

(and the issue of Shares on the exercise of those Options) to Ever Leap, and otherwise on the terms and conditions set out in the Explanatory Notes."

Voting Exclusion Statement: *The Company will disregard any votes cast on this Resolution by Ever Leap and any of its Associates. However, Coppermoly need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form*

Other Business:

To transact any other business that may be lawfully brought forward in accordance with Coppermoly's constitution or the Corporations Act.

Please refer to the Explanatory Notes for further information on the proposed Resolutions, together with the Independent Expert's Report included as Annexure A to this Notice of Meeting.

By order of the Board

Dr Wanfu Huang

Director

Dated: 26 February 2015

HOW TO VOTE

ELIGIBILITY TO ATTEND AND VOTE

You will be eligible to attend and vote at the meeting if you are registered as a holder of Shares at 6:00pm (Queensland time) on Monday 28 March 2016 and are not Ever Leap or an Associate of Ever Leap.

VOTING METHODS

You may vote by either attending the meeting in person or by proxy.

A Shareholder entitled to attend and vote at the meeting may appoint not more than two proxies to attend and vote as an alternative to attending the meeting in person.

A proxy need not be a Shareholder.

A proxy appointment may be authorised by a Shareholder in any manner approved by the Directors (subject to the Corporations Act) and as specified in this Notice of Meeting.

An instrument appointing a proxy must be in writing under the hand of the appointer or of the appointer's attorney duly authorised in writing or if the appointer is a corporation under its common seal or the hand of its duly authorised attorney.

Where more than one proxy is appointed each proxy must be appointed to represent a specified proportion of the Shareholders' voting rights and neither proxy may vote on a show of hands.

Any corporation which is a Shareholder may, by a resolution of its director(s), authorise any person it thinks fit to act as its representative at the meeting. That person acting in accordance with that authority until it is revoked by the corporation is entitled to exercise the same powers on behalf of that corporation as that corporation could exercise if it were a natural person who is a Shareholder.

Additionally, a Shareholder may appoint an attorney to act on its behalf, such appointment must be made by a duly executed power of attorney. An attorney must provide at the point of entry to the Meeting written evidence of their appointment (original or certified copy), their name and address and the identity of their appointer.

A Proxy Form and the authority, if any, under which it is signed or a copy of that authority certified as a true copy by statutory declaration must be completed and received at the office of Coppermoly Limited, as detailed below:

BY MAIL: Coppermoly Limited
PO Box 6965
Gold Coast Mail Centre
Qld 9726 Australia

BY FAX: + 61 7 5510 3997

BY EMAIL: info@coppermoly.com.au

IN PERSON: Coppermoly Limited
Suite 1B, 91 Upton Street
Bundall Qld 4217 Australia

LAST DATE TO SUBMIT PROXY FORM

Proxy Forms must be received no later than 48 hours before the time of the meeting, i.e. **before 11.00am (Queensland time) Monday 28 March 2016.**

REQUIRED APPROVALS

Both of the Resolutions are ordinary resolutions. Ordinary resolutions require that more than 50% of the votes cast, in person, by proxy, by representative or by attorney, are cast in favour of the resolution.

All votes will be voted upon by a show of hands in the first instance. A poll may be demanded in accordance with Coppermoly's constitution. Every Shareholder who is present in person or by proxy will:

- on a show of hands: have one vote, or
- in a poll: have one vote for each Share registered in that person's name.

ASIC/ ASX NOT RESPONSIBLE

The fact that this Notice of Meeting and other relevant documentation has been reviewed by the ASX or ASIC is not, and should not be treated as, any indication of the merits of the Initial Placement or Conditional Placement, this Notice or Coppermoly. Neither ASIC, ASX, nor any of their respective officers, take any responsibility for any decision a Shareholder may make in reliance on this Notice of Meeting.

EXPLANATORY NOTES

These Explanatory Notes have been prepared to assist Shareholders in considering the business to be conducted at the meeting of Shareholders to be held at 11.00am on Wednesday 30 **March 2016**.

These Explanatory Notes form part of the accompanying Notice of Meeting and should be read in conjunction with the Independent Expert's Report enclosed as Annexure A.

A Proxy Form is located at the end of the Explanatory Notes.

Background

On 21 January 2016, Coppermoly entered into a placement agreement (**Agreement**) with a new investor Ever Leap, a special purpose project company resident in Hong Kong that is a wholly owned subsidiary of Shanxi Xierun Investment Limited (**Shanxi Xierun**), which is incorporated in the People's Republic of China (**China**).

Shanxi Xierun is a diversified private investment company, with various investments, including significant interests in major civil engineering and infrastructure projects in the China as well as open cut Bauxite mines in the Shangxi region of China. Shanxi Xierun is controlled by interests associated with Mr Yu Chao, a resident of the Shangxi Province, China, a qualified senior engineer with over 20 years' of experience in the construction and mining industries.

The Agreement comprises a two stage placement arrangement, which will result in Coppermoly raising approximately \$2,500,000 (before costs), comprising:

- (a) an upfront placement of 57,750,000 Shares, to be issued at an issue price of \$0.004 (0.4 cents) per Share, which completed on 28 January 2016 and resulted in Coppermoly raising approximately \$231,000 (**Initial Placement**); and
- (b) the subsequent issue of:
 - i. 317,250,000 Shares, at an issue price of \$0.004 (0.4 cents) per Share (**Conditional Placement Shares**); and
 - ii. 250,000,000 Deferred Options, at an issue price of \$0.004 (0.4 cents) per Deferred Option (with no amount payable to exercise the Deferred Options), together with 83,333,333 Attached Option, to be issued for no additional consideration but having an exercise price of \$0.008 (0.8 cents) per Attached Option,

(together, the **Conditional Placement Securities**), to raise approximately \$2,269,000, which is subject to Coppermoly first obtaining Shareholder approval in accordance with the Corporations Act and the Listing Rules (**Conditional Placement**).

As a result of the Initial Placement Ever Leap has obtained Voting Power in Coppermoly of approximately 13%.

The purpose of the Notice of Meeting is to seek Shareholder ratification of the Initial Placement and Shareholder approval of the Conditional Placement, for the reasons detailed further below.

Given the challenging market for junior exploration companies raising capital, and for the reasons outlined elsewhere in this Notice of Meeting, the Directors consider that the Agreement is in the best interests of Shareholders and recommend that Shareholders vote in favour of the Resolutions, in the absence of a superior proposal.

Resolution 1 – Ratification of issue of Initial Placement Shares

Resolution 1 seeks ratification of the Initial Placement to Ever Leap on 28 January 2016 for the purposes of Listing Rule 7.4.

Broadly, Listing Rules 7.1 and 7.1A (together) provide that a company may issue, or agree to issue, equity securities without the prior approval of Shareholders if those equity securities will, when aggregated with all other equity securities issued by the company during the previous 12 months, not exceed the number that is equal to 25% of the number of equity securities on issue on the date that was 12 months' prior to the date the equity securities were issued, or agreed to be issued (as applicable).

Listing Rule 7.4 provides that an issue of equity securities made without the prior approval of Shareholders in accordance with Listing Rules 7.1 and/or 7.1A, is treated as having been made with the approval of Shareholders if the issue did not breach the Listing Rules at the time of issue and the company's shareholders subsequently ratify it.

Accordingly, as the Shares issued pursuant to the Initial Placement were issued in reliance on Listing Rules 7.1, ratification of the Initial Placement is being sought for the purposes of ASX Listing Rule 7.4.

By having the Initial Placement ratified by Shareholders, Coppermoly will retain the flexibility to issue equity securities in the future up to the 25% placement capacity set out in Listing Rules 7.1 and 7.1A without the requirement to obtain prior Shareholder approval.

If Resolution 1 is not passed, the Shares issued pursuant to the Initial Placement will be required to be included when calculating Coppermoly's placement capacity in accordance with the Listing Rules, reducing Coppermoly's ability to raise further funds through the issue of equity securities in the future, without first obtaining Shareholder approval.

The Shares issued pursuant to the Initial Placement are fully paid ordinary shares, which, from their date of issue, ranked equally with all other Shares on issue. Funds raised from the Initial Placement have been and will be used for general working capital purposes.

Each Director recommends that Shareholders approve Resolution 1.

Resolution 2 – Approval of Conditional Placement Securities

As Coppermoly did not have sufficient 'placement capacity' to issue the Conditional Placement Securities in reliance on the Listing Rules 7.1 and 7.1A (as outlined above in relation to Resolution 1), Resolution 2 seeks prior Shareholder approval to issue the Conditional Placement Securities.

Further, as the issue of Conditional Placement Securities will result in Ever Leap obtaining Voting Power in Coppermoly of more than 20% of Coppermoly's Shares, Shareholder approval is also being sought for the purpose of the Corporations Act.

Specifically, section 606(1) of the Corporations Act prohibits a person from acquiring a Relevant Interest in Shares if, as a result, that person or any other person's Voting Power would increase to more than 20% (from a starting position of 20% or below), subject to certain exceptions.

Item 7 of section 611 of the Corporations Act is one of these exceptions, which provides that section 606(1) of the Corporations Act does not apply to an acquisition of a Relevant Interest in Shares if the acquisition has been previously approved by a resolution passed at a general meeting of Shareholders (with no votes cast by the person to whom the shares are to be issued or by an Associate of that person).

Accordingly, Shareholder approval is being sought to approve the issue of Conditional Placement Securities to Ever Leap, including approval for Ever Leap to increase its Voting Power in Coppermoly above 20% as a result of the issue of the Conditional Placement Securities and, in the case of the Deferred Options and Attached Options, the conversion of those Options into Shares.

For the sake of completeness, Shareholders should note that as approval is being sought in accordance with section 611 Corporations Act, approval of the Conditional Placement is not required for the purpose of Listing Rule 7.1 and will not be included in calculating the number of securities issued in reliance of that Listing Rule, by virtue of exception 14 of ASX Listing Rule 7.2.

In considering how to vote in respect of Resolution 2, Shareholders should review, in addition to the information contained elsewhere in this Notice of Meeting, the Independent Expert's Report included as Annexure A. Specifically, Shareholders should be aware that the Independent Expert has concluded that the proposed issue of Conditional Placement Securities is not fair but is reasonable to Coppermoly's Non-Associated Shareholders – for the reasons outlined in the Independent Expert's Report.

The Directors have considered the Independent Expert's Report and still consider that the Conditional Placement is in the best interests of Non-Associated Shareholders and, for the reasons outlined in this Notice of Meeting, continue to recommend that Shareholders approve Resolution 2, in the absence of a superior proposal.

Voting Power

At the date of this Notice of Meeting, Ever Leap has Voting Power in Coppermoly of approximately 13.0% as a result of having been issued Shares pursuant to the Initial Placement.

The Conditional Placement Securities include 317,250,000 Shares, 250,000,000 Deferred Options and 83,333,333 Attached Options.

Specifically:

- (a) the Deferred Options are to be issued at an issue price of \$0.004 per Deferred Option (being the same issue price as the Conditional Placement Shares), and do not have any exercise price (so no additional consideration will be payable for the exercise of the Deferred Options); and
- (b) the Attached Options are to be issued for no additional consideration but will have an exercise price of \$0.008 per Attached Option.

The Deferred Options and the Attached Options will be exercisable between 1 February 2017 and 31 January 2020 and will otherwise have the terms and conditions summarised on page 6 of this Notice of Meeting.

Accordingly, if Resolution 2 is passed, Ever Leap:

- (a) will obtain Voting Power in Coppermoly of approximately 49.3% as a result of the issue of Conditional Placement Shares; and
- (b) may obtain Voting Power in Coppermoly of up to 64.8% as a result of the exercise of the Deferred Options and the Attached Options.

Capital Structure

The capital structure of Coppermoly before and after completion of the Conditional Placement (if approved by Shareholders), is set out below:

Ordinary Shares				
Shareholder(s)	Pre Conditional Placement		Post Conditional Placement	
	Qty	%	Qty	%
Existing Shareholders (other than Ever Leap)	385,484,473	87.0%	385,484,473	50.7%
Ever Leap	57,750,000	13.0%	375,000,000	49.3%
Total	443,234,473	100.0%	760,484,473	100.0%
Options ¹				
Shareholder(s)	Pre Conditional Placement		Post Conditional Placement	
	Qty	%	Qty	%
Existing Optionholders (other than Ever Leap)	42,548,940	100.0%	42,548,940	11.3%
Ever Leap	Nil	0.0%	333,333,333	88.7%
Total	42,548,940	100.0%	375,882,273	100.0%

In addition to the above Shares and Options, as at the date of this Notice of Meeting Coppermoly also has on issue 60,000,000 convertible notes (each convertible into one Share at the election of the holder).

¹ Includes all Options currently issued by Coppermoly;

Substantial security holders

Following completion of the Conditional Placement (if approved), the following persons will have a Substantial Holding in Coppermoly (assuming there are no changes between the date of this Notice of Meeting and the issue of Conditional Placement Securities):

Holder Name	Shares	%
Ever Leap	375,000,000	49.3
Barrick (PD) Australia Ltd	73,201,447	9.6
Jelsh and Associates ²	56,501,133	7.4
Mr Ma Piwu	52,737,609	6.9

On a fully diluted basis (i.e. assuming that all existing convertible securities, including the Deferred Options and Attached Options, are exercised and the convertible notes are converted), the following persons will have a Substantial Holding in Coppermoly (assuming that there are no changes in Coppermoly's capital structure between the date of this Notice of Meeting and the exercise of these Options or Convertible Notes):

Holder Name	Shares ³	%
Ever Leap	708,333,333	59.2%
Jade Triumph International Ltd	109,999,999	9.2%
Barrick (PD) Australia Ltd	95,165,380	8.0%
Jelsh and Associates ²	56,501,133	4.7%
Mr Ma Piwu	52,737,609	4.4%

Additional Information

Shareholders should also read the following information, which has been prepared to assist Shareholders in considering the Conditional Placement.

Terms of Conditional Placement Securities	<p>The Conditional Placement Securities include:</p> <ul style="list-style-type: none"> (a) Conditional Placement Shares; (b) Deferred Options; and (c) Attached Options. <p>The Conditional Placement Shares will be fully paid ordinary shares in Coppermoly, which will, on and from their date of issue, rank equally with all other Shares on issue and Coppermoly will apply for the Conditional Placement Shares to be quoted on the ASX on and from their date of issue.</p> <p>The Deferred Options have been issued at an issue price of \$0.004 (being the same issue price as the Conditional Placement Shares) and do not have any exercise price (so no additional consideration will be payable for the exercise of the Deferred Options).</p> <p>The Attached Options will be issued for no additional consideration and will have an exercise price of \$0.008 per Attached Option</p>
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² Includes Shares held by Jelsh Holdings Pty Ltd and Dr Wanfu Huang. Dr Huang is a director of Jelsh Holdings Pty Ltd;

³ A total of 1,196,366,746 Shares on a fully diluted basis;

	<p>The Attached Options and the Deferred Options are exercisable at any time between 1 February 2017 and 31 January 2020, unless a takeover is made for the Shares in Coppermoly or a Court approves the convening of a scheme of arrangement between Coppermoly and its Shareholders, in which case the Options will become immediately exercisable.</p> <p>In addition, the Attached Options and the Deferred Options:</p> <ul style="list-style-type: none"> • will not be Quoted on the ASX and will not transferable unless Coppermoly consents in writing (which consent 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.
Material terms of the Placement	<p>In addition to the other matters set out elsewhere in this Notice of Meeting, some of the other key terms of the Agreement are as follows:</p> <ul style="list-style-type: none"> • Conditions Precedent – It is a condition precedent to the Conditional Placement that Coppermoly obtain Shareholder approval for the issue of the Conditional Placement Securities (Conditions Precedent) and that Coppermoly provide written notice to Ever Leap as soon as practicable and, in any event, within 48 hours, of the Conditions Precedent being satisfied (Satisfaction Notice). Completion of the Conditional Placement will take place within 10 Business Days of the Satisfaction Notice, or such other time and place as agreed between Coppermoly and Ever Leap. <p>If the Conditions Precedent are not satisfied by 30 June, the Agreement will terminate with immediate effect and the parties' respective obligations will be at an end.</p> <ul style="list-style-type: none"> • Ever Leap Standstill – For a period of 12 months following completion of the Conditional Placement (Standstill Period), Ever Leap and its Related Body Corporate must not undertake certain actions without Coppermoly's prior written consent, including: <ul style="list-style-type: none"> i. acquiring or offering to acquire, any Shares or right or option to acquire any Shares or other securities in Coppermoly; and ii. soliciting proxies from Shareholders or otherwise seeking to influence the composition of the Board or control the management of Coppermoly. • Directorship – On completion of the Conditional Placement, Coppermoly is required to appoint Mr Lin Zule as a Director. <p>Mr Lin is a resident of the Shangxi Province China and holds a master's degree in finance, and is currently the CFO of Shanxi Xierun Investment (the parent entity of Ever Leap). Mr Lin has more than 15 years of experience in financial management. Mr Lin does not have any interest in the Agreement or the Conditional Placement Securities to be issued pursuant and subject to Resolution 2.</p> <ul style="list-style-type: none"> • Recommendation – 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.
Use of funds	<p>The funds raised from the issue of Conditional Placement Securities will be used to fund further exploration on Coppermoly's tenements and other working capital requirements.</p>

	<p>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 Mt Nakru tenement, Simuku and Coppermoly's other tenements.</p>
Ever Leap's intentions regarding Coppermoly	<p>Ever Leap has confirmed to Coppermoly that:</p> <ul style="list-style-type: none"> • it supports the current management and strategy of Coppermoly; • it has no intention to change Coppermoly's current business strategy, financial management or employment arrangements, nor make any changes to the ownership of Coppermoly's existing assets (including fixed assets); and • the purpose of it entering into the Agreement is to assist Coppermoly in progressing its exploration program in order to further evaluate the economic potential of its copper-gold projects.
Independent Expert's Opinion	<p>Coppermoly engaged RSM as an independent expert (Independent Expert) to opine on whether, in their opinion, the Conditional Placement is fair and reasonable to Non-Associated Shareholders.</p> <p>The Independent Expert has concluded that the proposed issue of Conditional Placement Securities is not fair but is reasonable to Coppermoly's Non-Associated Shareholders.</p> <p>The Independent Expert's opinion that the Conditional Placement is not fair to Non-Associated Shareholders arises from the independent valuation of Coppermoly's assets and the Independent Expert's opinion that the fair value of a Share immediately after the Conditional Placement (if approved) is less than the fair value of a Share prior to the Conditional Placement.</p> <p>However, in forming its opinion that the Conditional Placement is reasonable to Coppermoly's Non-Associated Shareholders, the Independent Expert has considered:</p> <ul style="list-style-type: none"> (a) the future prospects of Coppermoly if the Conditional Placement does not proceed and alternative offers and sources of funds available to Coppermoly; and (b) the significant improvement in Coppermoly's cash position if the Conditional Placement is approved. <p>Having considered the Independent Expert's Report, the Directors consider that the Conditional Placement is in the best interests of Non-Associated Shareholders and, for the reasons outlined below, continue to recommend that Shareholders approve Resolution 2, in the absence of a superior proposal.</p> <p>The Independent Expert's Report is included as Annexure A to this Notice of Meeting and the Directors encourage you to read it in full.</p>
Advantages of the Placement	<ul style="list-style-type: none"> • If the Conditional Placement is approved, Coppermoly will have sufficient new capital to apply to additional exploration expenditure on its tenements. <p>Based on Coppermoly's current explorations plans, the Conditional Placement is expected to provide sufficient funds for Coppermoly to progress its stated objectives without needing to raise additional capital for approximately 12 to 18 months from the date of this Notice of Meeting.</p>

	<ul style="list-style-type: none"> • If the Placement is not approved, Coppermoly will need to obtain an alternative source of funding to meet its current and planned commitments. There is no guarantee that Coppermoly will be able to obtain additional funding on terms acceptable to Coppermoly, or at all. Any alternative equity financing may be dilutive to Shareholders or require additional capital commitments from Shareholders, and any debt financing (if available) may involve restrictive covenants which could limit Coppermoly's operations or business strategy. • If the Placement is not approved, the market price for Coppermoly's Shares may fall (although noting that it is not possible to predict at what level Shares will trade if the Placement does not proceed).
Disadvantages of the Placement	<ul style="list-style-type: none"> • If approved, the Conditional Placement will result in Ever Leap obtaining Voting Power in Coppermoly of approximately 49.3% on Completion of the Conditional Placement, which may be increased to approximately 64.8% on the exercise of the Conditional Options. This could result in Ever Leap having a significant influence on the future direction and/ or management of Coppermoly. While Ever Leap has stated that it supports the current management and strategy of Coppermoly, and has no intention to change Coppermoly's current business strategy, financial management, or employee arrangements, Ever Leap's position may change in the future. • As the Conditional Placement will result in Ever Leap having a significant interest in Coppermoly, this may be perceived by the market and others as being a 'blocking stake' to any potential takeover offer being made for Coppermoly in the future. Coppermoly is not aware of any such offer, or potential offer. • Shareholders may believe that a more compelling transaction than the Conditional Placement may emerge. In this context, the Directors note that they have been actively seeking to raise further funds for an extended period and that, as at the date that this Notice of Meeting was approved by the Directors, there has been no superior proposal that would provide Coppermoly with the necessary funds to progress its proposed exploration activities.
Interests of Directors	None of the Directors has any interest in the Agreement or the Conditional Placement Securities.
Timing	If Shareholders approve the Conditional Placement, the Conditional Placement Securities will be issued to Ever Leap as soon as practicable following the meeting and the receipt of funds from Ever Leap, which is expected to occur within 10 business days.

Each Director recommends that Shareholders approve Resolution 2, in the absence of a superior proposal.

GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Agreement means the placement agreement between Coppermoly and Ever Leap dated [21] January 2016.

Associate has the meaning given to that term in the Corporations Act.

ASX means ASX Limited.

Attached Options means the 83,333,333 Options, having an exercise price of \$0.008 and otherwise having the terms and conditions set out in the Explanatory Notes.

Corporations Act means the *Corporations Act 2001* (Cth).

Conditional Placement means the proposed issue of Shares and Options to Ever Leap, subject to and conditional upon the passing of Resolution 2, on the terms and conditions set out in the Explanatory Notes.

Conditional Placement Securities means Shares and Options to be issued pursuant to the Conditional Placement.

Deferred Options means the 250,000,000 Options, to be issued at an issue price of \$0.004 (0.4 cents) per Option (with no exercise price) and otherwise having the terms and conditions set out in the Explanatory Notes.

Director means a director of Coppermoly as at the date of this Notice.

Ever Leap means Ever Leap Services Limited.

Independent Expert means RSM Financial Services Pty Ltd (**RSM**).

Independent Expert's Report means the report prepared by the Independent Expert opining as to whether the Conditional Placement is fair and reasonable to Non-Associated Shareholders, as attached as Annexure A.

Initial Placement means the placement of Shares to Ever Leap on 28 January 2016.

Listing Rule(s) means the listing rules of the securities markets operated by ASX.

Non-Associated Shareholders means a Shareholder other than Ever Leap or an Associate or Related Body Corporate of Ever Leap.

Notice of Meeting and **Notice** means the Notice of General Meeting.

Option means an option to acquire a Share.

Ordinary share and **Share** means a fully paid ordinary share in the capital of Coppermoly that ranks equally with all existing shares on issue.

Proxy Form means a form appointing a proxy in the form accompanying this Notice or as otherwise permitted by the Corporations Act.

Queensland time means Australian Eastern Standard Time.

Related Body Corporate has the same meaning as ascribed to that term in the Corporations Act.

Relevant Interest has the same meaning as ascribed to that term in the Corporations Act.

Resolutions means the resolutions set out in this Notice of Meeting.

Substantial Holding has the meaning as ascribed to that term in the Corporations Act.

Voting Power has the same meaning as ascribed to that term in the Corporations Act.

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

Suite 1B, 91 Upton Street,
Bundall, Queensland 4217

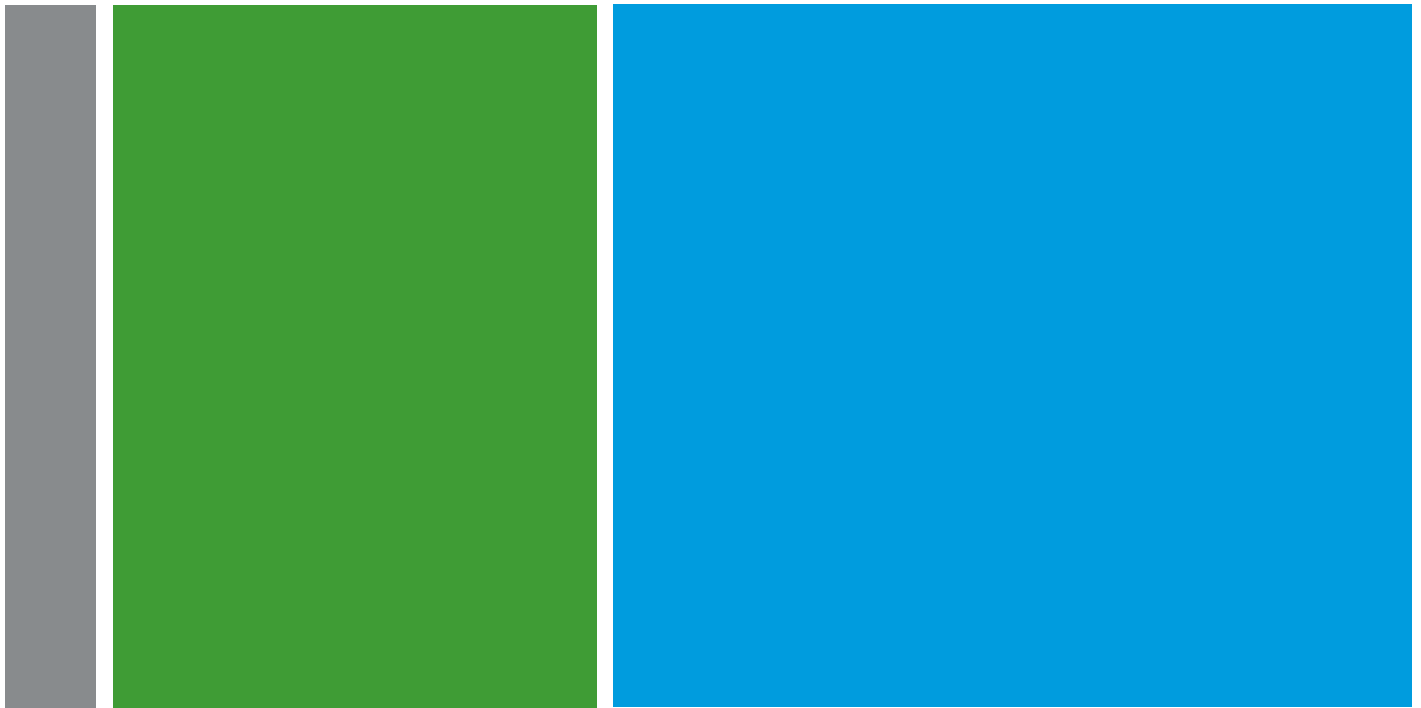
Telephone: +61 7 5510 3994

Facsimile: +61 7 5510 3997

Email: info@coppermoly.com.au

Website: www.coppermoly.com.au

ANNEXURE A: INDEPENDENT EXPERT'S REPORT



COPPERMOLY LIMITED

Financial Services Guide and Independent Expert's Report

We have concluded that for the purposes of Section 611, Item 7 of the Corporations Act 2001, the Proposed Transaction is not fair but reasonable for the Non-Associated Shareholders of Coppermoly.

February 2016

FINANCIAL SERVICES GUIDE

RSM Financial Services Australia Pty Ltd ABN 22 009 176 354 AFSL 238 282 ("RSM" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of an independent expert's report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 238282;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purpose of our report and this FSG, the financial service which we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing various different financial services. However in respect of the financial services being provided to you by us, fees will be agreed with, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Of the fee we receive RSM Financial Services Australia Pty Ltd will retain 5% for the provision of licensing services and transfer 95% to RSM Australia Pty Ltd. For example if RSM Financial Services Australia Pty Ltd were to be paid \$50,000, we would retain \$2,500 and pay \$47,500 to RSM Australia.

Except for the fees referred to above, neither RSM Financial Services Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All of our employees who provide or provided services in relation to the financial services being provided to you receive a salary. However, other employees of RSM Financial Services Australia Pty Ltd may be remunerated in other ways, such as salaries with the entitlement to earn a bonus, depending on meeting revenue, compliance and marketing targets throughout any given financial year. Such other remuneration structures are not relevant to the financial services being provided to you.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Financial Services Australia Pty Ltd is wholly owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Financial Services Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Financial Services Australia Pty Ltd, PO Box R1253, Perth, WA, 6844, +61 (0) 8 9261 9100.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 3 of the Independent Expert's Report.

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Direct Line: (03) 9286 8167
Email: glyn.yates@rsm.com.au

24 February 2016

The Directors
Coppermoly Limited
Level 1, 91 Upton Street
Bundall QLD 4217

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("NOM") to shareholders for the General Meeting of Coppermoly Limited ("Coppermoly" or "the Company") to be held in March 2016 at which shareholder approval will be sought for two resolutions relating to the issue of shares and options to Ever Leap Services Limited ("Ever Leap").
- 1.2 The resolutions relevant to the Proposed Transaction for shareholder approval are set out in the NOM and are listed below:

Resolution 1: Ratification of Initial Placement

To consider and, if thought fit, pass, the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.4, and for all other purposes, the prior issue of 57,750,000 Shares issued at an issue price of \$0.004 per share to Ever Leap on 28 January 2016, and otherwise on the terms set out in the Explanatory Notes, be ratified".

Resolution 2: Approval of Conditional Placement

To consider and, if thought fit, pass, the following resolution as an ordinary resolution:

"That, for the purpose of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for Coppermoly to issue:

- (a) 317,250,000 Shares at an issue price of \$0.004 (0.4 cents) per Share;*
- (b) 250,000,000 Deferred Options at an issue price of \$0.004 (0.4 cents) per Deferred Option (with no amount payable to exercise the Deferred Options); and*
- (c) 83,333,333 Attached Options for no additional consideration but having an exercise price of \$0.008 (0.8 cents) per Attached Option.*

- 1.3 The Directors of Coppermoly have requested RSM Financial Services Pty Ltd ("RSM"), being independent and qualified for the purpose, to express an opinion as to whether Resolution 2 ("the Proposed Transaction"), is fair and reasonable to Coppermoly shareholders not associated with the Proposed Transaction ("the Non-Associated Shareholders" or "Shareholders"). We have had regard to Regulatory Guide 111 Content of Expert Reports ("RG 111"), in our assessment of the fairness and reasonableness of the Proposed Transaction.
- 1.4 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction, or matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

- 2.1 In our opinion, and for the reasons set out in Sections 8 and 9 of this Report, for the purposes of Section 611, Item 7 of the Corporations Act 2001, the Proposed Transaction is **not fair but reasonable** for the Non-Associated Shareholders of Coppermoly.

Fairness

- 2.2 In assessing the fairness of the Proposed Transaction, we have valued a share in Coppermoly prior to and immediately after the Proposed Transaction as set out in the table below.

Valuation Summary	Low \$	High \$	Preferred \$
Fair Value per share prior to the Proposed Transaction (on a controlling basis)	\$0.0246	\$0.0251	\$0.0248
Fair Value per share immediately after the Proposed Transaction (on a non-controlling basis)	\$0.0129	\$0.0136	\$0.0132
Fair Value per share immediately after the Proposed Transaction (on a non-controlling basis and assuming all Deferred and Attached Options held by Ever Leap are exercised)	\$0.0094	\$0.0099	\$0.0097

Table 1 – Valuation Summary

- 2.3 We have assessed the value of a share in Coppermoly on a controlling basis prior to the Proposed Transaction and then on a minority interest basis immediately after the Proposed Transaction to account for the expected dilution of Non-Associated Shareholders' interest in Coppermoly.
- 2.4 The above comparison is depicted graphically in the table below.

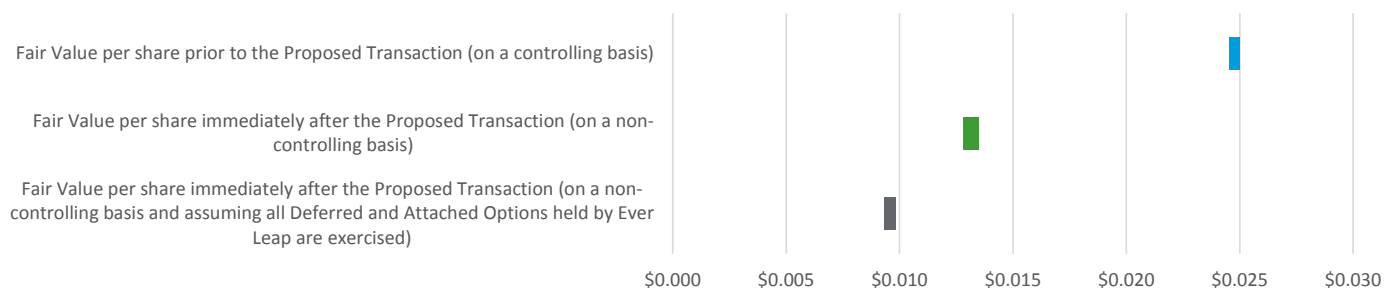


Chart 1 – Valuation Summary

- 2.5 In our opinion, as the Fair Value of a Coppermoly share immediately after the Proposed Transaction, is less than the Fair Value of a Coppermoly share prior to the Proposed Transaction, we consider the Proposed Transaction to be **not fair** to the Non-Associated Shareholders of Coppermoly.
- 2.6 At the date of this Report, we have assessed the Fair Value of a Coppermoly share prior to the Proposed Transaction to be \$0.0248 at the preferred value. As the Deferred Options and Attached Options (exercisable at \$Nil and \$0.008 per option, respectively) are in the money as at the date of this Report, we have considered the impact of Ever Leap exercising all of its options held in the event the Proposed Transaction is approved, in our assessment of fairness as set out in Table 1 and Chart 1 above.
- 2.7 Coppermoly currently has 42,548,940 existing unlisted options on issue, all exercisable at \$0.03 per share with expiry dates ranging from 19 December 2016 to 3 December 2018. As these options are all out of the money as at the date of this Report, and have no impact on our assessment of the fairness and reasonableness of the Proposed Transaction, we have excluded the options held by the Non-Associated Shareholders from our analysis. However, we note that in the event these options become in the money prior to their expiry dates, the exercise of these options will have a dilutive impact on Coppermoly's existing shareholders. Notwithstanding dilution in existing shareholders' interest, the cash position of the Company will be improved in the event these options are exercised.

Summary and Conclusion (Cont.)

Fairness (Cont.)

- 2.8 At the date of this Report, Coppermoly has 60,000,000 convertible notes on issue held by Jade Triumph International Limited ("Jade Triumph"), convertible at \$0.02 per convertible note and maturing on 19 December 2016. At 31 December 2015, the fair value of convertible notes has been assessed at \$1,043,995 plus accrued interest of \$157,204, totalling \$1,201,199. As the conversion of the convertible notes has no impact on our assessment of the fairness and reasonableness of the Proposed Transaction, we have excluded the conversion of the convertible notes from our analysis. However, we note that in the event that the convertible notes are converted to shares, shareholders not associated with Jade Triumph will be diluted by an additional 60,000,000 shares issued to Jade Triumph in exchange for the conversion of the estimated liability, of \$1.2 million at 31 December 2015, to equity. Notwithstanding the dilution to shareholders' interests, the liquidity position of the Company will be significantly improved.

Reasonableness

- 2.9 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid.
- 2.10 In our assessment of whether the Proposed Transaction is reasonable, we have given consideration, in Section 9 of the Report, to the future prospects of Coppermoly if the Proposed Transaction does not proceed, the advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding, and alternative offers and sources of funds.
- 2.11 As at 31 December 2015, the Company disclosed a cash position of \$104,000. If the Proposed Transaction is not successful, Coppermoly will be required to pursue alternative investment proposals and raise funds in the short to medium term to fund ongoing operations.
- 2.12 The Company has yet to generate operating revenue. Coppermoly's audited financial statements for the year ended 30 June 2015 included an emphasis of matter in the independent auditor's report that stated that Coppermoly's operations for the 2015 financial year indicated that the ability of the Company to continue as a going concern is dependent on the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of Coppermoly's mining tenements, and/or sale of non-core assets.
- 2.13 In the event that Coppermoly is unable to raise sufficient funds in the short to medium term, the Company may not be able to continue as a going concern.
- 2.14 In our opinion, the key advantages of the Proposed Transaction are:
- notwithstanding dilution in Non-Associated Shareholders' interest in the event the Proposed Transaction is approved, the cash position of the Company will be significantly improved; and
 - the Directors of Coppermoly consider that, based on the Company's current exploration plans, the Proposed Transaction is expected to provide sufficient funds for Coppermoly to progress its objectives without needing to raise additional capital for approximately 12 to 18 months from the date of this NOM.
- 2.15 The key disadvantages of the Proposed Transaction are:
- the Proposed Transaction is not fair;
 - dilution of Non-Associated Shareholders' interests from 87.0% to 50.7% (immediately after the Proposed Transaction), and to 35.2% if all Deferred Options and Attached Options issued to Ever Leap are converted to fully paid ordinary shares in Coppermoly (eligible for conversion during the period 1 February 2017 to 31 January 2020); and
 - the dilution of Non-Associated Shareholders' interests reduces the ability of existing Shareholders to influence the strategic direction of the Company, including acceptance or rejection of takeover or merger proposals.
- 2.16 We have been advised that the Board of Directors have been actively seeking to raise funds over the previous 18 months. The Board recently rejected a funding proposal received in early December 2015 on the basis that the funding proposal was inadequate and subject to a high level of uncertainty on the timing of the proposed funding.
- 2.17 The Board has also had discussions with potential joint venture partners but consider that no superior proposal has been received at the date of this Report that would provide Coppermoly with the necessary funds to progress its proposed exploration activities.

2. Summary and Conclusion (Cont.)

Reasonableness (Cont.)

- 2.18 We are not aware of any alternative proposals at this time that would offer the Non-Associated Shareholders a premium over the terms offered by the Proposed Transaction.
- 2.19 We have also considered the Volume Weighted Average Share Price ("VWAP") of Coppermoly's share price and volumes traded in the period prior to, and after the announcement of the Proposed Transaction on 21 January 2016 in our assessment of the market's response to the announcement. We note that the volume of shares traded was very low in the period prior to, and post the announcement of the Proposed Transaction.
- 2.20 The VWAP of \$0.004 from the date of the announcement of the Proposed Transaction to 17 February 2016, the last date shares were traded at the date of this Report, is 33.3% lower than the VWAP of \$0.006 disclosed in the 60 days prior to the Proposed Transaction. Notwithstanding the low liquidity of Coppermoly's shares, we note that the VWAP of Coppermoly's shares after the announcement of the Proposed Transaction has decreased to \$0.004, the price at which the Company is seeking to raise capital through the Proposed Transaction with Ever Leap.
- 2.21 In the absence of any other relevant information and/or a superior offer, for the purposes of Section 611, Item 7 of the Corporations Act 2001, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of Coppermoly.

3. Summary of the Proposed Transaction

Terms of the Proposed Transaction

- 3.1 On 21 January 2016, Coppermoly announced that it had entered into a placement agreement with Ever Leap. Ever Leap is a purposely established project company and a wholly owned subsidiary of Shanxi Xierun Investment Limited ("Shanxi Xierun"). Shanxi Xierun is a diversified private investment company, with interests in various civil engineering and infrastructure projects in China and Bauxite mines in the Shanxi region.
- 3.2 The placement agreement comprises the following:
- an upfront placement of 57,750,000 new fully paid ordinary shares in Coppermoly at an issue price of \$0.004 per share to raise \$231,000 ("Initial Placement"). The Initial Placement was completed on 28 January 2015;
 - the Proposed Transaction (or the Conditional Placement), comprising a proposed issue of 317,250,000 new fully paid ordinary shares at an issue price of \$0.004 per share, together with 250,000,000 Deferred Options and 83,333,333 Attached Options, to raise \$2,269,000 and up to approximately \$2,936,000 in the event that all Attached Options are exercised;
 - the Deferred Options will be issued at \$0.004 per Deferred Option (with no amount payable to exercise the Deferred Options), and are exercisable at any time between 1 February 2017 and 31 January 2020;
 - the Attached Options will be issued based on a ratio of 1 for every 3 Deferred Options, comprising a total of 8,333,333 Attached Options, to be issued at no additional consideration but with an exercise price of \$0.008 per share and also exercisable at any time between 1 February 2017 and 31 January 2020;
 - the Deferred Options and the Attached Options:
 - (i) 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;
 - (ii) will not be quoted on the ASX and will not be transferable or assigned unless Coppermoly agrees in writing (where agreement may be given or withheld at the absolute discretion of the Company); and
 - (iii) do not provide any right to participate in any new issue of securities or other entitlements offered to Shareholders;
 - for a period of 12 months following the completion of the Proposed Transaction ("Standstill Period"), Ever Leap and its related bodies corporate must not undertake certain actions without the Company's prior written consent, including:
 - (i) acquiring or offering to acquire, any shares or right or option to acquire shares or other securities in Coppermoly; and

3. Summary of the Proposed Transaction (Cont.)

Terms of the Proposed Transaction (Cont.)

- (ii) soliciting proxies from Shareholders or otherwise seeking to influence the composition of the Board of Directors or control the Management of the Company; and
- in the event the Proposed Transaction is approved, Ever Leap will be entitled to nominate Mr Yu Chao, or a representative of Mr Yu Chao, to be a Director of Coppermoly. Shanxi Xierun is controlled by interests associated with Mr Yu Chao.

Effect of the Proposed Transaction on the capital structure of the Company

3.3 The table below summarises the capital structure of the Company prior to, and immediately following the Proposed Transaction.

	Number of shares	%	Number of options	%	Number of convertible notes	%
Prior to the Proposed Transaction						
Shares held by Ever Leap	57,750,000	13.0%	-	0.0%	-	0.0%
Total shares, options and convertible notes on issue held by Non-Associated Shareholders	385,484,473	87.0%	42,548,940	100.0%	60,000,000	100.0%
Total shares, options and convertible notes on issue prior to the Proposed Transaction	443,234,473	100.00%	42,548,940	100.00%	60,000,000	100.00%
Immediately after the Proposed Transaction						
Shares, Deferred Options and Attached Options held by Ever Leap immediately after the Proposed Transaction	375,000,000	49.3%	333,333,333	88.7%	-	0.0%
Total shares, options and convertible notes on issue held by Non-Associated Shareholders	385,484,473	50.7%	42,548,940	11.3%	60,000,000	100.0%
Total shares, options and convertible notes on issue immediately after the Proposed Transaction	760,484,473	100.00%	375,882,273	100.00%	60,000,000	100.00%
Immediately after the Proposed Transaction (Diluted)						
Shares held by Everleap if all Deferred Options and Attached Options are exercised	708,333,333	64.8%	-	0.0%	-	0.0%
Total shares, options and convertible notes on issue held by Non-Associated Shareholders	385,484,473	35.2%	42,548,940	100.0%	60,000,000	100.0%
Total shares, options and convertible notes on issue immediately after the Proposed Transaction (diluted)	1,093,817,806	100.00%	42,548,940	100.00%	60,000,000	100.00%

Table 2 – Coppermoly share structure prior to and immediately after the Proposed Transaction

- 3.4 As set out in the table above, prior to the Proposed Transaction, the Company has 443,234,473 fully paid ordinary shares on issue, of which Ever Leap holds a 13.0% interest (57,750,000 shares) as a result of the Initial Placement completed on 28 January 2016, to raise \$231,000 (before costs).
- 3.5 Prior to the Proposed Transaction, Coppermoly has 42,548,940 unlisted options on issue on the following terms:
- 19,999,999 options exercisable at \$0.03 per option, expiring 19 December 2016;
 - 21,963,933 options exercisable at \$0.03 per option, expiring 25 March 2017; and
 - 585,008 options exercisable at \$0.03 per option, expiring 3 December 2018.
- 3.6 Prior to the Proposed Transaction, Coppermoly has 60,000,000 convertible notes on issue, convertible at \$0.02 per convertible note and maturing 19 December 2016. Each convertible note is convertible into one new fully paid ordinary share in Coppermoly and accrues interest at a rate of 7% per annum. The 60,000,000 convertible notes on issue and the 19,999,999 unlisted options, also expiring 19 December 2016, are held by Jade Triumph International Limited, a significant shareholder of the Company (refer Table 5). The Company's audited financial statements disclosed an effective interest rate of 15% on the convertible notes. At 31 December 2015, the convertible notes face value of \$1,200,000 has been adjusted for the fair value of convertible notes utilising an effective interest rate of 15% and the cost of the convertible notes issue plus interest accrued, resulting in an assessed fair value of \$1,043,995 plus accrued interest of \$157,204, totalling \$1,201,199 at 31 December 2015.

3. Summary of the Proposed Transaction (Cont.)

Effect of the Proposed Transaction on the capital structure of the Company (Cont.)

- 3.7 If the Proposed Transaction is approved, Ever Leap will hold a total of 375,000,000 fully paid ordinary shares in the Company, together with 333,333,333 unlisted options, comprising 250,000,000 Deferred Options and 8,333,333 Attached Options, exercisable at \$Nil and \$0.008 per option, respectively.
- 3.8 The approval of the Proposed Transaction will result in the dilution of Non-Associated Shareholders' interest in Coppermoly from 87.0% to 50.7% (immediately after the Proposed Transaction).
- 3.9 In the event that Ever Leap exercises all the Deferred Options and Attached Options, Non-Associated Shareholders' interest in the Company will be further diluted from 50.7% to 35.2%.
- 3.10 At the date of this Report, we have assessed the Fair Value of a Coppermoly share prior to the Proposed Transaction to be \$0.0248 at the preferred value. As the Deferred Options and Attached Options are in the money as at the date of this Report, we have considered the impact of Ever Leap exercising all of its options held in the event the Proposed Transaction is approved, in our assessment of fairness.
- 3.11 As the other 42,548,940 unlisted options currently on issue are out of the money as at the date of this Report, and have no impact on our assessment of the fairness and reasonableness of the Proposed Transaction, we have, therefore, excluded the options held by the Non-Associated Shareholders from our analysis.
- 3.12 As the conversion of the convertible notes has no impact on our assessment of the fairness and reasonableness of the Proposed Transaction, we have excluded the conversion of the convertible notes from our analysis. However, we note that in the event that the convertible notes are converted to shares, shareholders not associated with Jade Triumph will be diluted by an additional 60,000,000 shares issued to Jade Triumph in exchange for the conversion of the estimated liability, of \$1.2 million at 31 December 2015, to equity. Notwithstanding the dilution to shareholders' interests, the liquidity position of the Company will be significantly improved.

4. Purpose of this Report

Corporations Act

- 4.1 Section 606(1) of the Corporations Act provides that, subject to limited specified exemptions, a person must not acquire a "relevant interest" in issued voting shares in a public company, if as a result of the acquisition, any person's voting power in the company would increase from 20% or below to more than 20%, or, from a starting point that is above 20% and below 90%. In broad terms, a person has a "relevant interest" if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) holds, compared with the total number of voting shares in the company.
- 4.2 Completion of the Proposed Transaction will result in Ever Leap increasing its relevant interest in the Company to up to 64.8% in the event that all the Deferred Options and Attached Options are converted to fully paid ordinary shares in Coppermoly.
- 4.3 Therefore the Company will be in breach of Section 606(1) of the Act in the absence of an applicable exemption.
- 4.4 Section 611, Item 7 of the Corporations Act provides an exemption to the rule noted in paragraph 4.1 above. Section 611, Item 7 allows a party (and its affiliates) to acquire a relevant interest in shares that would otherwise be prohibited under Section 606(1) of the Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company; and:
 - 1. no votes are cast in favour of the resolution by the proposed acquirers or respective associates; and
 - 2. there was full disclosure of all information that was known to the persons proposed to make the acquisition or their associates or known to the Company that was material to a decision on how to vote on the resolution.
- 4.5 Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. RG 111 advises the commissioning of an IER in such circumstances and provides guidance on the content.

4. Purpose of this Report (Cont.)

Basis of Evaluation

- 4.6 In determining whether the Proposed Transaction is “fair and reasonable” we have given regard to the views expressed by ASIC in RG 111.
- 4.7 RG 111 provides ASIC’s views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.8 RG 111 states that the expert report should focus on:
- the issues facing the security holders for whom the report is being prepared; and
 - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.9 Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company’s shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 4.10 RG 111 applies the “fair and reasonable” test as two distinct criteria in the circumstance of a takeover bid, stating:
- a takeover offer is considered “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
 - a takeover offer is considered “reasonable” if it is fair or, where the offer is “not fair”, it may still be “reasonable” if the expert believes that there are sufficient reasons for security holders to accept the offer.
- 4.11 Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is “fair and reasonable” to the Non-Associated Shareholders, the analysis undertaken is as follows:
- a comparison of the fair value of an ordinary share in Coppermoly prior to and immediately following the Proposed Transaction, being the ‘consideration’ for Non-Associated Shareholders in the assessment of fairness; and
 - a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction in the assessment of reasonableness.
- 4.12 In particular, we have considered the advantages and disadvantages of the Proposed Transaction in the event that the Proposed Transaction proceeds or does not proceed including:
- the future prospects of the Company if the Proposed Transaction does not proceed; and
 - any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 4.13 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Coppermoly

- 5.1 Coppermoly is an ASX-listed exploration company focused on exploring and developing deposits prospective for copper, gold and molybdenum on New Britain Island in Papua New Guinea.
- 5.2 Coppermoly has one wholly owned subsidiary, Copper Quest PNG Limited.
- 5.3 The current Directors of the Company are set out below:
 - Mr Kevin Grice (Non-Executive Director);
 - Dr Wanfu Huang (Non-Executive Director); and
 - Mr Jincheng Yao (Non-Executive Director).
- 5.4 Coppermoly's current mineral tenements comprise the following:
 - EL 1043 (Mt Nakru Project);
 - EL 2379 (Simuku Project);
 - EL 2014 (Makmak Project);
 - EL 1782 (Powell Project); and
 - EL 2272 (Wowonga Project).
- 5.5 EL 1445 Talelumas and EL 1077 Simuku were consolidated to form EL 2379 Simuku in September 2015.
- 5.6 The exploration licences ("EL") are legally held by Copper Quest PNG Limited.
- 5.7 EL 1043 Mt Nakru and EL 2379 Simuku are known collectively as the West New Britain Projects ("WNB Projects"). The WNB Projects were previously subject to a farm-in agreement with Barrick PNG Exploration Ltd ("Barrick"). The agreement resulted in Barrick earning a 72% interest in the WNB Projects.
- 5.8 In late June 2013, Coppermoly entered into an agreement to re-acquire Barrick's 72% interest in the WNB Projects in three stages. As a result of various amendments to this agreement with Barrick as set out in further detail below, Barrick currently holds a nominal 28% interest in the WNB Projects. Coppermoly has a binding agreement to acquire the 28% interest via the payment of a further \$4.5 million to Barrick within 6 months after the commencement of commercial production at the WNB Projects. Barrick also currently holds 73,201,447 ordinary shares in the Company through its nominee, Barrick (PD) Australia Limited, of which 65,891,800 shares are escrowed until 18 December 2017, and 21,963,933 unlisted options in the Company, exercisable at \$0.03 and expiring on 25 March 2017.
- 5.9 The Company has 100% ownership over the remaining exploration licences.

5. Profile of Coppermoly (Cont.)

Financial Performance

5.10 The table below sets out the financial performance of Coppermoly for the half-year ended 31 December 2015, and the years ended 30 June 2015 and 30 June 2014.

Coppermoly Limited Consolidated statement of profit or loss and other comprehensive income	Ref	Half-year ended 31-Dec-15 <i>Unaudited</i> \$	Year ended 30-Jun-15 <i>Audited</i> \$	Year ended 30-Jun-14 <i>Audited</i> \$
Revenue	5.11	1,715	6,609	9,382
Depreciation		(9,324)	(28,612)	(36,689)
Employee benefits expense		(156,799)	(439,067)	(443,347)
Insurances		(25,910)	(43,454)	(37,421)
Corporate compliance and shareholder relations		(50,446)	(142,868)	(161,757)
Office rental, communication and consumables		(18,590)	(45,054)	(62,870)
Net changes in fair value of financial liabilities at fair value through profit or loss		-	-	(24,000)
Finance costs		(84,356)	(90,807)	(906)
Other expenses		(53,562)	(15,707)	(29,729)
Loss before income tax		(397,272)	(798,960)	(787,337)
Income tax benefit/(expense)		-	-	-
Net loss for the period/year	5.12	(397,272)	(798,960)	(787,337)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		67,907	840,445	(898,962)
Income tax on items of other comprehensive income		-	-	-
Other comprehensive income/(loss) for the period/year, net of tax		67,907	840,445	(898,962)
Total comprehensive income/(loss) for the period/year	5.13	(329,365)	41,485	(1,686,299)

Table 3 – Coppermoly Financial Performance

- 5.11 As the Company remains in the exploration phase of its mining projects, revenue generated by Coppermoly in the two years and six months ended 31 December 2015 primarily comprised interest income.
- 5.12 The Company disclosed losses after tax of \$397,000, \$799,000 and \$787,000 for the half-year ended 31 December 2015, and the years ended 30 June 2015 and 30 June 2014, respectively.
- 5.13 Coppermoly disclosed total comprehensive income of \$41,000 for the year ended 30 June 2015 compared to total comprehensive losses of \$1.7 million for the year ended 30 June 2014 due to large fluctuations in foreign exchange translations as a result of its operations in Papua New Guinea. The Company disclosed total comprehensive losses of \$329,000 for the half-year ended 31 December 2015.

5. Profile of Coppermoly (Cont.)

Financial Position

5.14 The table below sets out the financial position of Coppermoly as at 31 December 2015, 30 June 2015 and 30 June 2014.

Coppermoly Limited Consolidated statement of financial position	Ref	As at 31-Dec-15 Reviewed \$	As at 30-Jun-15 Audited \$	As at 30-Jun-14 Audited \$
Current assets				
Cash and cash equivalents		103,959	488,351	90,522
Trade and other receivables		57,904	20,569	18,526
Total current assets	5.16	161,863	508,920	109,048
Non-current assets				
Other non-current assets		24,510	25,288	22,912
Plant and equipment		22,878	81,362	107,738
Mineral exploration and evaluation assets		11,876,419	11,621,139	9,612,723
Total non-current assets	5.17	11,923,807	11,727,789	9,743,373
Total assets		12,085,670	12,236,709	9,852,421
Current liabilities				
Trade and other payables		260,528	237,869	285,819
Convertible notes	5.18, 5.19	1,201,199	-	-
Other borrowings	5.18	40,107		
Provisions		12,367	11,208	5,437
Total current liabilities		1,514,201	249,077	291,256
Non-current liabilities				
Borrowings	5.19	-	1,118,369	-
Provisions	5.20	12,601	11,450	37,350
Total non-current liabilities		12,601	1,129,819	37,350
Total liabilities	5.18	1,526,802	1,378,896	328,606
NET ASSETS	5.15	10,558,868	10,857,813	9,523,815
EQUITY				
Contributed equity		15,953,258	15,922,838	14,772,591
Reserves		3,406,542	3,338,635	2,355,924
Accumulated losses		(8,800,932)	(8,403,660)	(7,604,700)
TOTAL EQUITY	5.15	10,558,868	10,857,813	9,523,815

Table 4 – Coppermoly Financial Position

- 5.15 Coppermoly disclosed net assets of \$10.6 million at 31 December 2015, compared to net assets of \$10.9 million and \$9.5 million as at 30 June 2015 and 30 June 2014, respectively.
- 5.16 At 31 December 2015, Coppermoly disclosed total current assets of \$162,000, comprising trade and other receivables of \$58,000 and cash and cash equivalents of \$104,000.
- 5.17 At 31 December 2015, the Company disclosed total non-current assets of \$11.92 million, comprising capitalised mineral exploration and evaluation assets of \$11.88 million, plant and equipment of \$23,000 and other non-current assets (primarily comprising tenement and security deposits) of \$25,000.
- 5.18 The Company disclosed total liabilities of \$1.53 million at 31 December 2015, primarily comprising current liabilities of \$1.51 million. Total current liabilities comprised convertible note liabilities assessed at fair value of \$1.2 million (refer paragraphs 3.6 and 5.39 for further detail) and trade and other payables, other borrowings and current employee provisions of \$261,000, \$40,000 and \$12,000, respectively.

5. Profile of Coppermoly (Cont.)

Financial Position (Cont.)

- 5.19 The convertible notes have been reclassified as current liabilities at 31 December 2015 from non-current borrowings at 30 June 2015 as the convertible notes will mature on 19 December 2016.
- 5.20 Non-current provisions of \$13,000 disclosed at 31 December 2015 comprise employee long service leave provisions.

Capital Structure

- 5.21 As at the date of this Report, Coppermoly has 443,234,473 ordinary shares on issue, of which 82.3% were held by the top 20 shareholders. The top 20 shareholders in Coppermoly as at the 31 January 2016 are set out in the table below.

Shareholder	Number of shares	%
Barrick (PD) Australia Limited	73,201,447	16.5%
Ever Leap Services Limited	57,750,000	13.0%
Jelsh Holdings Pty Ltd	56,501,133	12.7%
Mr Ma Piwu	52,737,609	11.9%
Jade Triumph International Ltd	30,000,000	6.8%
HSBC Custody Nominees (Australia) Limited	13,053,529	2.9%
National Nominees Limited	11,749,117	2.7%
Mr Hao Ma	10,830,790	2.4%
Mr Peter Johannes Poort	10,000,000	2.3%
Mr Joseph Tullio	7,416,296	1.7%
Mr Ben Michael Faulkner	5,929,810	1.3%
Mr Hardip Singh	5,700,000	1.3%
Mr Christopher Ian Wallin and Ms Fiona Kay Wallin	5,500,000	1.2%
Holicarl Pty Ltd	4,545,454	1.0%
Merrill Lynch (Australia) Nominees Pty Limited	4,427,646	1.0%
Mr David Lawson	3,606,936	0.8%
Mr David Thomas White	3,421,917	0.8%
Mr Gopal Krishna Bose & Mrs Sharmila Bose	3,000,000	0.7%
Mr John Douglas Benseman	3,000,000	0.7%
Rylet Pty Ltd	2,483,674	0.6%
	364,855,358	82.3%
Other shareholders	78,379,115	17.7%
Total	443,234,473	100.0%

Table 5 – Coppermoly Shareholder Summary

- 5.22 As set out in paragraph 3.5, Coppermoly currently has the following options on issue:
- 19,999,999 options with an exercise price of \$0.03, expiring on 19 December 2016;
 - 21,963,933 options with an exercise price of \$0.03, expiring on 25 March 2017; and
 - 585,008 options with an exercise price of \$0.03, expiring on 3 December 2018.
- 5.23 As the above options are out of the money as at the date of this Report, and have no impact on our assessment of the fairness and reasonableness of the Proposed Transaction, we have excluded these options from our analysis.
- 5.24 As set out in paragraphs 3.6, 5.18 and 5.39, the Company has 60,000,000 convertible notes on issue held by Jade Triumph, maturing on 19 December 2016.

5. Profile of Coppermoly (Cont.)

Share Price and Performance

5.25 The daily closing share price and traded volumes of Coppermoly shares on the ASX from 1 January 2014 to 17 February 2016 are set out in the chart below.

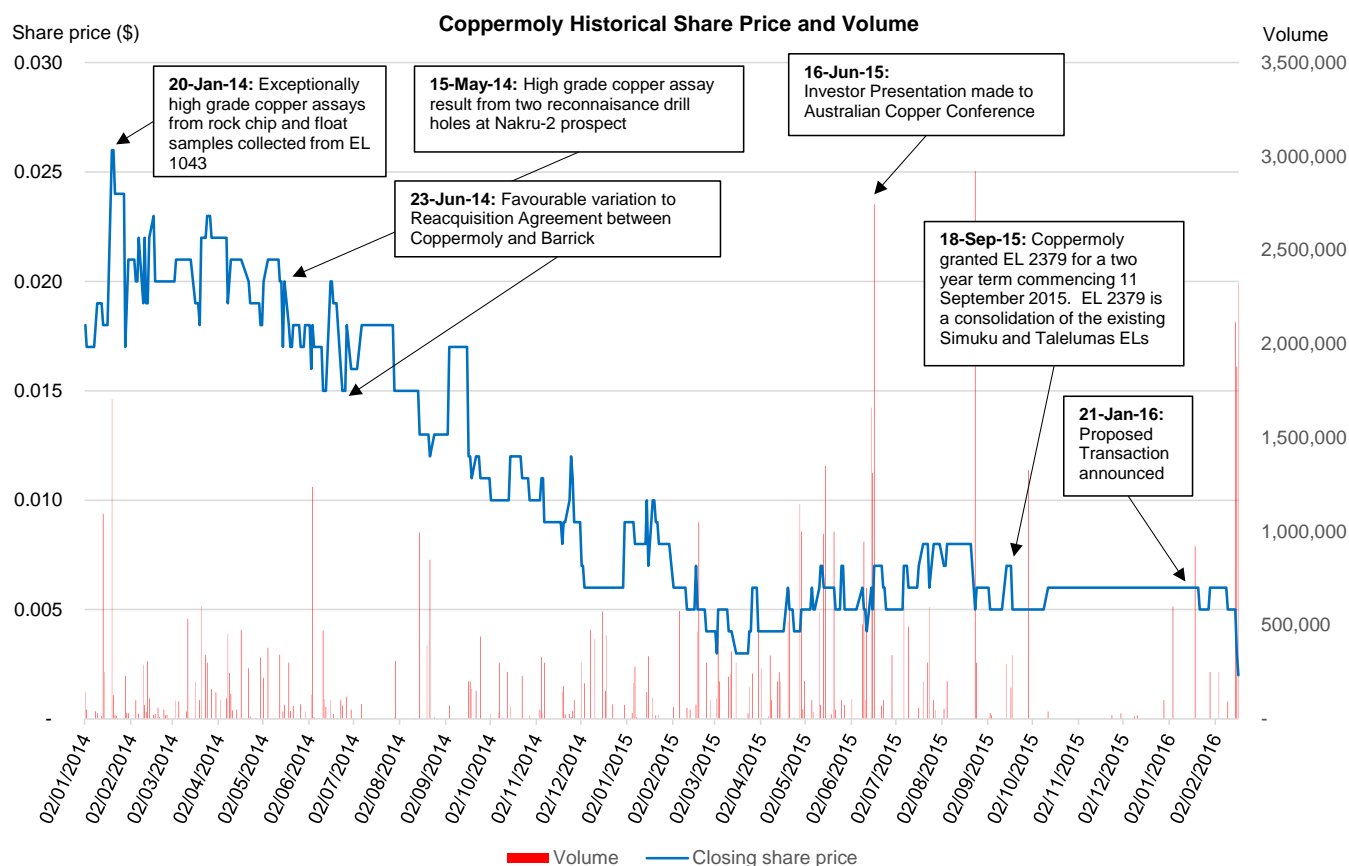


Chart 2 – Coppermoly Daily Closing Share Price and Traded Volumes
(Source: Capital IQ, ASX announcements and RSM analysis)

- 5.26 On 20 January 2014, the Company announced that exceptionally high grade copper assays from rock chip and float samples were collected over the Nakru-02 prospect on the Company's Nakru exploration licence (EL 1043).
- 5.27 On 4 February 2014, Coppermoly announced that the two convertible notes held by Aviva Corporation Limited and Mitchell River Group were repaid prior to their maturity on 21 January 2014.
- 5.28 On 5 March 2014, the Company announced that it had commenced drilling at the Nakru-02 copper prospect.
- 5.29 On 15 April 2014, Coppermoly announced that it had completed the placement of 12,925,000 fully paid ordinary shares at an issue price of \$0.02 per share to various sophisticated and professional investors, raising approximately \$259,000 (before costs) to undertake additional exploration and fund working capital requirements. In addition, participants in the placement received one unquoted option to acquire one share for every three shares received in accordance with the placement. The options were exercisable at any time prior to 1 July 2015 at an exercise price of \$0.05.
- 5.30 On 15 May 2014, Coppermoly announced high grade copper assay results from two reconnaissance drill holes completed at its Nakru-2 prospect.
- 5.31 On 23 May 2014, the Company announced that 10,119,078 shares were taken up by eligible shareholders in the non-renounceable rights issue at \$0.02 per share, raising approximately \$202,000. In addition, participating shareholders received one option for every three new shares issued for no additional consideration. The 3,373,008 options issued were exercisable at any time prior to 1 July 2015 at an exercise price of \$0.05.
- 5.32 Funds raised under the placement and rights issue described in paragraphs 5.29 and 5.31 were used to undertake additional exploration activity, upgrade plant and equipment and fund other working capital requirements.

5. Profile of Coppermoly (Cont.)

Share Price and Performance (Cont.)

- 5.33 On 23 June 2014, the Company announced that it had reached an agreement with Barrick to amend the terms of its agreement for the acquisition of Barrick's interests in the WNB Projects ("Reacquisition Agreement"). Under the terms of the amended Reacquisition Agreement, the Company could elect to satisfy the second payment (for an additional 21% interest in the WNB Projects), due to Barrick of \$1,331,836 in whole or in part by issuing fully paid ordinary shares in Coppermoly to Barrick or its nominee (the first payment of \$680,000 to acquire a 23% interest in the WNB Projects was paid in October 2013).
- 5.34 On 16 July 2014, Coppermoly announced that it entered into a bridging loan for the sum of \$500,000 with its major shareholder, Jelsh Holdings Pty Ltd ("Jelsh"). The loan was provided on an unsecured basis and provided the Company with additional interim financing to be used for general working capital purposes. It was repayable by Coppermoly on or before 16 December 2014 at an interest rate of 6.5% per annum.
- 5.35 In connection with the announcement on 23 June 2014, the Company announced, on 5 August 2014, that it elected to partly satisfy part of the second payment due to Barrick by issuing 1,000,000 fully paid ordinary shares in Coppermoly at \$0.014 per share, for a deemed value of \$14,000. The remaining portion of the second payment totalling \$1,317,836, was deferred until 30 November 2014. On 15 August 2014, the Company announced that the issue of 1,000,000 shares at \$0.014 per share had been issued to a nominee of Barrick, AurionGold Limited and it had therefore, acquired an additional 21% interest from Barrick after the issue of the shares, taking Coppermoly to a 72% interest in EL 1043 Mt Nakru, EL 1077 Simuku and EL 1445 Talelumas.
- 5.36 On 14 October 2014, the Company announced further amendments to the Reacquisition Agreement described in paragraphs 5.33 and 5.35. The new agreement was conditional on the Company raising at least \$1.5 million through the issue of equity securities and repaying the unsecured loan received from Jelsh in July 2014. The key amendments to the Reacquisition Agreement were as follows:
- the share issue price for the deferred amount of \$1,317,836 in paragraph 5.35 is to be the same as the share issue price for the second tranche of the \$1.5 million capital raising;
 - the shares issued to Barrick or its nominee will be subject to an escrow period of 36 months from 5 December 2014;
 - in the event that the Company does not satisfy the deferred amount in full by 5 December 2014, it may grant Barrick an irrevocable option to call for the issue of shares equal to the value of the remaining deferred amount; and
 - the final payment under the Reacquisition Agreement is deferred until 6 months after the commencement of commercial production at the WNB Projects. As a concession to Barrick for allowing this extension, the final payment amount increased from \$3.0 million to \$4.5 million.
- 5.37 Following the announcement on 14 October 2014, Coppermoly announced on 1 December 2014 that further amendments were made to the Reacquisition Agreement:
- the timeframe for raising additional funds and repayment of the bridging loan from Jelsh was extended to 31 December 2014;
 - the timeframe for the issue of shares to Barrick or its nominee in satisfaction of the deferred amount described in paragraph 5.36 is extended to 9 January 2015; and
 - the amount of funds required to be raised by Coppermoly is reduced from \$1.5 million to \$1.2 million.
- 5.38 On 1 December 2014, Coppermoly announced that the term of the binding loan described in paragraph 5.34 had been extended until 9 January 2015. The extension did not result in Coppermoly incurring any additional fees or penalties.
- 5.39 On 12 December 2014, the Company announced that it entered into an agreement to raise up to \$1.5 million with a new investor, Jade Triumph. The key features of the agreement were as follows:
- an upfront placement of 30,000,000 new fully paid ordinary shares in Coppermoly at an issue price of \$0.01 per share to raise \$300,000;
 - the issue of 60,000,000 convertible notes at an issue price of \$0.02 to raise a total of \$1.2 million in two separate tranches;

5. Profile of Coppermoly (Cont.)

Share Price and Performance (Cont.)

- the issue of 19,999,999 unlisted options to acquire shares at an exercise price of \$0.03 (the issue of 7,083,333 being subject to first obtaining shareholder approval), and subject to Jade Triumph only being entitled to exercise one option for every three convertible notes that it elects to convert to shares; and
 - Jade Triumph may nominate one individual for appointment to the Coppermoly board of directors following receipt of funds for the initial tranche of convertible notes.
- 5.40 On 19 December 2014, the Company announced that it had issued 65,891,800 fully paid ordinary shares in Coppermoly at an issue price of \$0.02 per share and deemed value of \$1,317,836 to the nominee of Barrick, AurionGold Limited, in full satisfaction of the second payment due under the Reacquisition Agreement between the Company and Barrick. These 65,891,800 shares have since been transferred to Barrick (PD) Australia Limited.
- 5.41 On 19 December 2014, it was further announced that Barrick agreed to waive the condition requiring a successful raising of a minimum of \$1.2 million as described in paragraph 5.37. In return, the Company agreed to issue 21,963,933 unlisted options with an exercise price of \$0.03 to acquire fully paid ordinary shares in Coppermoly to Barrick or its nominee, subject to obtaining shareholder approval. Should shareholder approval not be granted for the issue of options, the Company is required to make a cash payment to Barrick of \$44,000.
- 5.42 On 19 December 2014, the Company announced that it repaid in full the loan advanced in July 2014 by Jelsh. The total repayment amount was \$514,000, including accrued interest.
- 5.43 In accordance with the agreement described in paragraph 5.39, the Company announced on 19 December 2014 that it issued 38,750,000 convertible notes to Jade Triumph at an issue price of \$0.02. Each convertible note is convertible into one new fully paid ordinary share in Coppermoly within 24 months of issue, accruing interest at a rate of 7% per annum. As agreed, the Company also issued 12,916,666 unlisted options to Jade Triumph.
- 5.44 In accordance with the agreement set out in paragraph 5.39, the Company announced on 26 March 2015 that it issued a further 21,250,000 convertible notes to Jade Triumph at an issue price of \$0.02. Each convertible note is convertible into one new fully paid ordinary share in Coppermoly up to 19 December 2016, accruing interest at a rate of 7% per annum. The Company also issued 7,083,333 unlisted options to Jade Triumph in accordance with shareholder approval obtained on 5 March 2015.
- 5.45 Further to the announcement in paragraph 5.41, the Company announced on 26 March 2015 that it issued 21,963,933 unlisted options to Barrick (PD) Australia Limited, a nominee company of Barrick. Each option is exercisable at \$0.003 per share in Coppermoly at any time prior to 25 March 2017.
- 5.46 On 30 April 2015 and 5 June 2015, the Company announced further high grade copper in assays from rock float samples collected at the Nakru 2 Northwest and Nakru 4 prospects on EL 1043 Mt Nakru.
- 5.47 On 31 July 2015, the Company announced that it received notification of the renewal of the Mt Nakru and Makmak exploration licences during the quarter ended 30 June 2015.
- 5.48 On 18 September 2015, Coppermoly announced that it was granted EL 2379 for a two year term commencing on 11 September 2015. EL 2379 is a consolidation of the existing Simuku and Talelumas exploration licences.
- 5.49 On 7 December 2015, the Company announced it had issued 1,755,024 fully paid ordinary shares in Coppermoly at \$0.02 per share and 585,008 unlisted options at \$0.03 per option and expiring 3 December 2018, to Mr Michael Howard (a former Director) in lieu of unpaid accrued Director's fees.
- 5.50 On 21 January 2016, the Proposed Transaction was announced.
- 5.51 In the 12 months prior to the announcement of the Proposed Transaction, Coppermoly's shares have traded between a high of \$0.009 on 21 and 22 January 2015, and a low of \$0.003 on 16 and 24 March 2015. Notwithstanding the low liquidity of Coppermoly's traded shares, the Company's share price has remained stable at circa \$0.006 since October 2015.
- 5.52 Prior the announcement of the Proposed Transaction, shares had previously been traded on 4 and 19 January 2016, and for three days in December 2015, at \$0.006 per share. After the announcement of the Proposed Transaction, shares were traded on 22 January 2016 at \$0.005 per share, and at \$0.006 per share on 29 January and 4 February 2016, and again traded at \$0.005 per share on 10 and 15 February 2016. Thereafter, shares traded at a low of \$0.003 and \$0.002 on 16 and 17 February, respectively.

6. Valuation Methodologies

- 6.1 In assessing the value of Coppermoly prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 6.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows:
- Market Based Methods;
 - Income Based Methods; and
 - Asset Based Methods.

Market Based Methods

- 6.3 Market based methods estimate the fair market value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 6.4 The recent quoted price for listed securities method provides evidence of the fair market value of a company’s securities where they are publicly traded in an informed and liquid market.
- 6.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income Based Methods

- 6.6 Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow methods; and
 - capitalisation of future maintainable earnings.
- 6.7 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.
- 6.8 The capitalisation of future maintainable earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

6. Valuation Methodologies (Cont.)

Asset Based Methods

- 6.9 Asset based methodologies estimate the fair market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net tangible assets on a going concern basis.
- 6.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 6.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.
- 6.12 The net tangible assets on a going concern method estimates the market values of the net tangible assets of a company but unlike the orderly realisation of assets method, it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding purposes.

Valuation of Coppermoly's exploration tenements

- 6.13 AMC Consultants Pty Ltd ("AMC") has prepared a report providing an independent technical assessment and valuation of the exploration tenements held by Coppermoly. For the purposes of this Report, we have relied upon the valuation of Coppermoly's exploration tenements provided by AMC in our assessment of the valuation of the Company. A copy of AMC's report is set out in Appendix 4.

Selection of Valuation Methodologies

Valuation of Coppermoly prior to the Proposed Transaction

Net assets on a going concern basis

- 6.14 In valuing a share in Coppermoly prior to the Proposed Transaction, we have utilised the net assets on a going concern methodology and relied upon the net book value of assets and liabilities as set out in Coppermoly's unaudited consolidated statement of financial position at 31 December 2015, and the valuation of Coppermoly's 100% interest in the Mt Nakru, Simuku, Makmak, Wowonga and Powell Projects as set out in AMC's report (refer Appendix 4).

Quoted Price of Listed Securities

- 6.15 As a secondary method of valuing a Coppermoly share prior to the Proposed Transaction, we have also considered the quoted price for listed securities methodology. In accordance with RG 111, we have assessed the value of Coppermoly's shares on the basis of a 100% controlling interest.
- 6.16 Prices at which a company's shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.
- 6.17 Notwithstanding the low liquidity of Coppermoly's traded shares, we have considered the quoted market price by considering the historical VWAP of a Coppermoly share and the volatility of the share price prior to the announcement of the Proposed Transaction.

Valuation of Coppermoly immediately following the Proposed Transaction

- 6.18 We have also selected the net assets on a going concern basis in our assessment of the value of a share in Coppermoly immediately following the Proposed Transaction. Our assessment of the value of a share in Coppermoly immediately following the Proposed Transaction is also based on the unaudited financial position at 31 December 2015, and adjusted for the pro forma terms of the Proposed Transaction, as set out in paragraph 3.2.

6. Valuation Methodologies (Cont.)

Valuation of Coppermoly immediately following the Proposed Transaction (Cont.)

- 6.19 As the approval of the Proposed Transaction will result in the decrease of Non-Associated Shareholders' interest in Coppermoly from 87.0% to 49.3%, and down to 35.2% in the event that Ever Leap exercises all its Deferred Options and Attached Options, in accordance with RG 111, we have ascribed a discount for lack of control to the value of a share in Coppermoly immediately after the Proposed Transaction.

7. Valuation of Coppermoly

- 7.1 The basis of our evaluation of "fairness" is to compare the Fair Value of a Coppermoly share prior to, and immediately after the Proposed Transaction.

Valuation of a Coppermoly Share Prior to the Proposed Transaction (on a controlling basis)

- 7.2 Our assessment of the Fair Value of a Coppermoly share prior to the Proposed Transaction (on a controlling basis) is set out in the table below.

Coppermoly Limited Consolidated statement of financial position	As at 31-Dec-15 Unaudited \$	Ref	Pro Forma Prior to the Proposed Transaction Assessed Value		
			Low \$	High	Preferred \$
Current assets					
Cash and cash equivalents	103,959	7.4	334,959	334,959	334,959
Trade and other receivables	57,904		57,904	57,904	57,904
Total current assets	161,863		392,863	392,863	392,863
Non-current assets					
Receivables	24,510	7.4 - 7.24	24,510	24,510	24,510
Property, plant and equipment	22,878		22,878	22,878	22,878
Mineral exploration and evaluation assets	11,876,419		12,000,000	12,200,000	12,100,000
Total non-current assets	11,923,807		12,047,388	12,247,388	12,147,388
Total assets	12,085,670		12,440,251	12,640,251	12,540,251
Current liabilities					
Trade and other payables	260,528		260,528	260,528	260,528
Convertible notes	1,201,199		1,201,199	1,201,199	1,201,199
Other borrowings	40,107		40,107	40,107	40,107
Provisions	12,367		12,367	12,367	12,367
Total current liabilities	1,514,201		1,514,201	1,514,201	1,514,201
Non-current liabilities					
Provision	12,601		12,601	12,601	12,601
Total non-current liabilities	12,601		12,601	12,601	12,601
Total liabilities	1,526,802		1,526,802	1,526,802	1,526,802
NET ASSETS	10,558,868		10,913,449	11,113,449	11,013,449
Number of shares on issue	385,484,473	7.4	443,234,473	443,234,473	443,234,473
Assessed Value per share (controlling basis)		7.29	\$0.0246	\$0.0251	\$0.0248

Table 6 – Assessed Fair Value of Coppermoly prior to the Proposed Transaction (controlling basis)

- 7.3 The assessment of the Fair Value of a Coppermoly share prior to the Proposed Transaction is based on the unaudited pro forma consolidated balance sheet of the Company as at 31 December 2015.

- 7.4 Coppermoly's balance sheet at 31 December 2015 has been adjusted for the following:

- the Initial Placement of 57,750,000 new ordinary shares to Ever Leap to raise \$231,000, completed on 28 January 2016 (refer paragraph 3.2);

7. Valuation of Coppermoly (Cont.)

Valuation of a Coppermoly Share Prior to the Proposed Transaction (on a controlling basis) (Cont.)

- we have excluded all capitalised mineral assets disclosed at 31 December 2015 of \$11.9 million, and included AMC's valuation of the Mt Nakru, Simuku, Makmak, Wowonga and Powell Projects (collectively, "the Coppermoly Projects"); and
- AMC has assessed a valuation of a 100% interest in the Coppermoly Projects to be in the range of \$13.9 million to \$16.4 million, with a preferred valuation of \$15.2 million. However, as Coppermoly currently holds a 72% interest in the WNB Projects (comprising the Mt Nakru and Simuku Projects), we have only included 72% of the valuation ascribed to the WNB Projects in our assessment of the valuation of Coppermoly. We have therefore utilised a valuation in the range of \$12.0 million to \$12.2 million, with a preferred value of \$12.1 million (refer paragraphs 7.5 to 7.24 below).

7.5 AMC has utilised the multiple of past exploration expenditure and comparable transactions methodologies to value Coppermoly's exploration tenements.

Past Exploration Expenditure Methodology

7.6 The table below sets out the range of values attributed to Coppermoly's exploration tenements by AMC using the multiple of past exploration expenditure method.

Past exploration expenditure methodology	Interest %	Low \$' million	High \$' million	Preferred \$' million
EL 1043 Mt Nakru	100%	7.9	9.8	8.9
EL 2379 Simuku	100%	4.6	9.1	6.9
EL 2014 Makmak	100%	0.5	0.7	0.6
EL 2272 Wowonga	100%	0.1	0.1	0.1
EL 1789 Powell	100%	0.0	0.0	0.0
Total		13.1	19.7	16.4

Table 7 – Past exploration expenditure method (Source: AMC report, Appendix 4)

7.7 As set out in the table above, AMC has assessed the value of the Coppermoly Projects using the past exploration expenditure method to be in the range of \$13.1 million to \$19.7 million, with a preferred value of \$16.4 million.

7.8 The past exploration expenditure method uses historical cost and an assessment of prospectivity from recent exploration undertaken by Coppermoly. The cost basis valuation is commonly used as an applicable method for exploration areas in which no resource has been identified. This method of valuation of exploration properties includes consideration of the effectiveness of past exploration expenditure that relates to reasonably recent exploration and representing a reasonably continuous ongoing exploration programme. Effective exploration expenditure provides an indication of the value of a property, which can then be adjusted to provide a valuation of a property. The past exploration expenditure is reviewed for its relevance and effectiveness in terms of currently perceived prospectivity as a result of that expenditure, then factored by a prospectivity enhancement multiplier ("PEM"), which is usually in the range of 0.5 and 3.0, to derive a valuation.

7.9 The selection of the appropriate PEM is a matter of experience and judgement. AMC has applied a scale of PEM ranges to the exploration expenditure as follows:

- 0.5-1.0 – judgement that analysis has not enhanced prospectivity
- 1.0 – judgement that analysis has not significantly enhanced the view of prospectivity
- 1.0-2.0 – judgement that has been useful and has enhanced prospectivity, with good quantifiable results, e.g. good anomaly, drill intersections, or sampling results
- 2.0-3.0 – judgement that analysis has suggested excellent prospectivity leading to likelihood of resource definition in near future

7. Valuation of Coppermoly (Cont.)

Valuation of a Coppermoly Share Prior to the Proposed Transaction (on a controlling basis) (Cont.)

7.10 As set out in further detail in AMC's report, the valuation range assessed using the past exploration expenditure method was derived as follows:

- AMC considered the most recent five years of exploration to be relevant and appropriate to reflect both the cost and the prospectivity of work carried out, and to provide an informed basis on which to progress effective future exploration;
- AMC has applied a discount of 40% for the first two years of expenditure to reflect both direct exploration costs attributable to the amount and proportion of work completed, and current market environment to complete similar on-ground exploration work; and
- includes a PEM for each Project reflecting the impact that exploration has had on the prospectivity of each tenement area.

Comparable Transactions Methodology

7.11 The table below sets out the range of values attributed to Coppermoly's exploration tenements by AMC using the comparable transactions method.

Comparable transactions and unit area yardsticks methodology	Interest %	Low \$' million	High \$' million	Preferred \$' million
EL 1043 Mt Nakru	100%	1.4	2.0	1.7
EL 2379 Simuku	100%	3.6	5.2	4.4
EL 2014 Makmak	100%	3.9	4.4	4.2
EL 2272 Wowonga	100%	0.2	0.5	0.4
EL 1789 Powell	100%	2.5	4.1	3.3
Total		11.6	16.2	13.9

Table 8 – Comparable transactions method (Source: AMC report, Appendix 4)

7.12 As set out in the table above, AMC has assessed the value of the Coppermoly Projects using the comparable transactions method to be in the range of \$11.6 million to \$16.2 million, with a preferred value of \$13.9 million.

7.13 Comparable transactions method using unit area yardsticks uses a value determined by reference to either actual transactions for the property in question or to recent transactions for projects considered to be similar to those under review. Comparable transactions are converted to a value per unit area (\$/km²) of ownership in a tenement licence area.

7.14 The valuation range using unit area yardsticks from comparable transactions was based on AMC's assessment of appropriate unit area based on a number of transactions in Papua New Guinea ("PNG") that occurred between 2010 and 2015.

AMC Independent Technical Specialist Report Valuation Summary

7.15 Based on the methodologies utilised, AMC considers that the comparable transactions in PNG are an appropriate reflection of a lower, market-based valuation of tenements in the recent market environment. However, AMC also considers that the past exploration expenditure method reflects the higher cost, relative to other jurisdictions, of conducting effective exploration in PNG, combined with the prospectivity of the work carried out.

7.16 AMC has, therefore, applied a 50% weighting to each of these methods by selecting the preferred value from each of these methods in AMC's assessment of the valuation range of the exploration tenements.

7.17 Based on the above, AMC has assessed the valuation of the Coppermoly Projects to be in the range of \$13.9 million to \$16.4 million, with a preferred valuation of \$15.2 million.

7. Valuation of Coppermoly (Cont.)

Valuation of a Coppermoly Share Prior to the Proposed Transaction (on a controlling basis) (Cont.)

Adjustments to the AMC Valuation

- 7.18 We also note that AMC has assessed the valuation of the Coppermoly Projects on the basis that the Company holds a 100% interest in the Projects. As set out in paragraph 5.8, Barrick currently holds a 28% interest in the WNB Projects (EL 1043 Mt Nakru and EL 2379 Simuku). Coppermoly has a binding agreement to acquire the 28% interest via the payment of a further \$4.5 million to Barrick within 6 months after the commencement of commercial production at the WNB Projects. Barrick is not required to fund further exploration or development costs and consequently, are not entitled to any future profits from the WNB Projects.
- 7.19 The \$4.5 million due to Barrick is not subject to a deadline for the commencement of commercial production at the WNB Projects, and is solely contingent on commercial production commencing. In the event a third party was to seek to acquire a 100% interest in the WNB Projects, the consideration for the 28% interest in the WNB Projects would either need to be paid to Barrick, or require separate negotiations with Barrick.
- 7.20 We have therefore included 72% of the valuation ascribed to the WNB Projects in our valuation of Coppermoly.
- 7.21 The table below sets out a summary of the range of values attributed to Coppermoly's exploration tenements by AMC using the multiple of past exploration expenditure method, and adjusted for a 72% interest in the WNB Projects on a pro rata basis.

Past exploration expenditure methodology	Interest %	Low \$' million	High \$' million	Preferred \$' million
EL 1043 Mt Nakru	72%	5.7	7.1	6.4
EL 2379 Simuku	72%	3.3	6.6	4.9
EL 2014 Makmak	100%	0.5	0.7	0.6
EL 2272 Wowonga	100%	0.1	0.1	0.1
EL 1789 Powell	100%	0.0	0.0	0.0
Total		9.6	14.4	12.0

Table 9 – Past exploration expenditure method (Source: AMC report, Appendix 4 and adjusted for 72% interest in the WNB Projects)

- 7.22 The table below sets out a summary of the range of values attributed to Coppermoly's exploration tenements by AMC using the comparable transactions method, and adjusted for a 72% interest in the WNB Projects on a pro rata basis.

Comparable transactions and unit area yardsticks methodology	Interest %	Low \$' million	High \$' million	Preferred \$' million
EL 1043 Mt Nakru	72%	1.0	1.4	1.2
EL 2379 Simuku	72%	2.6	3.7	3.2
EL 2014 Makmak	100%	3.9	4.4	4.2
EL 2272 Wowonga	100%	0.2	0.5	0.4
EL 1789 Powell	100%	2.5	4.1	3.3
Total		10.2	14.2	12.2

Table 10 – Comparable transactions method (Source: AMC report, Appendix 4 and adjusted for 72% interest in the WNB Projects)

- 7.23 As set out in paragraph 7.16 above, AMC has applied a 50% weighting to each of these methods by selecting the preferred value from each of these methods in AMC's assessment of the valuation range of the exploration tenements.
- 7.24 Consistent with the methodology utilised by AMC, we have utilised a valuation in the range of \$12.0 million to \$12.2 million (as set out in Tables 9 and 10 above), with a preferred mid-point value of \$12.1 million.

7. Valuation of Coppermoly (Cont.)

Valuation of a Coppermoly Share Prior to the Proposed Transaction (on a controlling basis) (Cont.)

7.25 As set out in paragraphs 3.5 and 5.22, Coppermoly currently has the following options on issue:

- 19,999,999 options with an exercise price of \$0.03, expiring on 19 December 2016;
- 21,963,933 options with an exercise price of \$0.03, expiring on 25 March 2017; and
- 585,008 options with an exercise price of \$0.03, expiring on 3 December 2018.

7.26 As the above options are out of the money as at the date of this Report, and have no impact on our assessment of the fairness and reasonableness of the Proposed Transaction, we have, therefore, excluded these options from our analysis.

7.27 The table below sets out a summary of the assessed value per share of Coppermoly prior to the Proposed Transaction.

	Ref	Low \$	High \$	Preferred \$
Net assets at 31 December 2015	Table 6	10,558,868	10,558,868	10,558,868
<i>Pro forma adjustments</i>				
Adjustment for Initial Placement	7.4	231,000	231,000	231,000
Deduct capitalised mineral exploration and evaluation assets	7.4	(11,876,419)	(11,876,419)	(11,876,419)
Add valuation of Coppermoly Projects	7.24	12,000,000	12,200,000	12,100,000
Pro Forma net assets		10,913,449	11,113,449	11,013,449
Number of shares on issue	7.4, Table 6	443,234,473	443,234,473	443,234,473
Assessed Fair Value per share	Table 6	\$0.0246	\$0.0251	\$0.0248

Table 11 – Summary Assessed Value of a Coppermoly share on a Net Assets Basis (Prior to the Proposed Transaction)

7.28 We are not aware of any other indicators that the book value of assets and liabilities of Coppermoly differ materially from their fair market value.

7.29 Based on the above, our assessed value of a Coppermoly share prior to the Proposed Transaction is in the range of \$0.0246 to \$0.0251, with a preferred value of \$0.0248.

7.30 The value of a Coppermoly share prior to the Proposed Transaction as set out in the table above is the value of a Coppermoly share on a controlling basis. The net assets on a going concern methodology applied represents the value of a controlling shareholding. Accordingly, we consider the value generated under the net assets on a going concern basis to incorporate a premium for control and no further premium is considered necessary to assess the value of Coppermoly prior to the Proposed Transaction.

Quoted Price of Listed Securities

7.31 In order to provide a cross-check to the valuation of a Coppermoly share under the net assets on a going concern basis we have also considered the fair value based on the quoted market price.

7.32 The assessment only reflects trading prior to the announcement of the Proposed Transaction in order to avoid the influence of any movement in share price that occurred as a result of the announcement.

7. Valuation of Coppermoly (Cont.)

Quoted Price of Listed Securities (Cont.)

7.33 The table below sets out a summary of Coppermoly's VWAP for the 5, 10, 30, 60, 90, 120, 180 and 365 calendar days prior to 21 January 2016.

Calendar days	Share price Low \$	Share price High \$	No. of days traded	Volume traded	Value traded \$	VWAP \$	Percentage of issued capital %
5 days	0.006	0.006	1	921,000	5,526	0.0060	0.29%
10 days	0.006	0.006	1	921,000	5,526	0.0060	0.29%
30 days	0.006	0.006	3	1,621,000	9,726	0.0060	0.51%
60 days	0.006	0.006	7	1,703,500	10,221	0.0060	0.53%
90 days	0.006	0.006	7	1,703,500	10,221	0.0060	0.54%
120 days	0.005	0.006	9	3,071,650	17,102	0.0056	0.97%
180 days	0.005	0.008	20	7,549,790	41,868	0.0055	2.38%
365 days	0.003	0.009	86	33,446,560	183,191	0.0055	10.52%

Table 12 – VWAP of Coppermoly's shares

7.34 As set out in the table above, the VWAP of Coppermoly's shares has remained relatively consistent, ranging from \$0.0055 to \$0.0060 over the previous 12 months prior to the announcement of the Proposed Transaction.

7.35 Shares were only traded for 9 days in 120 calendar days prior to 21 January 2016 and comprised 0.97% of the weighted issued share capital for the period.

7.36 RG 111.69 indicates that for the quoted market share price methodology to represent a reliable indicator of fair value, there needs to be an active and liquid market for the shares.

7.37 The following characteristics may be considered to be representative of a liquid and active market:

- regular trading in the company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the bid/ask spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of the company; and
- there are no significant but unexplained movements in the share price.

7.38 Notwithstanding the low liquidity of the Company's shares, Coppermoly complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of Coppermoly.

7.39 Based on the analysis of recent trading in Coppermoly's shares, we have assessed the value of a Coppermoly share on a minority interest basis, to be \$0.006, being the 5- to 90-day VWAP of a Coppermoly share prior to the announcement of the Proposed Transaction.

7.40 The value above is indicative of the value of a marketable parcel of shares assuming a shareholder does not have control of Coppermoly. In the case of a Section 611 acquisition, RG 111 states that the independent expert should calculate the value of a target's shares as if 100% control were being obtained. Therefore, in our assessment of the fair value of a Coppermoly share, we should include a premium for control.

Premium for control

7.41 Obtaining control of an entity usually provides the acquirer with a number of advantages including the following:

- access to potential synergies;
- control over decision making and strategic direction;
- access to underlying cash flows; and
- control over dividend policies.

7. Valuation of Coppermoly (Cont.)

Quoted Price of Listed Securities (Cont.)

- 7.42 In the case of publicly traded securities, given the advantages control of an entity provides an acquirer, they are usually expected to pay a premium to the quoted market price to achieve control, which is often referred to as a control premium. A control premium is the amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise, to reflect the premium a buyer will pay to acquire control in a business enterprise. Consequently, earnings multiples for listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).
- 7.43 RSM has conducted a study of 345 takeovers and schemes of arrangements involving companies listed on the ASX over the 7 years ended 30 June 2012 ("RSM Control Premium Study 2013"). In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 10 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the day prior to the date of the offer.
- 7.44 The findings are summarised below, showing the average control premium 20 days, 10 days and 2 days pre the date of the announcement of the offer.

	Number of Transactions	20 days pre	10 days pre	2 days pre
Average control premium - all industries	345	35.3%	29.3%	26.5%
Average control premium - Metals & Mining	96	35.5%	32.9%	30.2%

Table 13 – Control Premium Study (Source: RSM Control Premium Study 2013)

- 7.45 On the basis of the above, we consider that premium for control in the range of 30% to 35% is appropriate in assessing the value of a share in Coppermoly on a controlling basis.
- 7.46 The table below sets out our assessment of the value of a Coppermoly share on a controlling basis utilising the quoted price of listed securities methodology.

	Ref	Low	High
Quoted market price (non-controlling basis)	7.39	\$0.0060	\$0.0060
Control premium	7.45	30.0%	35.0%
Value of a Coppermoly share (controlling basis)		\$0.0078	\$0.0081

Table 14 – Assessed Fair Value of a Coppermoly share – Quoted Price of Listed Securities method

7. Valuation of Coppermoly (Cont.)

Valuation Summary (Prior to the Proposed Transaction)

7.47 A summary of our assessed values of a Coppermoly share prior to the Proposed Transaction is set out in the table below.

	Ref	Low	High	Preferred
Net assets on a going Concern basis - primary method	Table 11, 7.29	\$0.0246	\$0.0251	\$0.0248
Quoted price of listed securities - cross check	Table 14	\$0.0078	\$0.0081	\$0.0080

Table 15 – Valuation of a share in Coppermoly prior to the Proposed Transaction (controlling basis)

7.48 We note the following with regards to Coppermoly's recent trading history:

- the liquidity of Coppermoly shares has historically been low. In the previous 12 months prior to the Proposed Transaction, the highest volume of shares traded was 2,923,140 shares on 24 August 2015, comprising 0.92% of the weighted average outstanding issued share capital of the Company;
- as set out in Table 10 above, only 0.97% of the weighted average outstanding issued share capital of the Company was traded in the 120 days prior to the announcement of the Proposed Transaction; and
- the bid/ask spread is often used to measure market efficiency. For the period 1 September 2015 to 20 January 2016, the closing bid/ask spread of Coppermoly averaged 31.5% of the mid-point price. On the basis that, over a comparable time period, all stocks trading on the ASX had an average bid/ask spread of 0.243%¹, we consider the bid/ask spread of Coppermoly to be large.

7.49 Based on the above, we have relied upon the net assets on a going concern valuation methodology as we consider that the trading market for Coppermoly's shares is not sufficiently liquid and therefore, its share price may not be a reliable indicator of value as the market for those shares may not be fully efficient.

7.50 We have therefore assessed the Fair Value of a Coppermoly share on a controlling basis prior to the Proposed Transaction, utilising the net assets on a going concern basis, to be in the range of \$0.0246 to \$0.0251, with a preferred value of \$0.0248.

¹ Equity market data for the quarter ending 31 December 2015 – ASIC

7. Valuation of Coppermoly (Cont.)

Valuation of a Coppermoly Share Immediately after the Proposed Transaction (on a controlling basis)

7.51 Our assessment of the Fair Value of a Coppermoly share immediately after the Proposed Transaction (on a controlling basis) is set out in the table below.

Coppermoly Limited Consolidated statement of financial position	As at 31-Dec-15 Unaudited \$	Ref	Pro Forma Immediately after the Proposed Transaction Assessed Value			Ref	Pro Forma (Diluted) Immediately after the Proposed Transaction Assessed Value		
			Low \$	High	Preferred \$		Low \$	High	Preferred \$
Current assets									
Cash and cash equivalents	103,959	7.52, 7.53	2,603,959	2,603,959	2,603,959	7.53	3,270,626	3,270,626	3,270,626
Trade and other receivables	57,904		57,904	57,904	57,904		57,904	57,904	57,904
Total current assets	161,863		2,661,863	2,661,863	2,661,863		3,328,530	3,328,530	3,328,530
Non-current assets									
Receivables	24,510		24,510	24,510	24,510		24,510	24,510	24,510
Property, plant and equipment	22,878		22,878	22,878	22,878		22,878	22,878	22,878
Mineral exploration and evaluation assets	11,876,419		12,000,000	12,200,000	12,100,000		12,000,000	12,200,000	12,100,000
Total non-current assets	11,923,807		12,047,388	12,247,388	12,147,388		12,047,388	12,247,388	12,147,388
Total assets	12,085,670		14,709,251	14,909,251	14,809,251		15,375,918	15,575,918	15,475,918
Current liabilities									
Trade and other payables	260,528		260,528	260,528	260,528		260,528	260,528	260,528
Convertible notes	1,201,199		1,201,199	1,201,199	1,201,199		1,201,199	1,201,199	1,201,199
Provisions	12,367		12,367	12,367	12,367		12,367	12,367	12,367
Total current liabilities	1,474,094		1,474,094	1,474,094	1,474,094		1,474,094	1,474,094	1,474,094
Non-current liabilities									
Provision	12,601		12,601	12,601	12,601		12,601	12,601	12,601
Total non-current liabilities	12,601		12,601	12,601	12,601		12,601	12,601	12,601
Total liabilities	1,486,695		1,486,695	1,486,695	1,486,695		1,486,695	1,486,695	1,486,695
NET ASSETS	10,598,975		13,222,556	13,422,556	13,322,556		13,889,223	14,089,223	13,989,223
Number of shares on issue		7.52, 7.53	760,484,473	760,484,473	760,484,473	7.53	1,093,817,806	1,093,817,806	1,093,817,806
Assessed value per share (controlling basis)			\$0.0174	\$0.0177	\$0.0175		\$0.0127	\$0.0129	\$0.0128

Table 16 – Assessed Fair Value of a Coppermoly share immediately after the Proposed Transaction (controlling basis)

7.52 The assessment of the Fair Value of a Coppermoly share immediately after the Proposed Transaction (on a controlling basis) is also based on the unaudited pro forma balance sheet of the Company at 31 December 2015). As set out in paragraph 7.4, Coppermoly's pro forma balance sheet has also been adjusted for the Initial Placement of \$231,000 completed on 28 January 2016 and the value of the Coppermoly Projects as assessed by AMC, consistent with our adjustments in our assessment of the value of a Coppermoly share prior to the Proposed Transaction.

7.53 The following adjustments have been included in our assessment of the Fair Value of a Coppermoly share immediately after the Proposed Transaction (on a controlling basis):

- the issue of 317,250,000 new fully paid ordinary shares at an issue price of \$0.004 per share, together with 250,000,000 Deferred Options (issued at \$0.004 per option but with no exercise price) to raise \$2,269,000, and 83,333,333 Attached Options (exercisable at \$0.008 per option), to raise an additional \$666,667 in the event that all Attached Options are exercised by Ever Leap;
- as set out in paragraph 3.10, at the date of this Report, we have assessed the Fair Value of a Coppermoly share prior to the Proposed Transaction to be \$0.0248 at the preferred value. As the Deferred Options and Attached Options are in the money as at the date of this Report, we have considered the impact of Ever Leap exercising all of its options held in the event the Proposed Transaction is approved, in our assessment of fairness; and
- the assessment of the Fair Value of a Coppermoly share immediately after the Proposed Transaction on a controlling and diluted basis therefore assumes the issue of a further 333,333,333 new ordinary shares in the Company and a corresponding increase in cash of \$666,667, in the event that Ever Leap exercises all its Attached Options immediately after the Proposed Transaction.

7. Valuation of Coppermoly (Cont.)

Valuation of a Coppermoly Share Immediately after the Proposed Transaction (on a non-controlling basis)

- 7.54 In the event the Proposed Transaction is approved, Ever Leap will acquire a 49.3% interest in Coppermoly, and up to 64.8% interest in the Company on a diluted basis.
- 7.55 Therefore, in accordance with RG 111, we have reflected a discount for lack of control in our assessment of the Fair Value of a Coppermoly share immediately after the Proposed Transaction on a non-controlling basis.
- 7.56 A discount for a minority interest (non-controlling interest) is the inverse of control premium.
- 7.57 For the purposes of this Report, we have adopted the inverse of the control premium of 30.0% to 35.0% in our assessment of a discount for lack of control, consistent with the control premium adopted in valuing a Coppermoly share prior to the Proposed Transaction using the quoted price of listed securities methodology. We have therefore adopted a discount of 23.1% to 25.9% (rounded) when assessing the value of a Coppermoly share on a minority interest basis immediately after the Proposed Transaction.

Valuation of a Coppermoly Share Immediately after the Proposed Transaction on a non-controlling interest (undiluted)

- 7.58 The table below sets out our assessment of the value of a Coppermoly share on a minority interest basis, immediately after the Proposed Transaction (on an undiluted basis).

		Pro Forma (Undiluted) Immediately after the Proposed Transaction Assessed Value		
	Ref	Low \$	High \$	Preferred \$
Assessed value per share (controlling basis)	Table 16	\$0.0174	\$0.0177	\$0.0175
Discount for lack of control	7.57	-25.9%	-23.1%	-24.5%
Assessed value per share (non-controlling basis)		\$0.0129	\$0.0136	\$0.0132

Table 17 – Assessed Fair Value of Coppermoly immediately after the Proposed Transaction (non-controlling basis)

Valuation of a Coppermoly Share Immediately after the Proposed Transaction on a non-controlling interest (diluted)

- 7.59 The table below sets out our assessment of the value of a Coppermoly share on a minority interest basis immediately after the Proposed Transaction and assuming that Ever Leap exercises all of its Deferred Options and Attached Options².

		Pro Forma (Diluted) Immediately after the Proposed Transaction Assessed Value		
	Ref	Low \$	High \$	Preferred \$
Assessed value per share (controlling basis)	Table 16	\$0.0127	\$0.0129	\$0.0128
Discount for lack of control	7.57	-25.9%	-23.1%	-24.5%
Assessed value per share (non-controlling basis)		\$0.0094	\$0.0099	\$0.0097

Table 18 – Assessed Fair Value of Coppermoly immediately after the Proposed Transaction (non-controlling basis and assuming Ever Leap exercises all of its Deferred Options and Attached Options)

- 7.60 Based on the above, our assessed value of a Coppermoly share immediately after the Proposed Transaction (on a non-controlling basis) as set out in Table 17, is in the range of \$0.0129 to \$0.0136 per share.

² Whilst the Deferred Options and Advanced Options can only be exercised during the period 1 February 2017 to 31 January 2020, we have included this analysis based on our current assessment of value for illustrative purposes and completeness

7. Valuation of Coppermoly (Cont.)

Valuation of a Coppermoly Share Immediately after the Proposed Transaction (on a non-controlling basis) (Cont.)

7.61 As set out in Table 18, our assessed value of a Coppermoly share immediately after the Proposed Transaction (on a non-controlling basis and assuming all Deferred and Attached Options held by Ever Leap are exercised), is in the range of \$0.0094 to \$0.0099 per share.

8. Is the Proposed Transaction Fair

8.1 In assessing whether we consider the Proposed Transaction to be fair to the Non-Associated Shareholders, we have valued a share in Coppermoly prior to and immediately after the Proposed Transaction to determine whether a Non-Associated Shareholder would be better or worse off should the Proposed Transaction be approved. Our assessed values are summarised in the table below.

Valuation Summary	Low \$	High \$	Preferred \$
Fair Value per share prior to the Proposed Transaction (on a controlling basis)	\$0.0246	\$0.0251	\$0.0248
Fair Value per share immediately after the Proposed Transaction (on a non-controlling basis)	\$0.0129	\$0.0136	\$0.0132
Fair Value per share immediately after the Proposed Transaction (on a non-controlling basis and assuming all Deferred and Attached Options held by Ever Leap are exercised)	\$0.0094	\$0.0099	\$0.0097

Table 19 – Valuation Summary

8.2 The above comparison is depicted graphically in the figure below.

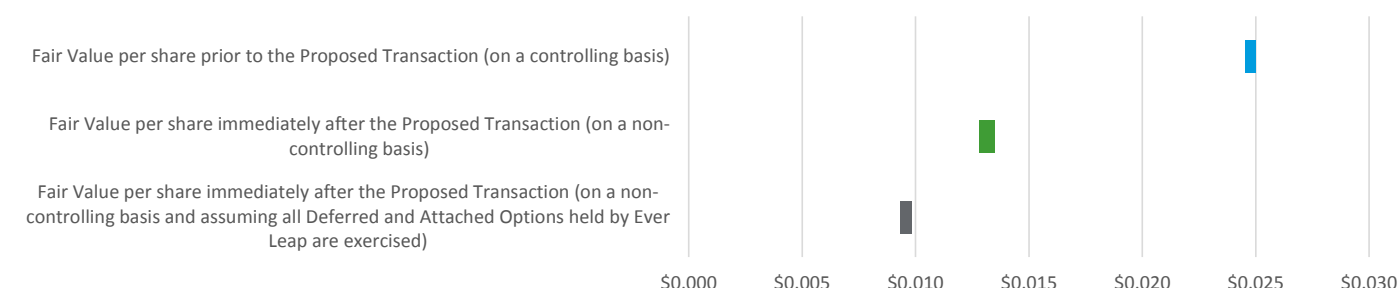


Chart 3 – Valuation Summary

8.3 As the Fair Value of a Coppermoly share immediately after the Proposed Transaction is less than the Fair Value prior to the Proposed Transaction, and in the absence of any other relevant information, in our opinion, the Proposed Transaction is **not fair** to the Non-Associated Shareholders of Coppermoly.

9. Other Factors taken into Consideration in Forming our Opinion

- 9.1 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for the security holders to accept the offer in the absence of a higher bid.
- 9.2 In our assessment of whether the Proposed Transaction is reasonable, we have also considered the following:
- the future prospects of Coppermoly if the Proposed Transaction does not proceed;
 - alternative offers and sources of funds; and
 - other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future Prospects of Coppermoly if the Proposed Transaction does not proceed

- 9.3 As at 31 December 2015, the Company disclosed a cash position of \$104,000. If the Proposed Transaction is not successful, Coppermoly will be required to pursue alternative investment proposals and raise funds in the short to medium term to fund ongoing operations.
- 9.4 The Company has yet to generate operating revenue. Coppermoly's audited financial statements for the year ended 30 June 2015 included an emphasis of matter in the independent auditor's report that stated that Coppermoly's operations for the 2015 financial year indicated that the ability of the Company to continue as a going concern is dependent on the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of Coppermoly's mining tenements, and/or sale of non-core assets.
- 9.5 In the event that Coppermoly is unable to raise sufficient funds in the short to medium term, the Company may not be able to continue as a going concern.

Advantages and Disadvantages

- 9.6 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages

- 9.7 Notwithstanding dilution in Non-Associated Shareholders' interest in the event the Proposed Transaction is approved, the cash position of the Company will be significantly improved.
- 9.8 The Directors of Coppermoly consider that, based on the Company's current exploration plans, the Proposed Transaction is expected to provide sufficient funds for Coppermoly to progress its objectives without needing to raise additional capital for approximately 12 to 18 months from the date of the NOM.

Disadvantages

- 9.9 The Proposed Transaction is not fair.
- 9.10 Non-Associated Shareholders' interest in Coppermoly will be diluted from 87.0% to 50.7% immediately after the Proposed Transaction, and to 35.2% assuming that Ever Leap exercises all of its Deferred Options and Attached Options.
- 9.11 The dilution of Non-Associated Shareholders' interests reduces the ability of existing shareholders to influence the strategic direction of the Company, including acceptance or rejection of takeover or merger proposals.

Alternative Proposals

- 9.12 We have been advised that the Board of Directors have been actively seeking to raise funds over the previous 18 months. The Board recently rejected a funding proposal received in early December 2015 on the basis that the funding proposal was inadequate and subject to a high level of uncertainty on the timing of the proposed funding.
- 9.13 The Board has also had discussions with potential joint venture partners but consider that no superior proposal has been received at the date of this Report that would provide Coppermoly with the necessary funds to progress its proposed exploration activities.
- 9.14 We are not aware of any alternative proposals at this time that would offer the Non-Associated Shareholders a premium over the terms offered by the Proposed Transaction.

9. Other Factors taken into Consideration in Forming our Opinion (Cont.)

Response of the Market to the Announcement of the Proposed Transaction

9.15 The table below sets out the VWAP of the Coppermoly share price and volumes traded in the 60 days prior to the announcement of the Proposed Transaction, and the period after the announcement on 21 January 2016 to 17 February 2016, the last day shares were traded at the date of this Report.

	Trading days	High \$	Low \$	Value \$	Volume Traded	VWAP \$	Volume traded as % of issued shares
Calendar days prior to 21 January 2016							
5 days	1	0.006	0.006	5,526	921,000	0.006	0.29%
10 days	1	0.006	0.006	5,526	921,000	0.006	0.29%
30 days	3	0.006	0.006	9,726	1,621,000	0.006	0.51%
60 days	7	0.006	0.006	10,221	1,703,500	0.006	0.53%
Calendar days after 21 January 2016							
28 days	7	0.006	0.002	24,361	6,918,710	0.004	1.91%

Table 20 – VWAP of Coppermoly shares after the announcement of the Proposed Transaction

9.16 Volume of shares traded remained low in the period after the announcement of the Proposed Transaction. The VWAP of \$0.004, in the period after the announcement to 17 February 2016, is 33.3% lower than the VWAP of \$0.006 disclosed for the 60 days prior to the announcement of the Proposed Transaction.

9.17 Notwithstanding the low liquidity of Coppermoly's shares, we note that the VWAP of Coppermoly's shares after the announcement of the Proposed Transaction has decreased to \$0.004, the price at which the Company is seeking to raise capital through the Proposed Transaction with Ever Leap.

Conclusion on Reasonableness

9.18 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of Coppermoly.

9.19 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM FINANCIAL SERVICES PTY LTD



GLYN YATES

Director



APPENDICES

APPENDIX 1 – Declarations and Disclosures

Declarations and Disclosures

RSM Financial Services Australia Pty Ltd holds Australian Financial Services Licence 238282 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Financial Services Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM Australia) a large national firm of chartered accountants and business advisors.

Mr Glyn Yates is a director of RSM Financial Services Australia Pty Ltd. Mr Yates is a Chartered Accountant with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Non-Associated Shareholders of Coppermoly Limited in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Coppermoly and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Financial Services Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Financial Services Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Financial Services Australia Pty Ltd, RSM, Glyn Yates, nor any other member, director, partner or employee of RSM Financial Services Australia Pty Ltd and RSM Australia has any interest in the outcome of the Proposed Transaction, except that RSM Financial Services Australia Pty Ltd are expected to receive a fee of approximately \$20,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Coppermoly Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Financial Services Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Financial Services Australia Pty Ltd, RSM Australia or RSM Australia Partners has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

APPENDIX 2 – Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting for Coppermoly;
- Coppermoly audited financial statements for the two years ended 30 June 2015;
- Coppermoly unaudited management accounts for the half-year ended 31 December 2015;
- A copy of the Independent Technical Report providing a valuation of Coppermoly's exploration assets, prepared by AMC Consultants Pty Ltd;
- Current share and options registers of Coppermoly;
- ASX announcements of Coppermoly; and
- Discussions with Management of Coppermoly.

APPENDIX 3 – Glossary of Terms and Abbreviations

Term	Definition
Act or Corporations Act	Corporations Act 2001
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Attached Options	83,333,333 Attached Options to be issued to Ever Leap, having an exercise price of \$0,008) in accordance with Resolution 2 and on the terms and conditions as set out in the NOM
Barrick	Barrick PNG Exploration Ltd
Cash flow	Cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context
Company or Coppermoly	Coppermoly Limited
Control	The power to direct the management and policies of a business enterprise
Control premium or premium for control	An amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise, to reflect the power of control
Deferred Options	250,000,000 Deferred Options to be issued to Ever Leap at an issue price of \$0.004 per option (with no exercise price) in accordance with Resolution 2 and on the terms and conditions as set out in the NOM
Directors	The directors of Coppermoly
Discount rate	A rate of return used to convert a future monetary sum into present value
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EL	Exploration licence
Equity	The owner's interest in property after deduction of all liabilities
Ever Leap	Ever Leap Services Limited
Fair Value or Fair Market Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

Term	Definition
FME	Future maintainable earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
Going concern	An ongoing operating business enterprise
Initial Placement	The placement of 57,750,000 new fully paid ordinary shares in Coppermoly to Ever Leap at an issue price of \$0.004 per share to raise \$231,000 and completed on 28 January 2016
Management	Management of Coppermoly
NOM	Notice of General Meeting and Explanatory Statement to shareholders for the General Meeting of Coppermoly to be held in March 2016.
Non-Associated Shareholders	The shareholders of the Company not associated with Ever Leap and its associates
Non-controlling interest or minority interest	An assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of the entity in which the equity is held
PAT	Profit after tax
PEM	Prospective enhancement multiplier
Proposed Transaction or the Conditional Placement	Resolution 2 as set out in the NOM
Report or IER	This Independent Expert's Report
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RG 112	ASIC Regulatory Guide 112 Independence of Experts
RSM	RSM Financial Services Pty Ltd
Shanxi Xierun	Shanxi Xierun Investment Limited, the holding company of Ever Leap
Shares	Fully paid ordinary shares in Coppermoly
\$	Australian Dollars
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume Weighted Average Share Price

APPENDIX 4 – Independent Technical Specialist Report of the Exploration Tenements held by Coppermoly Limited

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Report

Coppermoly New Britain Independent Technical Specialist Report Coppermoly Limited

AMC Project 316002
10 February 2016

10 February 2016

The Directors
RSMFS Financial Services Australia Pty Ltd
Level 21, 55 Collins Street
Melbourne VIC 3000

Coppermoly New Britain Independent Technical Specialist Report

Dear Directors

Coppermoly Limited (Coppermoly, the Commissioning Entity) has appointed RSM Financial Services Australia Pty Ltd (RSMFS, the Independent Expert) to prepare an Independent Expert Report (IER) in relation to the proposed issue of shares to private investment company Ever Leap Services Limited (Ever Leap, or the Investor) in the Company (Proposed Transaction).

AMC Consultants Pty Ltd (AMC) understands that the Investor has entered into a placement agreement, which will raise approximately A\$2.5 million, and if approved by shareholders, may result in purchase of a majority holding of the share capital of Coppermoly.

RSMFS has instructed AMC Consultants Pty Ltd (AMC) to prepare an Independent Technical Specialists Report (ITSR) on Coppermoly's New Britain copper projects for inclusion in the IER. AMC's ITSR will incorporate AMC's independent technical assessment and valuation of the New Britain copper project exploration assets.

AMC understands that:

- The ITSR will be used by RSMFS to prepare the IER and will be appended in full to the IER.
- Other reports that will contribute to the IER, and which are not the responsibility of AMC, include a tenement report. AMC will be entitled to rely on this report for the purpose of preparing the ITSR.
- Coppermoly has engaged AMC to prepare this ITSR, and the ITSR is addressed to RSMFS.

AMC confirms that AMC is independent of Coppermoly and has no interest in the outcome of the proposed capital raising. AMC has completed numerous mineral property valuations.

The Mineral Assets comprise Coppermoly's interest in the following exploration tenements (Coppermoly Tenements). Coppermoly Limited has five current exploration tenements located in PNG on the island of New Britain (The New Britain Projects), which are held in the name of a Coppermoly wholly-owned subsidiary, Copper Quest PNG Ltd. The New Britain Project comprises:

- EL 2379 Simuku (Simuku Project), an Advanced Exploration Area¹ hosting porphyry-copper mineralisation in West New Britain, and containing a Mineral Resource².
- EL 1043 Nakru (Nakru Project), an Advanced Exploration Area hosting a volcanogenic breccia-related copper-gold mineralisation and exploration results including surface geochemistry and Induced Polarisation anomalies in West New Britain, and containing a Mineral Resource.
- EL 2014 Makmak (Makmak Project), an Exploration Area¹ with Exploration Results³, which displays a circular topographic feature, three aeromagnetic anomalies, magnetite and hematite-bearing breccias

¹ As defined in Clause 20, the VALMIN Code (2005), Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. The VALMIN Code 2005 Edition, Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association with the participation of the Australian Securities and Investment Commission, the Australian Stock Exchange Limited, the Minerals Council of Australia, the Petroleum Exploration Society of Australia, the Securities Association of Australia and representatives from the Australian finance sector, available <http://www.valmin.org/valmin_2005.pdf>, viewed 26 January 2015.

² As defined in the JORC Code (2004), Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2004 Edition. Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). available <http://www.jorc.org/docs/jorc2004web_v2.pdf>, viewed 29 January 2016.

³ As defined and as reported at time of public release, in accordance with either the JORC Code (2004) or the JORC Code (2012).

at surface, elevated copper identified in surface rock float and rock chip samples, and chalcopyrite and pyrite identified in surface rock float samples, on the south coast of West New Britain.

- EL 2272 Wowonga (Wowonga Project), an early-stage Exploration Area with historic exploration company-reported copper and gold mineralisation, and an ellipsoid-shaped aeromagnetic feature, on the south coast of West New Britain adjacent to the Makmak Project.
- EL 1782 Powell (Powell Project), an early-stage Exploration Area with historic copper occurrences mapped in the area, and an area with previous gold mining history nearby, in East New Britain.

Barrick holds a nominal 28% interest in the Simuku Project and Nakru Project, which Coppermoly has a binding agreement to acquire. Completion of this will be effected on the payment of a further \$4.5m to Barrick within six months after the commencement of commercial production at the Nakru Project and the Simuku Project (the WNB Projects). Barrick does not have to contribute any further costs to exploration or development of the projects nor are they entitled to any profits from the projects.

Based on RSMFS's instruction to AMC and the information provided, AMC has prepared the ITSR, which provides an exploration valuation (Valuation) for consideration by RSMFS. AMC presents the ITSR, which follows in the form of:

- A description of the Mineral Assets
- A summary of technical inputs into the Valuation
- Valuation of the exploration properties
- Qualifications

For exploration properties, it is not possible to develop production and cost estimates with sufficient confidence to provide a reasonable basis for valuation. AMC has therefore considered other methods to value the exploration properties. These methods are commonly used in Australia to value exploration properties and are discussed in the Valuation. The VALMIN Code⁴ defines a Technical Value as an assessment of future net economic benefit, excluding any premium or discount to account for such factors as market or strategic considerations. AMC has provided a Technical Value (AMC Valuation, or Preferred Value), and completed its engagement as a Specialist in accordance with the VALMIN Code to the extent that the code is relevant to preparation of the Valuation. AMC's use, in this report, of the terms Mineral Resources⁶ and Ore Reserves⁵ is in accordance with the JORC Code⁶.

In view of the conceptual status of the exploration targets at the Makmak Project, Wowonga Project and Powell Project, no site visit to those properties was considered necessary. AMC also considers that a site visit to inspect the Simuku Project and Nakru Project is not required as the locations of mineralisation have no outcropping mineralisation visible in the thick jungle terrain and any core stored in New Britain has deteriorated to the point where no material information can be gleaned from it.

AMC applied two exploration valuation methods to Coppermoly's New Britain Projects, on the basis of 100% ownership:

- The Past Exploration Expenditure method was applied to the five years of most-recent direct exploration expenditure, with AMC's assessment of prospectivity enhancement multiplier assigned for each project, to reflect both the cost of and the effectiveness of recent exploration conducted.
- In addition, a unit area yardstick of between \$3,900 per km² and \$42,900 per km², based on similar comparable transactions of copper and copper-gold exploration projects in PNG from 2010 to 2015 was applied to each tenement area.
- A 50% weighting to the mean value from each method was applied to arrive at AMC's Valuation range and Preferred Value⁷.

⁴ The VALMIN Code (2005).

⁵ As defined and as reported at time of public release, in accordance with either the JORC Code (2004) or the JORC Code (2012).

⁶ As reported at time of public release, in accordance with either the JORC Code (2004) or the JORC Code (2012).

⁷ As required in accordance with the VALMIN Code (2005)

In considering the two exploration valuation methods for the New Britain Projects, AMC has determined Coppermoly's interest in the New Britain Project tenements at between \$13.9m to \$16.4m with a Preferred Value of \$15.2m at the Valuation Date of 3 February 2016.

Table ES1 **AMC Valuation of Coppermoly interest in New Britain PNG exploration tenements**

Valuation Range	\$ million
From	13.9
To	16.4
Valuation – Coppermoly Tenements	15.2

AMC does not have any business relationship with RSMFS, Coppermoly, or the investor acquiring the project, other than the carrying out of individual consulting assignments as engaged. AMC has had no part in the formulation of the Proposed Transaction, and has no interest in the outcome of the Proposed Transaction. Prior to accepting the instruction to prepare the Valuation, AMC considered its independence with respect to ASIC Regulatory Guide 112: Independence of experts. In AMC's opinion, it is independent.

AMC has reviewed material technical reports and management information and held discussions with management staff of Coppermoly. AMC has not audited the information provided to it, but has aimed to satisfy itself that all of the information has been prepared in accordance with proper industry standards and is based on data that AMC considers to be of acceptable quality and reliability. Where AMC has not been so satisfied, AMC has included comment in the ITSR to RSMFS.

All monetary figures in this report are expressed in Australian Dollars (\$) unless otherwise noted. For definitions of abbreviations used in the Valuation, refer to Appendix A, and for contributors to this report, refer to Appendix B.

Yours faithfully



Alison Keogh
MAusIMM (CP)
Principal Consultant




Andrew Hall
MAusIMM (CP)
Director / Corporate Manager / Principal Consultant

Quality control

The signing of this statement confirms this report has been prepared and checked in accordance with the AMC Peer Review Process.

Project manager


The signatory has given permission to use their signature in this AMC document
Rod Carlson


10 February 2016
Date

Peer reviewer


The signatory has given permission to use their signature in this AMC document
Peter Stoker

10 February 2016
Date

Author


The signatory has given permission to use their signature in this AMC document
Alison Keogh

10 February 2016
Date

Important information about this report

Confidentiality

This document and its contents are confidential and may not be disclosed, copied, quoted or published unless AMC Consultants Pty Ltd (AMC) has given its prior written consent.

No liability

AMC accepts no liability for any loss or damage arising as a result of any person other than the named client acting in reliance on any information, opinion or advice contained in this document.

Reliance

This document may not be relied upon by any person other than the client, its officers and employees.

Information

AMC accepts no liability and gives no warranty as to the accuracy or completeness of information provided to it by or on behalf of the client or its representatives and takes no account of matters that existed when the document was transmitted to the client but which were not known to AMC until subsequently.

Precedence

This document supersedes any prior documents (whether interim or otherwise) dealing with any matter that is the subject of this document.

Recommendations

AMC accepts no liability for any matters arising if any recommendations contained in this document are not carried out, or are partially carried out, without further advice being obtained from AMC.

Outstanding fees

No person (including the client) is entitled to use or rely on this document and its contents at any time if any fees (or reimbursement of expenses) due to AMC by its client are outstanding. In those circumstances, AMC may require the return of all copies of this document.

Public reporting requirements

If a Client wishes to publish a Mineral Resource or Ore / Mineral Reserve estimate prepared by AMC, it must first obtain the Competent / Qualified Person's written consent, not only to the estimate being published but also to the form and context of the published statement. The published statement must include a statement that the Competent / Qualified Person's written consent has been obtained.

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Appendices

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Appendix D	Key information sources

Distribution list

1 e-copy to Paul Schultz, Coppermoly Limited

1 e-copy to AMC Brisbane office

1 Description of Mineral Assets

1.1 Scope of work

AMC's scope of work was the preparation of an independent technical specialist report including an independent Valuation of the exploration assets currently held by Coppermoly in accordance with the VALMIN Code⁸. AMC's scope of work is based on its review of the information provided and includes:

- A brief description of the Mineral Assets and observations
- A description of the Valuation methodologies
- Valuation of the Mineral Assets.

Specific exclusions from AMC's scope of work are:

- Marketing, commodity prices, and exchange rates
- Financial and taxation analysis, including developing valuation models and assessing inflation and discount rates
- Assessment of sovereign risk
- Verification of the tenement standing, real property title, licences and permits, and other legal matters
- Native title and cultural heritage considerations
- Social and environmental considerations
- Legal considerations

This Report has been prepared in accordance with the VALMIN Code to the extent that the code is relevant to the assignment, and with due consideration of the JORC Code, and ASIC Regulatory Guide 111⁹ and Regulatory Guide 112¹⁰. RSMFS has agreed to comply with the provisions of the VALMIN Code and specifically the following requirements of the Code:

- Commissioning Entity, Clauses 33 to 36
- Independence of AMC, Clauses 24 to 27
- Reference to AMC's report, Clause 57

This ITSR is also prepared in accordance with the JORC Code to the extent that it is relevant to the scope of the work. For the purpose of the ITSR, AMC will not perform the role of a Competent Person under the JORC Code.

1.2 Mineral Assets

The Mineral Assets in which Coppermoly holds an interest as at 3 February 2016 comprise a portfolio of five exploration tenements in Papua New Guinea (PNG), on the island province of New Britain north-east of mainland PNG (the **New Britain Projects**). Four granted ELs (EL 1043 Mt Nakru, EL 2379 Simuku, EL 2014 Makmak and EL 2272 Wowonga) are located in the Kulu-Awit Copper Gold Belt through west New Britain. One granted EL (EL 1782 Powell) is located in the Powell Copper Belt in east New Britain (Figure 2.1; Table 1.1 Granted exploration tenements Table 1.1).

The registered holder of the New Britain Project tenements is Copper Quest PNG Limited, which is a subsidiary company formed by Coppermoly (100% ownership). Barrick holds a nominal 28% interest in the Nakru Project and the Simuku Project (The WNB Projects), which Coppermoly has a binding agreement to acquire. Completion of this will be effected on the payment of a further \$4.5M to Barrick within six months after the commencement of commercial production at the WNB Projects. Barrick does not have to contribute

⁸ The VALMIN Code (2005). Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. The VALMIN Code 2005 Edition, Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association with the participation of the Australian Securities and Investment Commission, the Australian Stock Exchange Limited, the Minerals Council of Australia, the Petroleum Exploration Society of Australia, the Securities Association of Australia and representatives from the Australian finance sector, available <http://www.valmin.org/valmin_2005.pdf>, viewed 26 January 2015.

⁹ Australian Securities & Investments Commission (ASIC), Regulatory Guide 111, Content of expert reports, March 2011, 35 pp., available <<http://download.asic.gov.au/media/1240152/rg111-30032011.pdf>>, viewed 1 February 2016.

¹⁰ Australian Securities & Investments Commission (ASIC), Regulatory Guide 112, Independence of experts, March 2011, 23 pp., available <<http://download.asic.gov.au/media/1240158/rg112-30032011.pdf>>, viewed 1 February 2016.

any further costs to exploration or development of the projects nor is it entitled to any profits from the projects.

EL 1782 Powell has recently been reduced by 50% in accordance with Papua New Guinean (PNG) Government exploration tenement renewal requirements, and this reduced area is reflected in Table 1.1 and in Figure 2.1. In addition, EL 1445 Talelumas and EL 1077 Simuku have now been combined into a single merged tenement—EL 2379 Simuku, with the total area size reflected in Table 1.1.

Table 1.1 **Granted exploration tenements**

Tenement ID	Tenement Name	Owner	Coppermoly Interest (%)	Area (km ²)	Status	Expiry Date
EL 1043	Mt Nakru	Copper Quest PNG Limited (100.00%)	100%	47.0	Granted. Extended Term	7 December 2016
EL 2379	Simuku	Copper Quest PNG Limited (100.00%)	100%	122.0	Granted. Extended Term	10 September 2017
EL 2014	Makmak	Copper Quest PNG Limited (100.00%)	100%	255.3	Granted. Extended Term	14 May 2016
EL 2272	Wowonga	Copper Quest PNG Limited (100.00%)	100%	30.7	Granted. Expires on 24 Feb 2016. Renewal application submitted, awaiting Warden's Hearing scheduled for 17 Feb 2016	24 February 2016
EL 1782	Powell	Copper Quest PNG Limited (100.00%)	100%	378.5	Granted. Extended Term	24 September 2017

Principal Sources: TAS Legal Pty Ltd, Solicitor's Report – Mineral Tenements. Report to Coppermoly Limited, 21 January 2016, received in Coppermoly email 1 February 2016, Coppermoly 2015 Annual Report, sub-block conversion to area km² received from Coppermoly 11 January 2016, and AMC independent check of area km² using GIS tenement outline information.

As at the 3 February 2016, two of the Coppermoly tenements contained Mineral Resources¹¹ reported in accordance with the 2004 JORC Code: the Simuku Project area and the Nakru Project area. Exploration Results⁴ are also reported in accordance with the 2004 JORC Code and the 2012 JORC Code from the Makmak Project area. The remaining granted tenements are at an early stage of exploration.

1.3 Site visit

In view of the conceptual status of the exploration at the Makmak Project, Wowonga Project and Powell Project, no site visit to those properties is considered necessary. AMC also considers a site visit to inspect the Simuku Project and Nakru Project is not required as there is limited outcropping mineralisation visible in difficult-access terrain, covered by thick jungle terrain, and AMC also understands that core stored in New Britain has deteriorated to the point where no material information can be gleaned from it. AMC examined a number of pieces of fresh core specimens retained by Coppermoly in its Brisbane office for petrographic studies.

1.4 Tenement standing

In accordance with Clauses 67 to 73 of the VALMIN Code, AMC has been provided with access to a recent independent report on the standing of the Coppermoly's material tenements. AMC has reviewed the independent tenement report by Tenement Administration Services Pty Ltd (TAS) provided to AMC by Coppermoly (the Tenement Standing Report¹²) and has relied on that report, which indicates the tenements were 100% owned by Copper Quest PNG Ltd, a PNG-based wholly owned subsidiary of Coppermoly, and the tenements were in good standing at 21 January 2016.

The Valuation applies to the specified granted Exploration Licences (ELs), which are Exploration Areas or Advanced Exploration Areas, located in Papua New Guinea (Coppermoly Tenements). Coppermoly's wholly owned subsidiary, Copper Quest PNG Limited, is the legal holder of five ELs (Table 1.1).

¹¹ As defined as reported at time of public release, in accordance with either the JORC Code (2004) or the JORC Code (2012).

¹² TAS Legal Pty Ltd, Solicitor's Report – Mineral Tenements. Report to Coppermoly Limited, 21 January 2016, received in Coppermoly email 1 February 2016.

The departmental procedure for EL extensions requires the approval at a Warden's Hearing, followed by consideration and recommendation by the Mining Advisory Council and the final approval by the Papua New Guinean Minister of Mining. Accordingly, while Coppermoly has applied to renew the Wowonga Project EL 2272, there is no certainty that the term of the EL will be extended. Coppermoly's renewal application for EL 2272 has been submitted, and is awaiting local approval at a Warden's hearing scheduled for 17 February 2016.

Shareholders should be aware that, pending extension, granted ELs remain in good standing until a decision is made. There is a risk that one or more of the ELs will not be extended, or that the terms of the extension are not favourable to Coppermoly. This could have a significant adverse impact on the performance of Coppermoly. AMC understands that Coppermoly is not aware of any precedent to suggest that the EL would not be renewed, and further understands that the normal process is for an extension to be granted and approved, and that there are no identified impediments to this occurring. AMC has sighted a letter from the Mineral Resources Authority stating that "from the date the tenement expires, section 112 Mining Act 1992 (Mining Act) ensures your tenement will continue in force until the determination of your application". The Tenement Standing Report confirms that EL 2272 "remains in force pending the outcome of the renewal process", and "the author has no reason to believe the tenement will not be renewed in the normal course of business". In AMC's opinion, on this basis, the Valuation warrants inclusion of EL 2272 Wowonga.

1.5 Mineral Resources

The Mineral Resources, which form a component of Coppermoly's Mineral Assets, are presented in summary tables in this Report. Coppermoly lodged more comprehensive announcements providing details of the Mineral Resources with the Australian Securities Exchange on 1 May 2009 (the 2009 Simuku Mineral Resource) and 26 July 2012 (the 2012 Nakru Mineral Resource).

The Mineral Resources summarised in this Report are reported on a 100% ownership basis. The portion of the Mineral Resources attributable to Coppermoly are in accordance with the Company's beneficial interest in the individual Mineral Assets.

1.6 Information

In performing its services, AMC is entitled to rely upon and assume the accuracy and completeness of all material information that has been furnished to it and shall have no obligation to audit such information or prepare primary information for modelling purposes. AMC has the right and obligation to base its conclusions on information within its own knowledge and/or acquired as a result of its investigations as well as the information presented. AMC will not, however, uncritically use the information provided and will aim to satisfy itself as to the reasonableness of the information it uses.

1.7 Use of AMC's report

AMC understands that the ITSR will be attached in full as an appendix to the IER, which will be presented to the shareholders of Coppermoly for their consideration. Coppermoly and RSMFS must obtain AMC's prior written consent as to the form and context of any inclusion of, or reference to, the ITSR in any documentation to be sent to third parties, including shareholders. Further, the ITSR may not be relied upon by any third party (including Coppermoly) without AMC's prior written consent.

1.8 Report requirements

AMC's ITSR has been prepared independently and in accordance with the VALMIN Code and the Australian Securities and Investments Commission (ASIC) Regulatory Guides 111 and 112, to the extent that they are relevant to the scope of work. The VALMIN Code provides guidelines to assist those preparing Independent Expert Reports required for the assessment and/or valuation of Mineral and Petroleum Assets and Securities.

The VALMIN Code makes a distinction between two types of values for mineral assets, a Technical Value that is defined as an assessment of future net economic benefit, and a Fair Market Value that adds to or subtracts from a Technical Value a premium or discount relating to market, strategic, or other considerations.

The ITSR has been prepared by Ms Alison Keogh, Principal Consultant, Member and Chartered Professional of The Australasian Institute of Mining and Metallurgy and Mr Rod Carlson, Principal Geologist, Member of The Australasian Institute of Mining and Metallurgy and Member and Registered Professional Geologist of

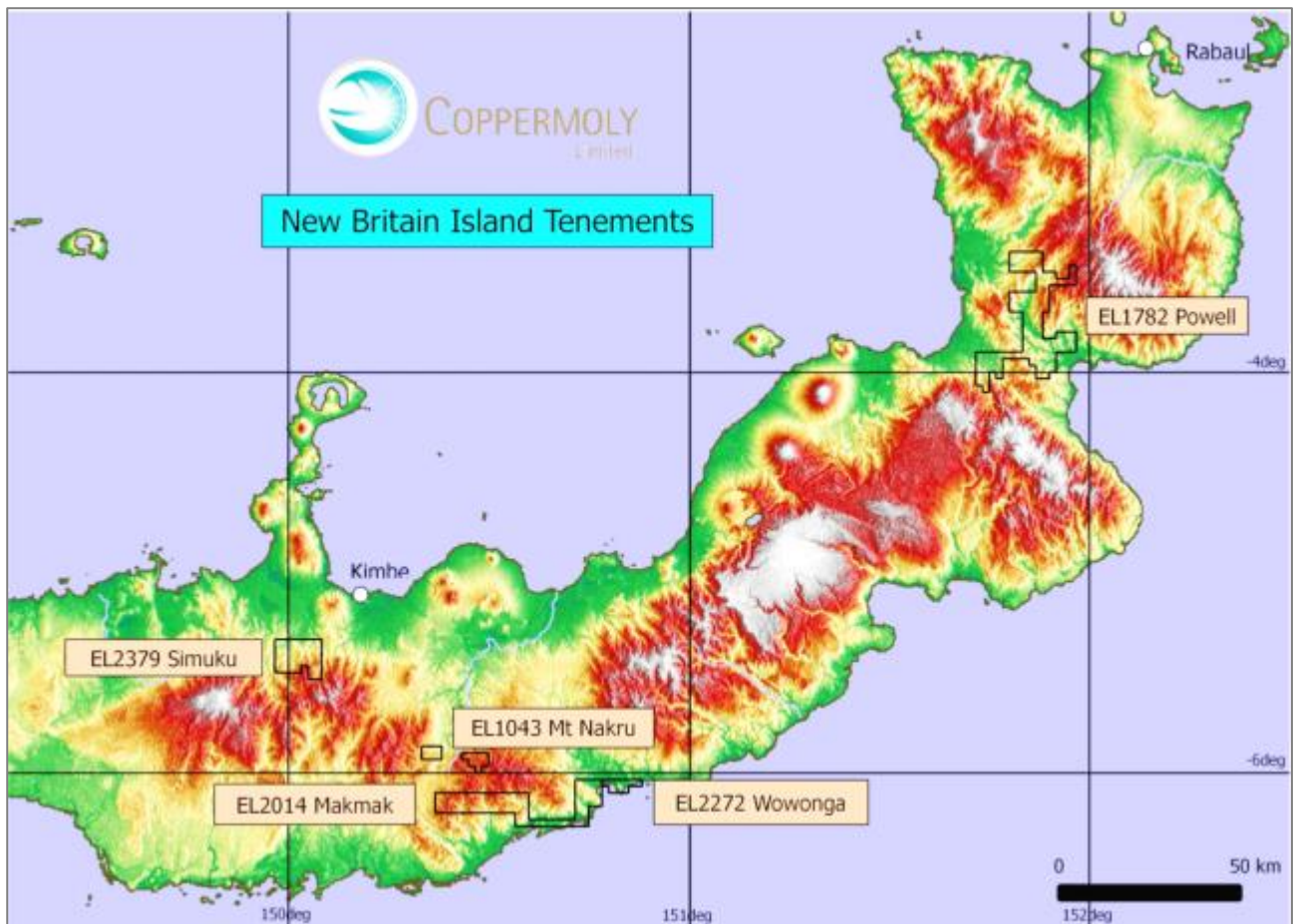
the Australian Institute of Geoscientists. The ITSr has been peer reviewed by Mr Peter Stoker, Principal Geologist, Honorary Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy. All qualify as specialists as defined in the VALMIN Code.

2 Technical inputs to Valuation

This chapter provides a brief summary of key technical aspects of Coppermoly's New Britain projects to set the context for the Valuation, and documents AMC's findings relevant to the technical inputs to the Valuation.

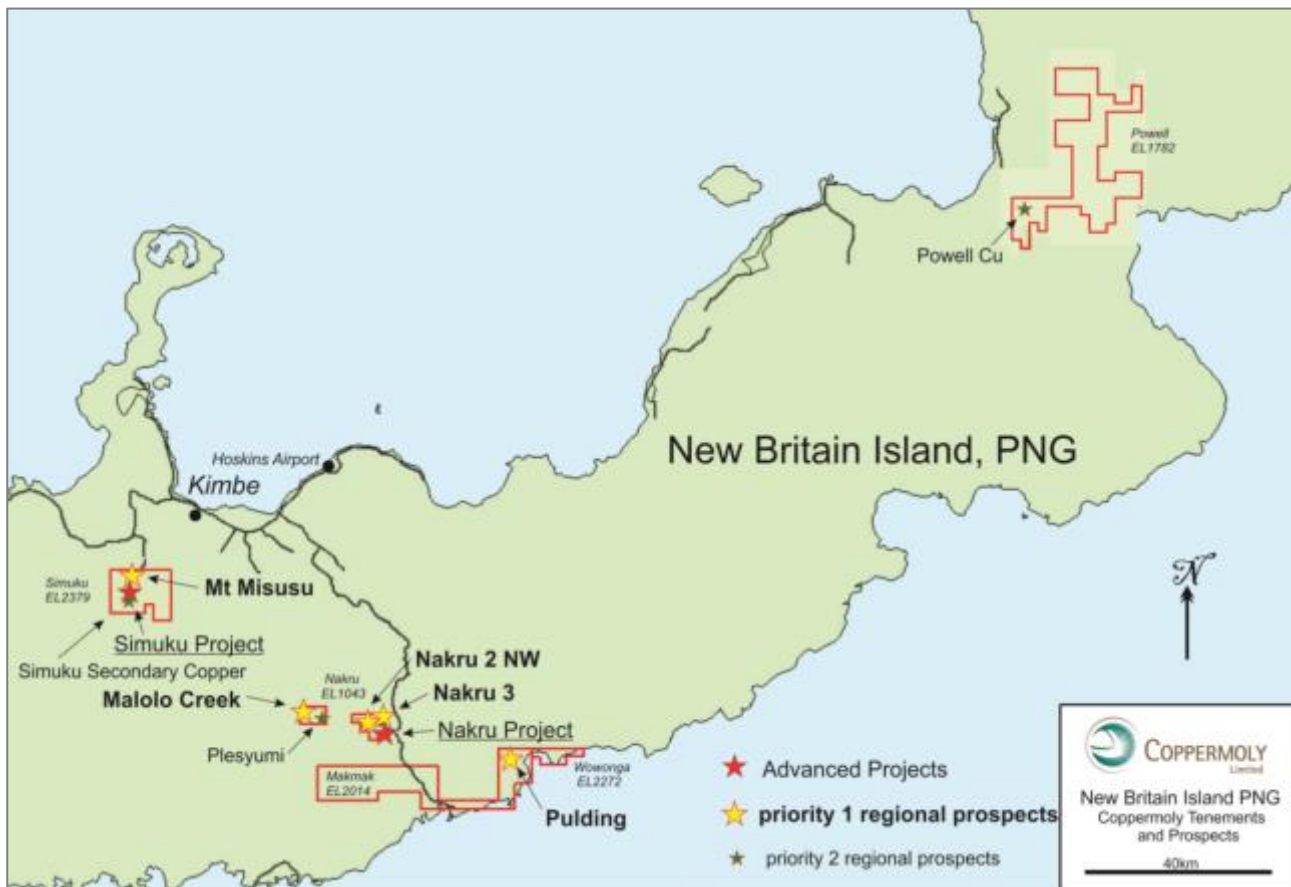
The deposits in New Britain are located in the south Pacific Ocean archipelago along the Pacific Rim of Fire, an active pacific volcanic belt that hosts a number of large porphyry copper-gold deposits and epithermal gold deposits. Coppermoly Tenements consist of the New Britain Projects which comprise five ELs (Figure 2.1), and two advanced projects (the Simuku Project and the Nakru Project) and a number of prospects (Figure 2.2).

Figure 2.1 Location of Coppermoly Mineral Assets indicating New Britain Project tenements



Source: Coppermoly January 2016, by AMC request

Figure 2.2 Location of Coppermoly Mineral Assets with Coppermoly tenements and regional prospects



Source: Coppermoly by request, 29 January 2016.

2.1 Regional geology and structure summary

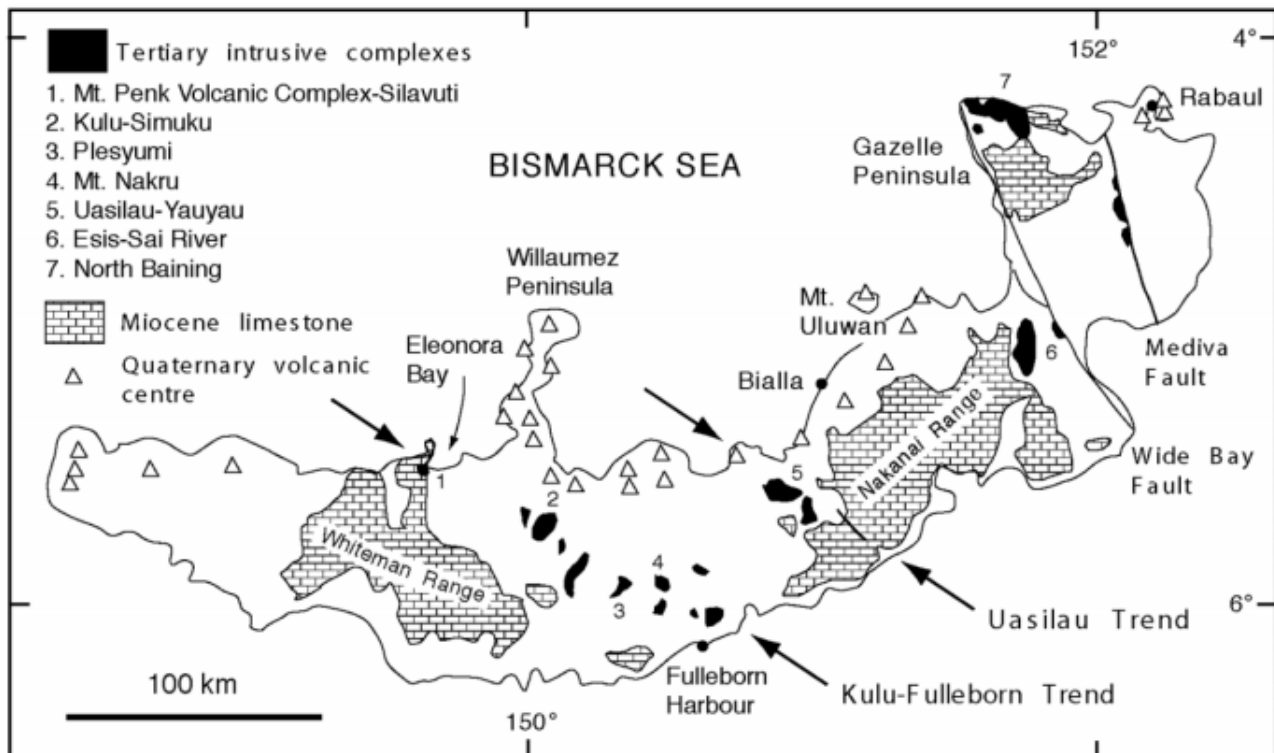
Papua New Guinea is located at an active plate tectonic boundary, with convergence between the Pacific and Australian plates occurring at a rate near 110 mm per annum. Within this convergence zone are a series of micro-plates with active seismic activity. In the New Britain area, the Solomon Sea plate is actively moving beneath the New Britain plate (active subduction), and this is resulting in a line of active volcanoes along the north coast.

The island of New Britain is thought to share a common geological origin to a number of other islands of the Bismarck Archipelago, and to the volcanic arc rocks of the Bewani-Torricelli and Adelbert-Finisterre-Saruwaged ranges on mainland PNG. They are considered to be a part of a single volcanic arc system, known as the Bewani-Torricelli-Baining arc.

Each island has a basement of volcanic arc rocks of Eocene or Oligocene age, which has undergone structural deformation including faulting and tilting followed by later diorite or granodiorite intrusions. At New Britain, these basement volcanics are partially covered by Middle Miocene limestone, and by Pliocene and Quaternary sedimentary and volcanic rocks, including from active volcanoes (Figure 2.3 and Figure 2.4).

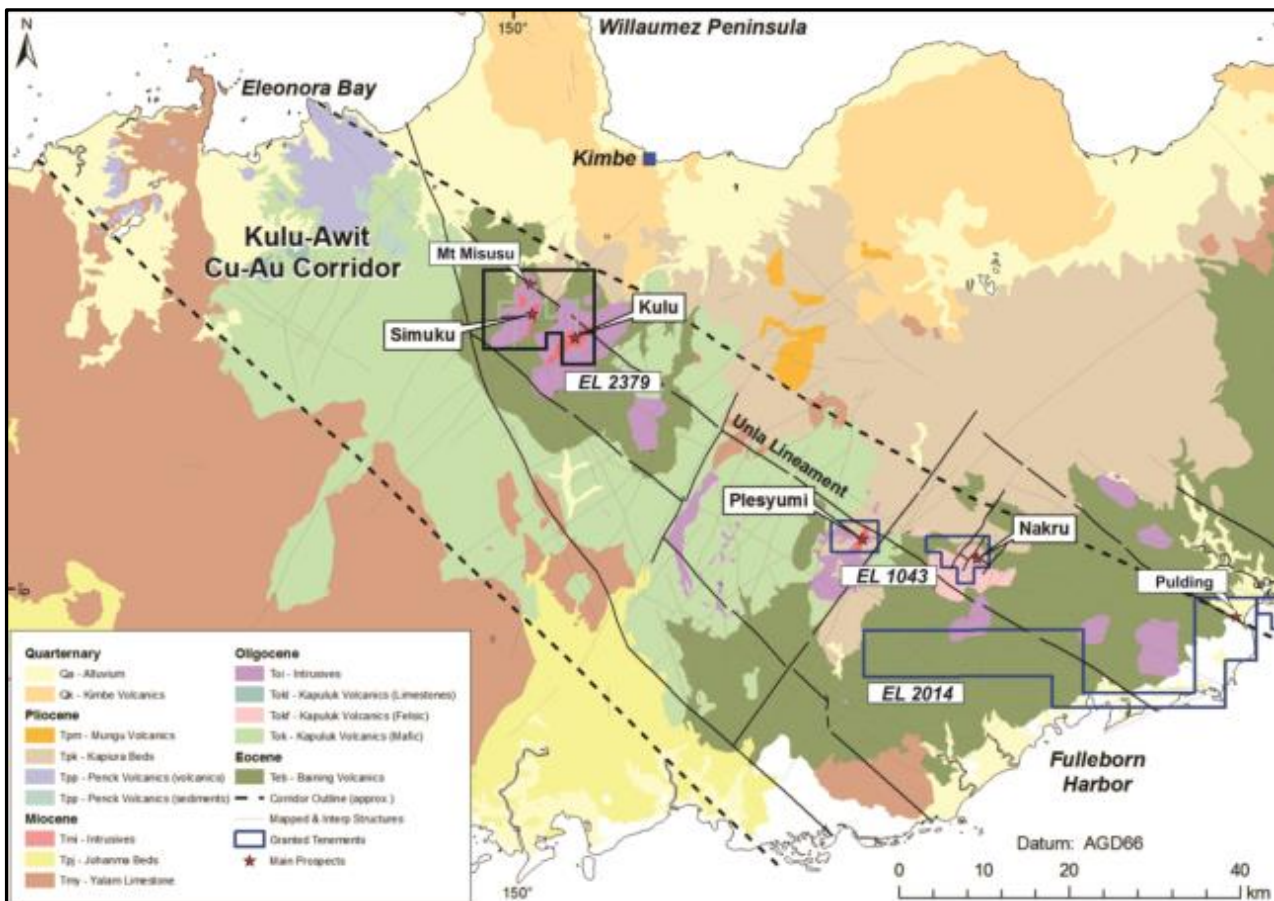
A series of intrusive rocks have been emplaced along the Kulu-Fulleborn and Uasilau trends during the Tertiary period (Figure 2.3). The mineral prospects on the Coppermoly Tenements in Central New Britain formed over 22 million years ago during a large igneous intrusive phase related to plate subduction movements. Areas that were mineralised during this phase have been preserved under a limestone cap until approximately five million years ago, when rapid uplift raised the island of New Britain from the ocean floor to almost 2 km in elevation. Extensional plate tectonic movements in the last few million years have led to the breakup of this limestone cap occurred and deep erosion. Most of the known prospects in Central New Britain have been exposed during this period. One exception is the Nakru Project, which is a prominent topographic feature due to silica-bearing rocks.

Figure 2.3 Simplified geology map of New Britain showing Kulu-Fulleborn and Uasilau trends and other structures, Tertiary intrusives, Miocene limestone and Quaternary volcanic centres



Source: Lindley, 2006

Figure 2.4 Central and Western New Britain geology and structure summary

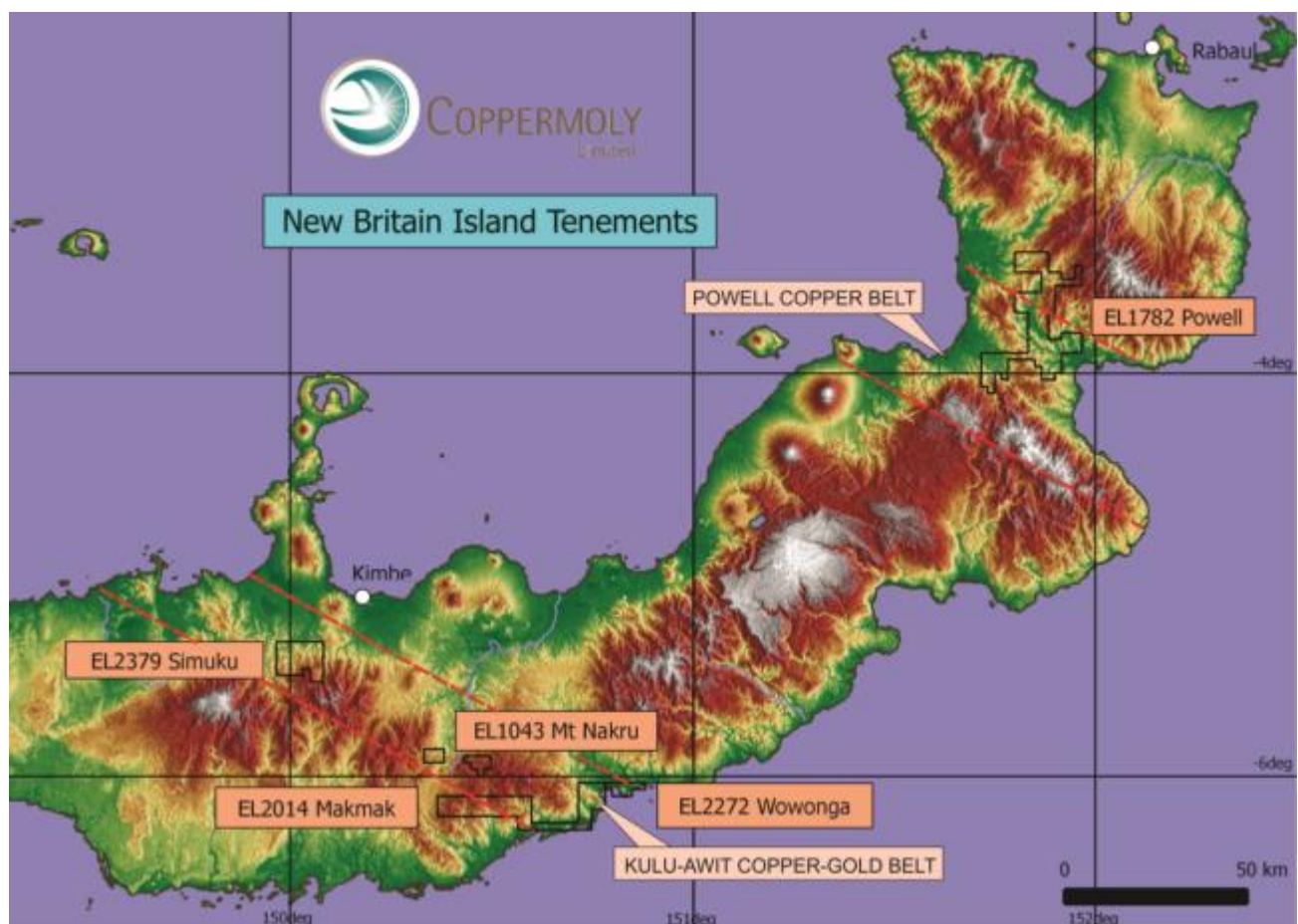


Source: Coppermoly by request, 29 January 2016

Copper mineralisation, commonly with molybdenum and gold, occurs in porphyry-style deposits in New Britain along north-west and north-east trending structures, which are orthogonal to the active trench-arc system (Figure 2.4 and Figure 2.5). Coppermoly has described at least five styles of mineralisation in New Britain:

1. Porphyry-style, low-grade (<0.5% Cu) disseminated pyrite/chalcopyrite associated with dacite dykes (examples are the Plesyumi, Simuku and Kulu deposits).
2. Calc-silicate skarn Cu mineralisation associated with granodiorite batholiths (examples are the Pelapuna and Esis deposits).
3. High-grade Cu (~1% Cu) with subordinate Au-Zn associated with dacite dykes and coeval volcanics (key example is the Nakru deposit).
4. Epithermal Au-Ag mineralisation associated with Pliocene volcanics (example is the Mt Penck deposit).
5. Cu-Au-Mo mineralisation associated with quartz stockworked alkali porphyries (example is the Mt Andewa deposit).

Figure 2.5 Location of Coppermoly Mineral Assets with 2015 Coppermoly tenements prior to tenement area changes and copper belts



Source: Coppermoly by request, 29 January 2016.

The porphyry Cu and skarn mineralisation were formed during late Oligocene associated with the intrusion of Oligocene diorites. These intrusions generally occupy north-east trending dilation zones close to the Unia lineament (Figure 2.4).

Copper ± molybdenum mineralisation is hosted at Simuku, Plesyumi and Kulu, in large intrusive complexes that are greater than 5 km in strike-length. These intrusives are hosted within Oligocene Kapuluk volcanics and their composition includes diorites, feldspar and quartz-feldspar porphyries, and late rhyodacite dykes.

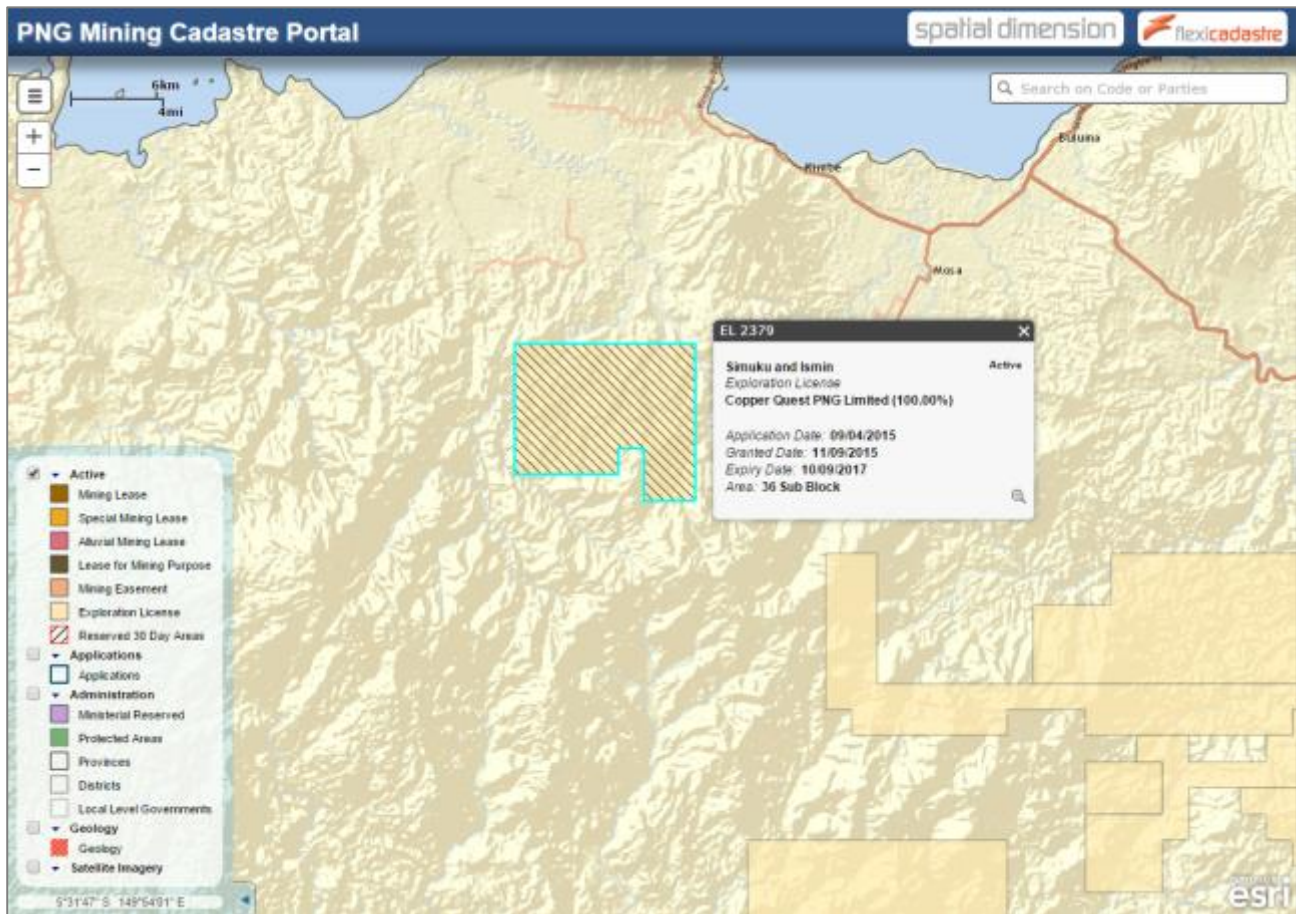
The Pliocene Mt Andewa and Mt Penck styles of mineralisation are associated with dacite porphyry intrusive rocks that formed at moderate levels in the earth's crust (hypabyssal intrusive rocks).

The Nakru-style of mineralisation was formed in a sub-volcanic environment. Mineralisation is associated with high-level rhyodacite dykes and hosted in coeval volcanics.

2.2 Simuku Project EL 2379

Coppermoly's Simuku Project contains porphyry complexes, which host mineralisation in a number of zones. This includes the Simuku, Mt Misusu and Kulu prospects (Figure 2.4, Figure 2.6).

Figure 2.6 Simuku Project tenement EL2379 location map



Source: PNG Government mining cadastre portal website: <http://portal.mra.gov.pg/Map/> [Accessed 19 January 2016].

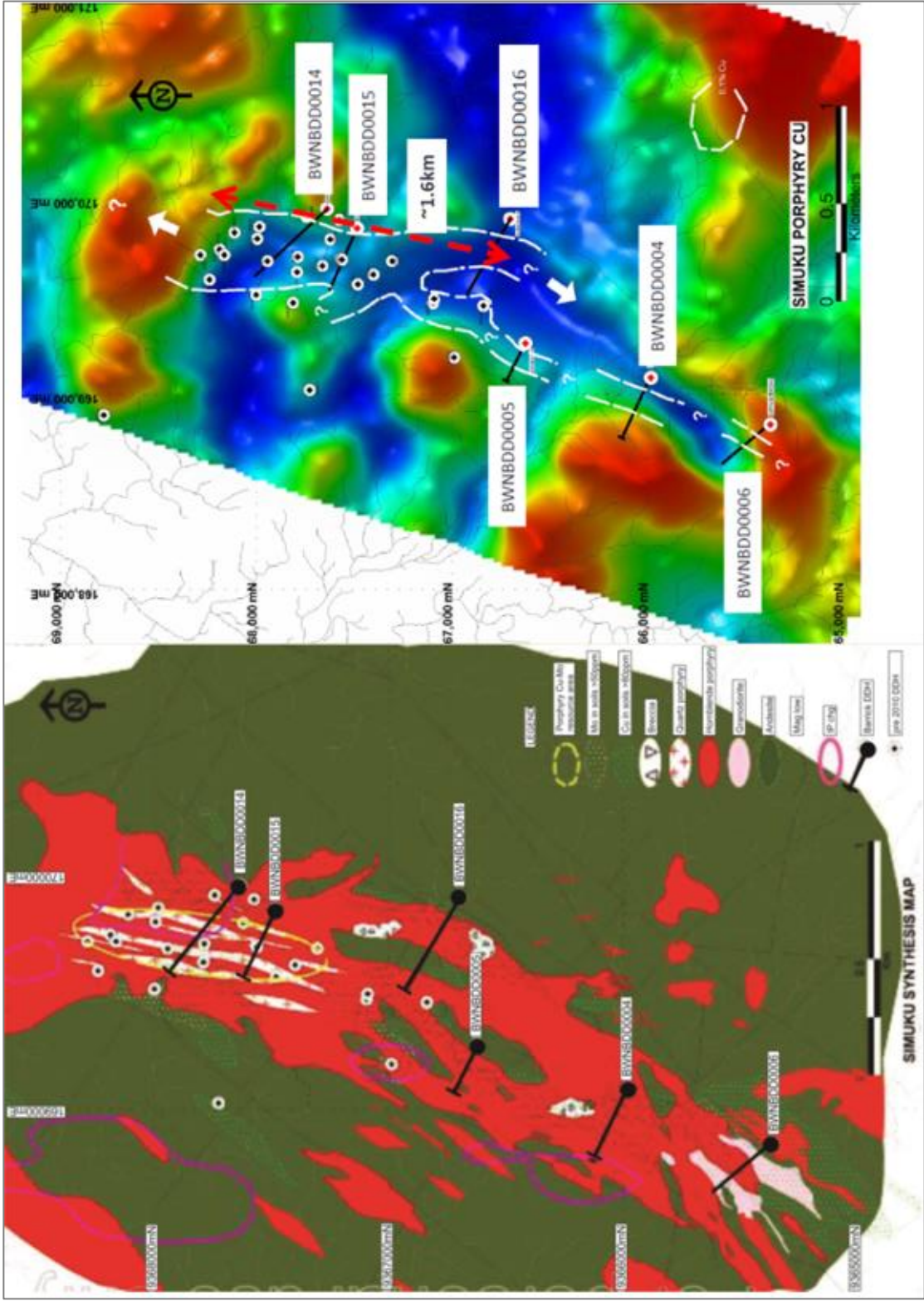
Note: Coppermoly has named EL 2379 as Simuku.

2.2.1 Geological setting and exploration overview

The Simuku Project occurs in the Kulu-Awit trend, a prominent west-north-west belt dominated by intermediate intrusive rocks that contain gold-bearing copper mineralisation (Figure 2.4).

The Simuku prospect is a large, irregular hydrothermal system with approximate dimensions of 4 km long by 350 m to 500 m wide (Figure 2.7). Mineralisation occurs in an elongate, predominantly north-north-east trending zone, and is hosted by a highly fractured sequence of intermediate-to-acid volcanic rocks intruded by dacitic to dioritic porphyries. Irregular alteration occurs including propylitic, quartz-sericite, argillic and silicification. Figure 2.7 illustrates the irregular-shaped development of the porphyry bodies represented in plan, projected to surface. The resource area is centred around the drillholes as shown in Figure 2.9. Figure 2.7 also indicates Coppermoly's interpreted extent of the porphyry system and areas of potential for further testwork.

Figure 2.7 Simuku Project geological interpretation plan and RTP aeromagnetic image with drillholes



A

B

A Geological interpretation plan
B RTP aeromagnetic image with drillholes showing Coppermoly interpreted porphyry system outline (white dashed line) and interpreted extent (red dashed line)
Source: Coppermoly by request 29 January 2016 and Coppermoly Copper Conference Presentation, ASX Release 16 June 2015

The Kulu prospect is located 2 km east of Simuku, in an area mapped as a large dioritic intrusive complex, which is crosscut by numerous dacite dykes. Coppermoly describes discrete centres of phyllic alteration hosted within the complex focused along the north-west trending Unia fault.

The Mt Misusu porphyry centre is located along strike from the Kulu prospect along the same Unia Fault to the north-west of Kulu. Copper mineralisation at the Kulu prospect is associated with intense quartz vein stockworks.

2.2.2 Site access and infrastructure

The Simuku Project is located approximately 23 km south-west of the township of Kimbe, in West New Britain Province. The township of Kimbe (Figure 2.8) is the regional administrative centre of West New Britain and is serviced by an airport at Hoskins.

Access to the Simuku Project area is by a 15-minute helicopter ride from Kimbe or by 4WD track. There are no population centres within the Simuku Project tenement licence area. Landowners reside in the coastal villages of Ismin, Morokea and Kulungi. The landowners use the licence area as a hunting ground and nomadically move about the region during dry periods.

The existing local infrastructure at the township of Kimbe (Figure 2.8) consists of an airport, shipping and port facilities, a ferry service, transport, power and water.

Figure 2.8 Aerial view of the deep water port at the provincial capital of Kimbe



Source: Coppermoly website: ASX Announcement 26 July 2012 [Accessed 12 January 2016].

2.2.3 Previous exploration

In 1965, CRA discovered the Simuku porphyry system and drilled three diamond holes for a total of 916 m (Barrick Annual Report EL 1077 to 28 November 2010 to PNG Government). In the early 1970s BHP acquired the ground and drilled four holes for 607 m. From 1981 to 1986 Esso PNG held ground over the tenement area, and Esso drilled four holes (SMD01-SMD04) for a total of 625 m in 1983 which identified a secondary-enriched, chalcocite-bearing blanket in a zone above an interpreted porphyry system.

A number of exploration companies have subsequently progressed exploration, including City Resources, New Guinea Gold Corporation (NGG) and Barrick. A number of prospective areas were identified by previous explorers including the Simuku porphyry prospect, the Kula alteration zone and the Mt Misusu quartz stockwork (Figure 2.4).

NGG reported a siliceous cap at Tobarum Hill, interpreted to overly an enriched supergene zone up to 50 m thick, from two drillholes totalling 171 m. A further eight drillholes were completed in 1996 to 1997 for 857 m (Coppermoly 2014 desktop review, Barrick Annual Report EL 1077 to 28 November 2010 to PNG Government). Trenching was also completed in 1994 to 1997 by Macmin in joint ventures with Placer and Niugini Gold (Figure 2.9).

Coppermoly became involved from 2008, and Barrick entered into a joint venture (JV) with Coppermoly in October 2009. The Coppermoly-Barrick JV completed the most significant phase of exploration at the Simuku prospect, including drilling, mapping, sampling and aerial surveys from 2008 to 2011. In 2008 to 2009, drillholes SMD17 to SMD31 were completed (a total of 15 holes for 4,194) (Coppermoly ASX Announcement 10 December 2008). The drilling reported 196 intercepts from 1,578 sampled intervals (12% of the metres drilled) with a copper grade greater than 0.5% Cu in the Nayam, Tobarum, Misili and Horseshoe areas (Figure 2.9). In addition, Light Detection and Ranging (LiDAR) and aerial photography surveys were completed, along with rockchip sampling (512 samples) and surface mapping over about half of the then EL 1077.

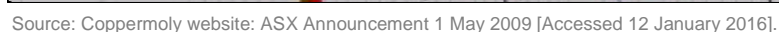
An Inferred Mineral Resource was reported in 2009 (Coppermoly ASX Announcement 1 May 2009), and is described in more detail in Section 2.2.5 below.

Previous exploration activities have also included stream sediment sampling, soil sampling geochemistry, geological mapping, photo-lithological interpretations, bulldozer trenching, rock chip sampling, geophysical surveys, aeromagnetic surveys and diamond core drilling. No previous mining has been reported by Coppermoly in the area.

2.2.4 Recent Coppermoly exploration

Additional drilling was conducted by the Coppermoly-Barrick JV in 2010 to 2012, with a further 10 holes totalling over 5,000 m, including 8 holes at Simuku (BWNBDD004-006, 014-016, 019 and 020) at broad spacing along the same mineralised trends, and one drillhole (BWNBDD018) at Kulu. The drilling reported 122 intervals from 4,811 intervals (2.5% of the metre drilled) with a copper grade greater than 0.5% Cu. These drillhole intersections indicated low grade copper mineralisation continued to greater depths, and have not yet been incorporated into an update of the 2009 Simuku Mineral Resource (Coppermoly ASX Announcement 31 January 2011, Coppermoly ASX Announcement 29 February 2012, Coppermoly ASX Announcement 16 March 2012, Coppermoly ASX Announcement 15 January 2013). The 2011 drilling provided further Exploration Results confirming the low grade tenor of previous copper mineralisation in the vicinity of and below the Simuku resource area. The drilling did not in itself identify new areas of mineralisation in the Simuku area. Subsequent work on the Simuku Project from 2012 to 2015 has been limited to review of Barrick exploration information.

In early December 2013, two diamond holes, each at 100 meters depth were drilled in another area to the east, between the Kulu prospect and Simuku prospect. Coppermoly has advised AMC these drillholes were not assayed because no visible mineralisation was identified in core (Coppermoly ASX Announcement 27 September 2014). No surface sampling has been undertaken since 2012, when Barrick withdrew from the joint venture.



2.2.5 Mineral Resources

Coppermoly reported Mineral Resource estimates as at 1 May 2009 for Simuku, reproduced in summary in Table 2.1 (the 2009 Simuku Mineral Resource). The resource area contains copper mineralisation together with more minor gold and silver mineralisation and trace molybdenum. The 2009 Simuku Mineral Resource contains Inferred classification Mineral Resources reported at three different copper equivalent¹³ cut-off values (Table 2.1) of 0.1% copper equivalent (Cu.Eq), 0.3% Cu.Eq and 0.5% Cu.Eq. The grade calculations to derive copper equivalent grade values were stated as $(\text{Cu} + (7.6 \times \text{Mo}) + (7818 \times \text{Au}) + (101.3 \times \text{Ag}))$, expressed in per cent and based on prices of US\$1.44/lb Cu, US\$11.00/lb Mo, US\$772.00/oz Au and US\$10.00/oz Ag.

Table 2.1 The 2009 Simuku Mineral Resource reported at three different cutoffs, as at 1 May 2009

Resource Category	Cu.Eq* Cut-Off (%)	Tonnage (Mt)	Cu Grade (% Cu)	Mo Grade (g/t Mo)	Au Grade (g/t Au)	Silver Grade (g/t Ag)	Cu.Eq* (%)
Inferred	0.1	393	0.25	<0.01	0.05	1	0.33
	0.3	196	0.36	<0.01	0.06	2	0.47
	0.5	77	0.44	<0.01	0.07	2	0.58

Source: Coppermoly website: ASX Announcement 1 May 2009 [Accessed 12 January 2016].

This information was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Mineralisation comprises supergene and primary material in all domains.

Tonnages and grades have been rounded to a number of significant figures, thus the totals may not match the sum of the components.

The Simuku Mineral Resource estimate is reported by Coppermoly to be based on a drillhole database as at 20 February 2009 with 19 drillholes to an average depth of 236 m for a total of 4,498 m of drilling. At the time of reporting, Coppermoly reported that NGG held 46% of the shares of Coppermoly Limited. A geological interpretation and resource block model was completed by NGG staff.

The following information is available to describe the steps undertaken to estimate or validate the resource:

- The geological interpretation and resource model was based on a drillhole database compiled by Coppermoly as at 20 February 2009. Coppermoly managed the QAQC of this data. Assay data was stated as verified by submitting standard reference materials for each 20 samples sent to a commercial analytical laboratory.
- Drillhole sample lengths were dominantly 2 m, and composite length was set at 1 m. In AMC's view this is not standard industry practice.
- The geological model covers only the northern portion of a much broader mineralised zone of approximately 3,500 m by 1,200 m determined by drilling and surface bulldozer trenching data. This broader mineralised zone is based on data from 31 diamond drillholes totalling 6,021 metres, containing 3,901 logged and assayed intervals. The geological model extends from Misili Creek to Nayam Creek (Figure 2.11), a distance of 1,200 m along strike north-northeast and covers an average mineralisation width of 600 m. Geological interpretations of six cross-section lines through this northern zone were reported as digitised and imported into Surpac software.
- A three-dimensional block model was created using a parent block size of 50 m x 50 m x 25 m, within which the block model extends 960 m along strike northeast to southwest and covers the average 400 m width of the mineralisation.
- Inverse distance squared interpolation was used to estimate grades within each domain. Grades were estimated separately for copper, gold, silver and molybdenum.
- The resource model extends to a maximum of 50 m beyond the bottom of the mineralised drillhole intervals.
- No density measurements were taken at the Simuku Project. A bulk density of 2.56 t/m³ was assigned, based on density values from similar rock types from similar deposits in mainland PNG.
- The resource estimate was reported as being classified based on data density, data quality, and confidence in the geological interpretation and estimation. All of the modelled mineralised domains were classified as Inferred. Coppermoly reported that material between the drillholes has some continuity observed in surface bulldozer trench results.

¹³ As required in Table 1 of the JORC Code (2004) and Companies Update 3 May 2007 on Reporting of Metal Equivalents

Domains appear to have been compiled partly based on lithology description and partly on grades. There is no description provided describing the spatial morphology of these domains, or how they were determined. It is unknown if statistical checks, swath plots or visual validation in plan and section view were carried out.

The nature of domains is indicated in Table 2.2.

Table 2.2 2009 Simuku Mineral Resource domains

Domain Name	Description
Footwall High Grade	Stockwork within more brittle diorites
Footwall Low Grade	Stockwork within more brittle diorites
Hangingwall High Grade	Quartz breccias and veins within dacitic porphyries
Hangingwall Low Grade	Quartz breccias and veins within dacitic porphyries
Intermediate Zones	Primary and oxide (Outside the footwall and hangingwall mineralisation)

The resource interpretation and resource report were not available for AMC's review. AMC has not sighted an independent review of this work, nor a QAQC report relating to the drilling used for the resource. AMC has not sighted reports describing the extent of the block model that has been classified as Inferred and its relationship to distance between drilling results or geology. It is unknown if top-cuts were applied to high-grade outlier values.

AMC understands no metallurgical testwork was undertaken at Simuku prior to the release of the 2009 Simuku Mineral Resource. Recoveries were assumed to be typical for Island Arc porphyry Cu-Au-Mo-Ag deposits.

In AMC's opinion, the Simuku resource estimate has been reported in accordance with the 2004 JORC Code. A Competent Person who was a member of the AusIMM signed off on the Mineral Resource at the time of the announcement.

AMC was unable to review the detailed resource steps or conduct a comparison of resource estimates versus composite inputs, as the required data and a resource report were not available for review. In AMC's opinion, as a result of the limited information available to describe the data, the geological interpretation and the resource estimation approach, AMC cannot verify that the resource has been estimated in accordance with industry standard practice. Some steps in the resource methodology may not be optimal, resulting in lower overall confidence. The compositing of 2 m drill intervals to 1 m and application of unspecified search ranges with the limited drilling are examples of some steps that may not be optimal. Combined with that no QAQC reports or results have been sighted, and the low-grade tenor for a deposit of this location in the current market, AMC considers that the resource is low in confidence and may not have been prepared in accordance with standard industry practices.

In AMC's opinion, further review is required to address these identified issues. This would include a thorough review of all information available including database compilation and validation checks, QAQC review if information can be obtained, or additional QAQC checks on any retained samples and sample pulps if not, and an analysis of the resource estimate's sensitivity to geology interpretations and to resource estimation approaches. Such a review could incorporate more recent drilling by Barrick in 2010 to 2012, take into account changes in reporting requirements and market conditions, provide a more current view of the existing Mineral Resource at Simuku, assist in identifying vectors to potential higher grades, and assist in targeting future drillholes in areas of exploration potential.

AMC understands that Coppermoly's exploration plan includes work to compile and review the drillhole database, conduct validation checks, obtain QAQC information if available and review, and reassay key drillhole intersections where pulps or core are suitable. In addition, AMC understands that Coppermoly's exploration plan includes work to review this recompiled drilling and consider the geological interpretation to identify areas of low confidence and areas with additional exploration potential for future drilling. In AMC's opinion, this proposed work and the subsequent drilling will assist in addressing these issues.

2.2.6 Proposed exploration and prospectivity

Simuku represents a Cu porphyry with associated low levels of Mo ± Au. Drilling has intersected copper-bearing porphyries to significant depths (Figure 2.10), and Coppermoly considers mineralisation extends to

>1,000 m depth. Coppermoly's general assessment is that the Simuku deposit is low grade with only an immature supergene zone. Coppermoly has previously reported that the 2009 Simuku Mineral Resource covers less than one third of the area of known surface copper mineralisation. AMC observes that elevated copper is present in trench results beyond the extent of the drillholes and the existing resource outline (Figure 2.11).

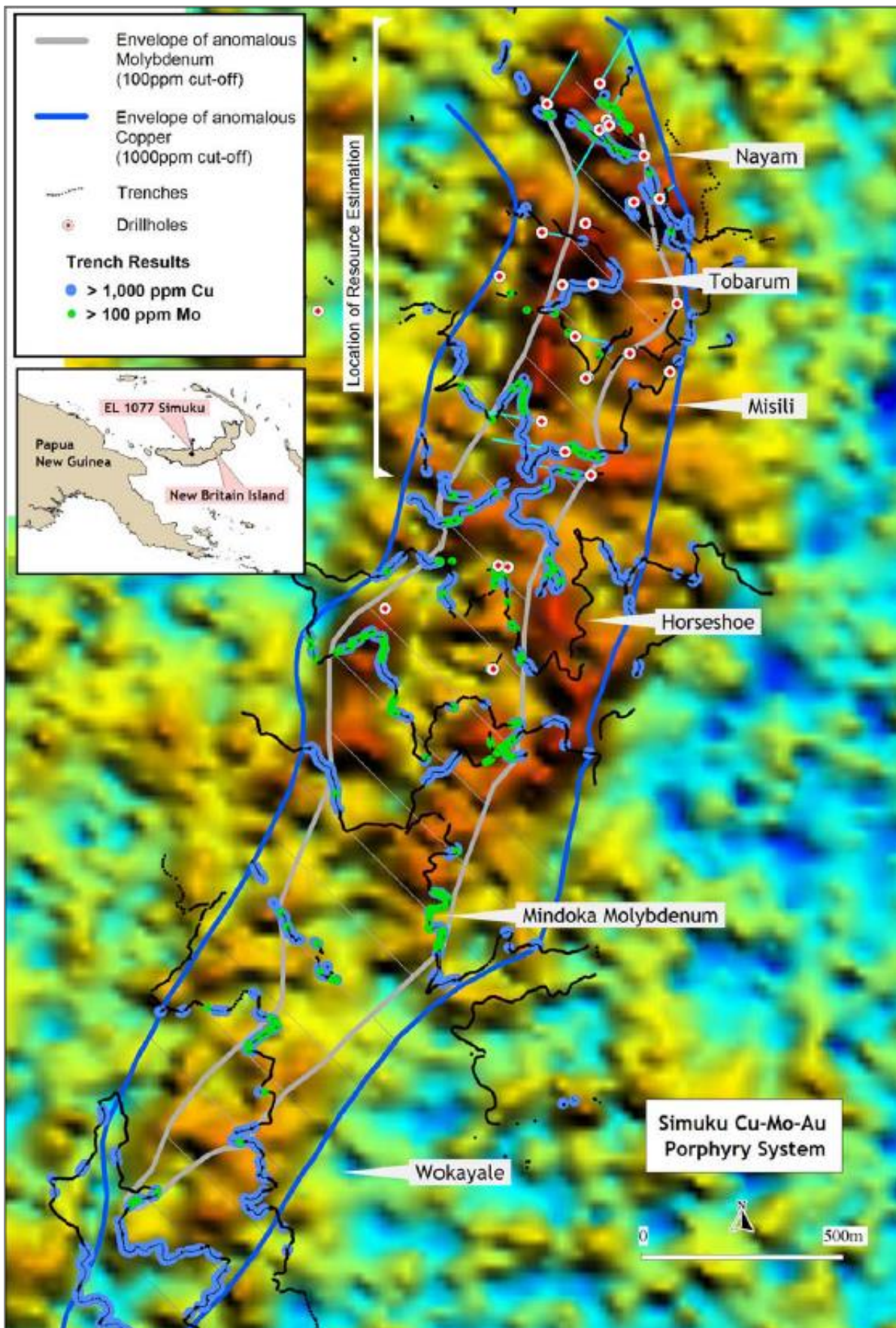
AMC examined a number of pieces of fresh core specimens retained by Coppermoly for petrography. AMC observed small amounts of pyrite and chalcopyrite in porphyry breccia from a section of copper mineralised core retained from drillhole BWNBDD0014. The generally low-tenor gold grades (<0.5 g/t Au), low-to-moderate copper grades, and rock textures described by Coppermoly are aligned with AMC's observations from limited drill core, and support the thesis that the Simuku deposit is a low-grade porphyry deposit.

Figure 2.10 Simuku drillhole BWNBDD0014 drill core photograph



Source: Coppermoly Photograph by request of core sighted by AMC, 29 January 2016

Figure 2.11 Simuku surface trench assays, drillholes and 2009 Simuku Mineral Resource extent



Location of Simuku drillholes, trenches and anomalous copper and molybdenum on topography image
 Source: Coppermoly ASX Announcement 1 May 2009

In AMC's opinion, the 2011 to 2012 drilling activities and subsequent review work have increased knowledge on the understanding of the geology, exploration strategy and proposed follow-up work, and have therefore raised the prospectivity for targeting additional mineralisation in the Simuku area. In AMC's opinion, exploration potential remains including the potential to extend the area and/or to locate additional mineralisation at depth with additional drilling, which could also assist to address the low confidence in the existing resource.

Coppermoly notes that the Simuku prospect area is defined by a 3 km long and 300 m to 500 m wide north-north-east striking zone of hematitic, siliceous leached cap well developed on Mt Tobarum, Mt Misili and Mt Wokayale (Figure 2.11). Coppermoly reports that drill assays indicate a siliceous cap overlying an enriched supergene zone up to 50 m in thickness averaging around 0.3% Cu but containing zones of higher copper and gold grades. Coppermoly has proposed a desktop review of all drillhole data to evaluate if there is potential for a near-surface secondary copper-enriched zone at Simuku. AMC considers this would offer a valuable initial step in considering future exploration plans at Simuku.

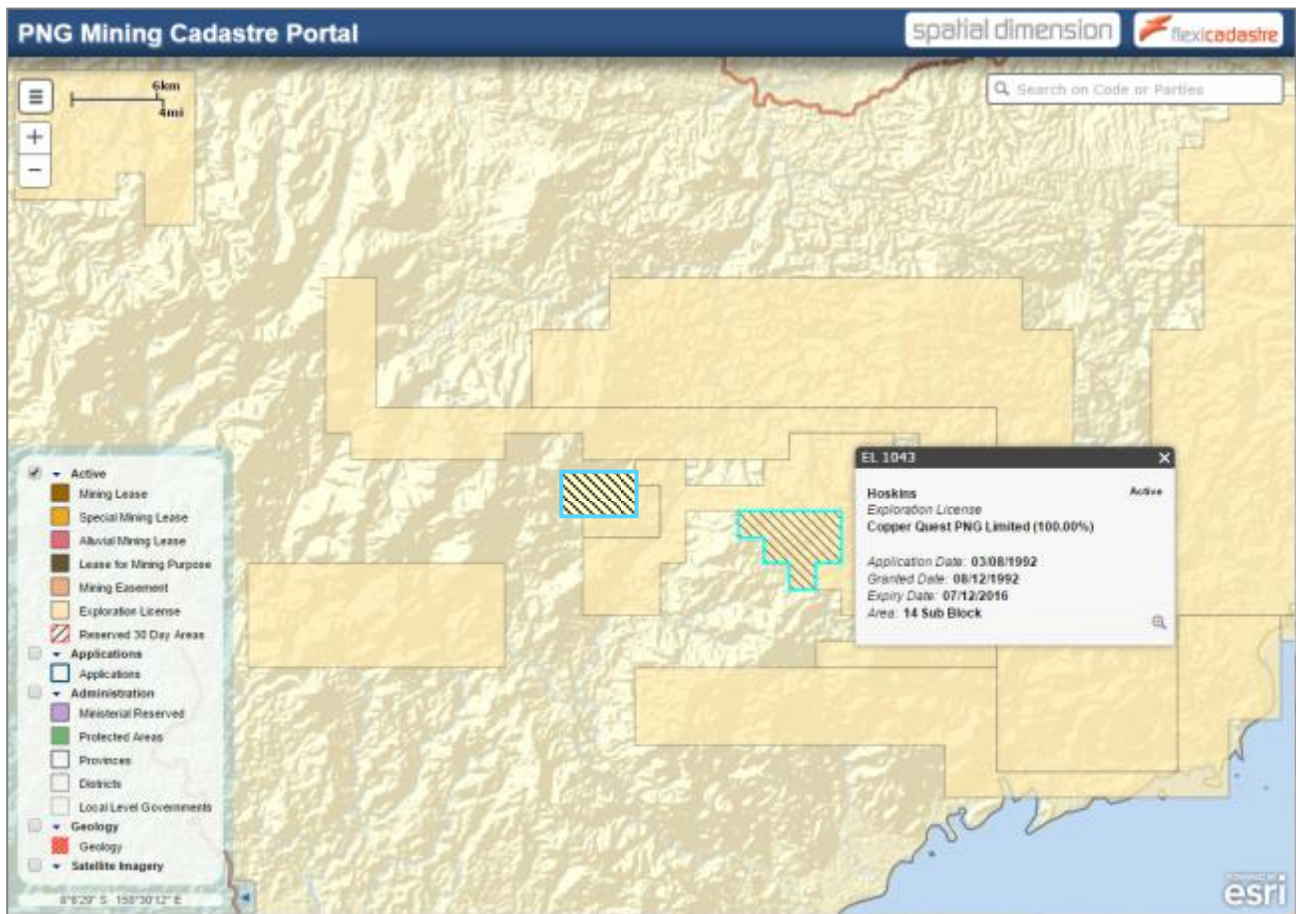
In AMC's opinion, the drilling confirms a mineralised porphyry system of low-grade tenor. Additional low grade copper mineralisation has been identified in the vicinity of the 2009 Simuku Mineral Resource by 2010-2012 Barrick-Coppermoly drilling, but did not identify new areas of mineralisation. Further work to identify vectors to potential zones of higher grades is important in confirming whether the deposit can continue to host a resource that has reasonable prospects for eventual economic extraction.

Based on the geological setting, reported Exploration Results and AMC's observations of core, in AMC's opinion the Simuku Project area has moderate prospectivity and further exploration is warranted. In light of the limitations with available information on the 2009 Simuku Mineral Resource, AMC considers that further work is warranted to understand the mineralisation controls and continuity in the 2009 Simuku Mineral Resource area and to identify vectors to additional mineralisation and higher grades.

2.3 Nakru Project EL 1043

The Nakru Project is located about 60 km south of the Hoskins airport and approximately 60 km south-east of the helicopter base at Kimbe (Figure 2.12).

Figure 2.12 Nakru Project EL 1043 tenement location map



Source: PNG Government mining cadastre portal website: <http://portal.mra.gov.pg/Map/> [Accessed 19 January 2016].

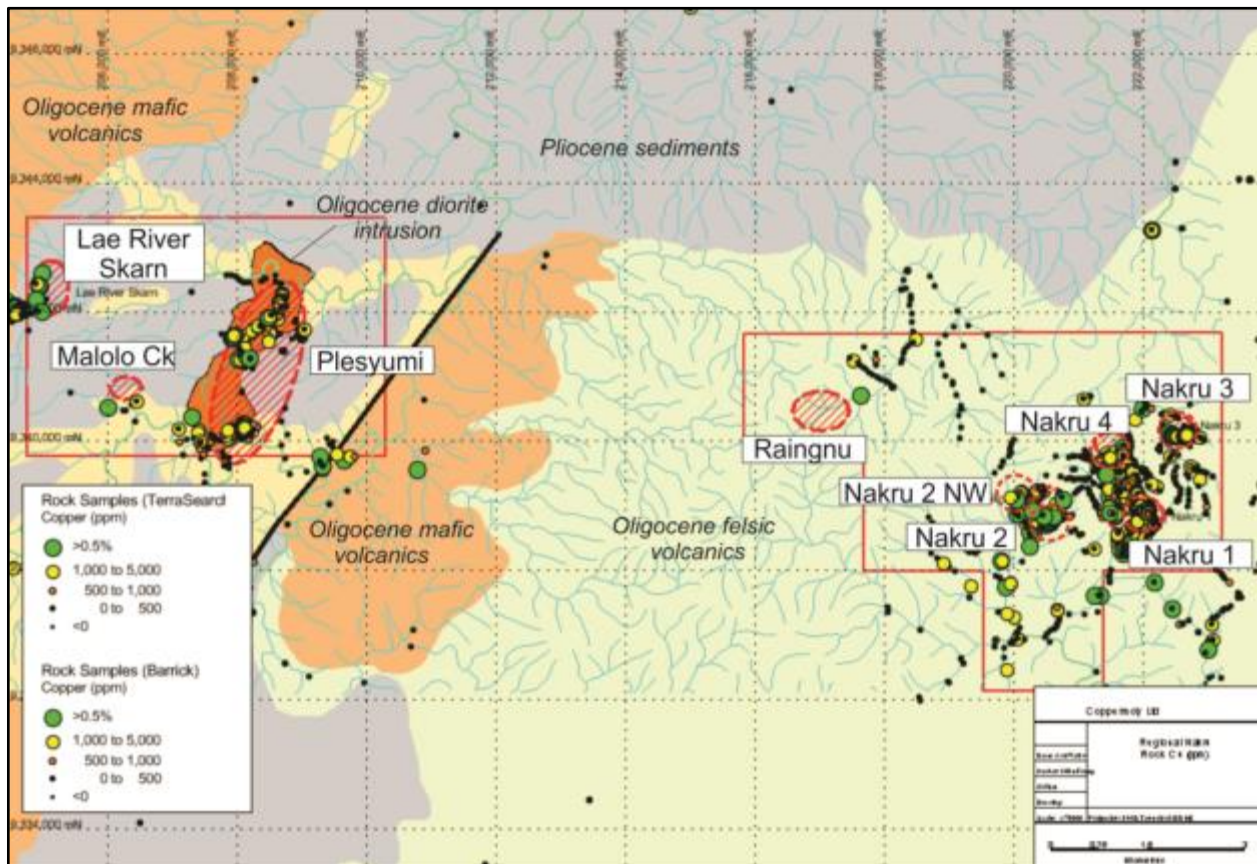
2.3.1 Geological setting and exploration overview

The Nakru Project is located in the Kulu-Awit belt of porphyry copper-gold deposits (Figure 2.3 and Figure 2.4). Past exploration by NGG reported a series of high-level intrusive rocks with associated copper and gold mineralisation, and near-surface gold in a leached cap below thin pumice and ash cover. Subsequent exploration by Coppermoly and Barrick has advanced geological and mineralisation understanding for the area from 2008 to present.

The Nakru Project area contains a number of mineralised prospects, including the Nakru-1, Nakru-2, Nakru-2 NW, Nakru-3 and Nakru-4 Cu-Au ± Zn prospects and the Raingnu prospect in the eastern portion of the EL, and the Plesyumi porphyry prospect in the western portion of the EL (Figure 2.3 and Figure 2.13). Mineralisation is hosted by rhyolitic rocks which are interpreted to be part of a volcanic flow dome complex. Historic prospects have also been reported at Lae River with skarn identified, and Malolo Creek with Nakru-style elevated copper (Figure 2.12).

The Plesyumi prospect contains a basement sequence of volcanics, volcanic sediments and calcareous sediments from the Upper Eocene Baining Volcanics, which have been intruded by the Metelen Granodiorite (Figure 2.12). The Plesyumi prospect was considered by Placer to contain an altered mineralised volcanic neck with the Metelen granodiorite a central vent. Plesyumi prospect focuses on an area of strong alteration and mineralisation associated with fault-controlled dacite and andesite intrusions through the granodiorite, and the area is largely covered by more recent volcanic ash and marine sediments.

Figure 2.13 Nakru Project tenement EL 1043 interpreted geology map and surface rock chip results



Source: 2014 Desktop Review¹⁴

2.3.2 Site access and infrastructure

The Nakru Project is located approximately 70 km south-east of the provincial capital Kimbe (Figure 2.5). In relatively dry weather, the Nakru base camp can be accessed by 4WD vehicles along a logging road extending to south coast of the New Britain Island and for the last 2.5 km via a temporary prospect access track. In wet weather, a 7.5 km segment of the logging road adjacent to Nakru and access track that links Nakru to the logging road is not drivable, and requires use of tracked vehicle. The most reliable access to the Nakru prospect is by helicopter, with approximately 25 minutes to 30 minutes flight time from Kimbe.

2.3.3 Previous exploration

The Nakru Project has a long exploration history, dating back to the 1960s. Exploration in the Nakru area is reported since 1968, with initial exploration by Placer that included sampling, geophysics and seven diamond drillholes for 1,178 m, and the discovery of mineralisation at the Plesyumi prospect. In 1971, under a Placer joint venture with Triako Mines, a further 14 drillholes for 1,979 m and a 300 m underground adit were completed. Exploration by a succession of companies including CEC (1975), Esso PNG (1981-1983), City Resources (1984-1987), BHP (1988-1989), Macmin/NGG (1992), Cyprus/NGG (1999), and NGG (2005-2006) advanced understanding through combinations of airborne (magnetic, radiometric and electromagnetic) surveys, surface trenching, shallow wacker drilling (423 holes), and 32 diamond drillholes (in total). This included a helicopter-based electromagnetic survey (DigHEM) which identified an anomaly over the area now known as Nakru-2 NW prospect. During this time, the Mt Nakru mineralisation was discovered (1984), and 6 km of dozer trenching was undertaken at the Nakru-1 prospect (2005-2006).

IP surveys were carried out in 2008, at which time Coppermoly became involved. These surveys identified IP anomalies at Nakru-1 and Nakru-2 prospects. Two drillholes at Nakru-2 and three drillholes at Nakru-1 were completed by Coppermoly in 2008 (Coppermoly Annual Report to December 2010 EL1043 to PNG

¹⁴ Erceg M, 2014. Internal Desktop Review "Regional Exploration Potential of Coppermoly's New Britain Tenements", Coppermoly internal report, August 2014.

Government). From late 2009, Barrick (PNG) Exploration farmed-in, and focused their work on drilling Nakru-1 (12 holes) and Nakru-2 (1 hole) to test IP anomalies, and to complete shallow wacker drilling and a diamond drillhole at Nakru-4. As a part of this Barrick-Coppermoly JV, geochemical rock chip samples were collected across the Nakru-1, 2, 3 and 4 prospects. Mapping and stream sediment sampling were also completed. In total, during the period 2008 to 2012, the Coppermoly and Barrick JV completed 39 drillholes including 21 diamond drillholes and 17 wacker holes for 7,693 m (Coppermoly Annual Report to December 2011 EL1043 to PNG Government). Copper mineralisation was intersected at both Nakru-1 and Nakru-2 prior to 2011 (restated in Coppermoly ASX Announcement 27 December 2013).

In 2012, a Mineral Resource was announced over the Nakru-1 prospect (described in Section 2.3.5). Subsequent to this work, a further two diamond drillholes were completed by Coppermoly in 2014 at the Nakru-2 prospect.

The Pleysumi prospect was discovered by Placer from elevated copper results in a 1968 regional stream sediment survey. Placer followed up with mapping and detailed surface sampling, and conducted digging of small costeans, rock chip sampling, auger drilling and ground magnetics and IP, followed by drilling of seven core holes. The subsequent Placer joint venture with Triako Mines included remapping, additional auger drilling and rock chip sampling and drilling of a further 14 core holes. The Helen Creek prospect was also located and a skarn occurrence at Lae River was later identified by Placer. The fourteen core holes drilled by Placer and Triako identified elevated copper in most holes, including at least five holes with significant intersections of >0.2% Cu (Goldner, 1983). Four zones of >0.1% Cu were intersected in the drillhole data with the area of most interest centred on Helen Creek zone (Figure 2.18), and three of these zones coincided with intense veining associated with dacite plugs. However, the historic information does not include dip and azimuth information for at least seven of these holes.

No previous mining has been reported by Coppermoly in the area.

2.3.4 Recent Coppermoly exploration

Coppermoly's most advanced prospects at the Nakru Project are the Nakru-1 Inferred Mineral Resource (described in Section 2.3.5), and the adjacent Nakru-2 prospect, over which the historic IP anomaly surveys identified chargeability anomalies (Figure 2.16).

Nakru-1 copper-gold mineralised zones are hosted in rhyolitic breccias, and the deposit is interpreted to be intersected by a series of unmineralised dykes. The deposit has historically been considered to be a volcanogenic massive sulphide (VMS) style of mineralisation. Recent review by Coppermoly indicates that the mineralisation style for Nakru is still being debated, with a range of interpretations put forward. The main mineralisation styles proposed include porphyry, VMS, breccia pipe and epithermal-style mineralisation.

At Nakru-1 and Nakru-2, IP anomalies were followed up with additional IP work in 2011 to extend the existing surveys across Nakru-3, Nakru-4 and Nakru-2 NW (Coppermoly ASX Announcement 28 November 2011, Figure 2.15). Coppermoly's recent exploration at Nakru Project has also included drilling and sampling. Some examples of drilling intercepts include:

- At Nakru-1, 27 diamond drillholes drilled by Barrick and Coppermoly, the results of which were used to estimate the 2012 Nakru Mineral Resource. These drillholes were BWNBDD001, 2, 3, 7, 8, 9, 10, 10A, 11, 12 and 13, and NAK001 to NAK017). These drilling results have not been repeated in this report (Refer to Section 2.3.5 for details of the Nakru Mineral Resource).
- At Nakru-4, Drillhole BWNBDD0017 was drilled in 2011, which intersected 15 m at 0.2% Cu from 16 m, using a 0.15% Cu cut-off (Coppermoly EL1043 Annual Report to December 7 2011 to PNG Government).
- This information was prepared and first disclosed under the 2004 JORC Code in the specified Coppermoly ASX Announcements.
- At Nakru-1, subsequent to the 2012 Nakru Resource, Barrick drilled one hole in 2012—Drillhole BWNBDD0021 (Coppermoly ASX Announcement 14 February 2013), which Coppermoly reported to contain copper mineralisation at 0.1% Cu cutoff as follows:
 - 26 m at 0.1% Cu & 0.1 g/t Au from 3 m depth
 - 35 m at 0.1% Cu & 0.2 g/t Au from 40 m depth
 - 43 m at 0.9% Cu & 0.4 g/t Au from 107 m depth

- 5.5 m at 0.2% Cu from 211 m depth
- Coppermoly drilled two additional holes at Nakru-2, which are drillholes NAK2-03 and NAK2-04, in 2014 (Coppermoly ASX Announcement 16 May 2014) and intersected:
 - 23 m at 2.1% Cu and 0.2 g/t Au from 7 m in NAK2003 (using 1.0% Cu cut-off), and
 - 18 m at 1.3% Cu and 0.1 g/t Au from 5 m, 7 m at 1.1% Cu from 74 m and 8 m at 1.4% Cu from 89 m, using a 1.0% Cu cut-off
- The Nakru-1 2012 information and Nakru-2 2014 information were prepared and first disclosed under the 2012 JORC Code in the specified Coppermoly ASX Announcements. Competent Persons who were members of the AusIMM or AIG signed off on the announcements.

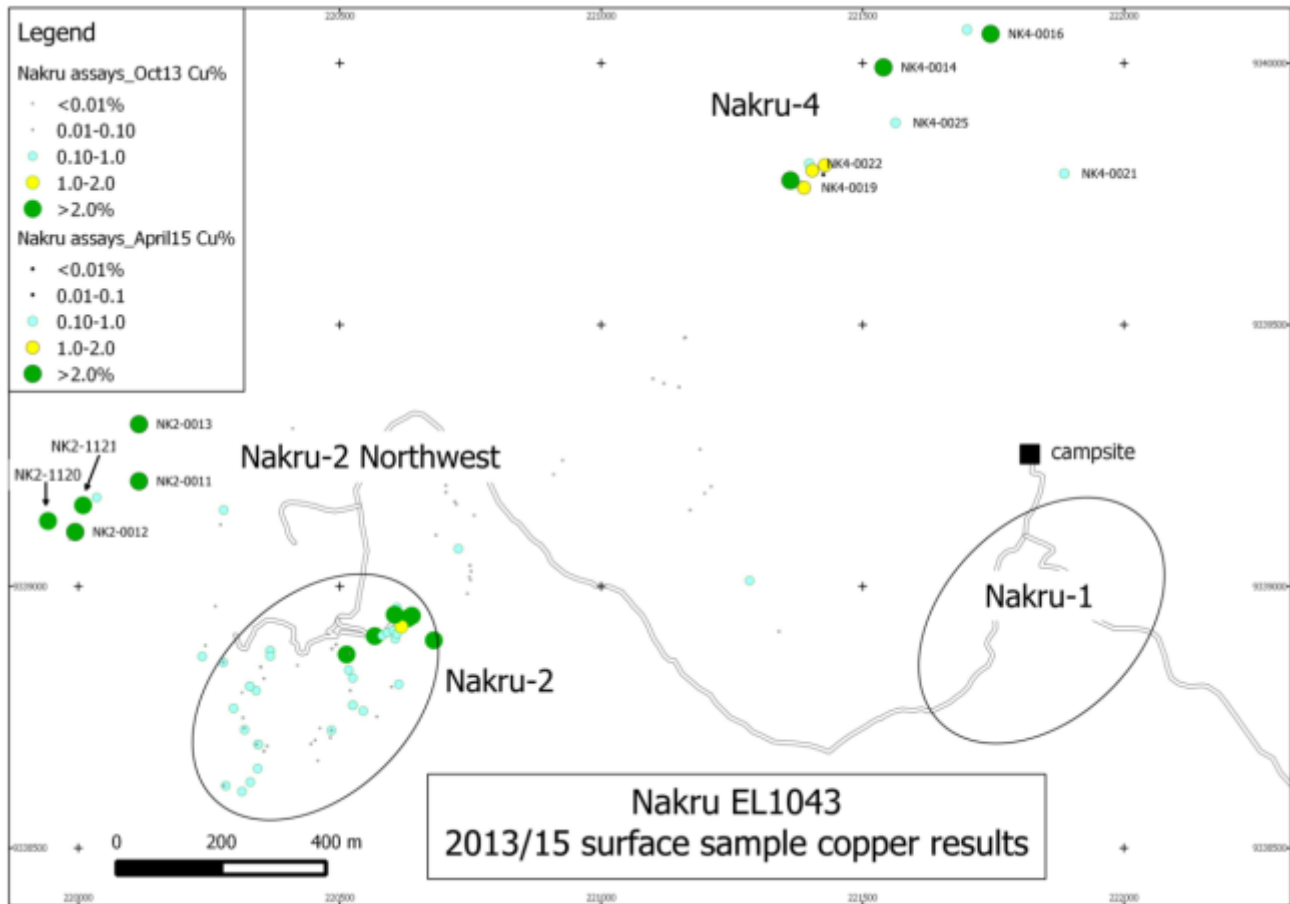
Coppermoly's recent exploration at Nakru Project has involved two surface rock sampling programmes north-west of Nakru-2 and across the Nakru-3 and Nakru-4 prospect areas, as referred to in separate Coppermoly ASX announcements below. Exploration results included elevated copper and gold assays from rock float samples, with Coppermoly reporting high copper results over an area with a likely strike length in excess of 800 m, coinciding with a broad Induced Polarisation (IP) chargeability anomaly.

- Coppermoly-Barrick also visited the Nakru-3 prospect area in 2011 and collected nine rock samples in Nakru-3 creek, of which six were reported to assay over 0.1% Cu. In investigating the source of the copper-bearing rock float samples, a weakly sericite-altered pyrite-bearing rhyolite was observed in outcrop, containing up to 2% disseminated pyrite (Coppermoly EL 1043 Annual Report to 7 December 2011 to PNG Government). The remainder of the prospect area is thickly covered by more recent andesite tuff and pumice deposits.
- Nakru-4 and Nakru-2 NW: Of a total of twelve samples collected from Coppermoly's surface rock float (talus debris) (Coppermoly ASX announcement 4 May 2015), ten contain trace (1%) to moderate (>5%) levels of visible pyrite with or without secondary chalcocite and chalcopyrite in silica-sericite-clay altered rhyodacite breccias, with little or no oxidation. Ten of these twelve float samples assayed greater than 0.5% copper (locations shown with sample numbers in Figure 2.14), of which six assayed greater than 1% copper. Seven of these twelve rock float samples assayed greater than 0.1 g/t gold. This confirmed previously reported copper-bearing rock float samples in the area (Coppermoly ASX announcement 20 January 2014).
- Nakru-2 NW: Two rock (talus debris) float samples (NK2-1120 and NK2-1121) were collected in 2013 (Coppermoly ASX Announcement 20 January 2014) and contained greater than 10% chalcopyrite in a sulphide-bearing, altered brecciated rhyolite (location shown with sample numbers in Figure 2.14). These samples returned assays of 20.6% Cu and 1.2% Cu respectively. The samples were collected on a ridge and are unoxidised, and therefore Coppermoly considers to be of local provenance, though the exact outcropping source has not yet been identified. The anomalous geochemistry sits over an IP anomaly and is also in the vicinity of a DIGHEM anomaly, but has not yet been drill tested.
- Nakru-2 NW: In 2015, Coppermoly collected an additional three rock float (talus debris) samples from the same ridge (NK2-0011, NK2-0012 and NK2-0013, Figure 2.14) all of which returned >2% Cu (Coppermoly ASX Announcement 4 May 2015). The samples are described by Coppermoly as altered rhyodacite breccias, containing >10% combined pyrite, chalcopyrite and secondary chalcocite. Subsequent analysis using a high copper analytical technique refined the assays to 3.3% Cu with 0.5 g/t Au and 2.8% Zn (NK2-0011), 10.4% Cu with 0.4 g/t Au and 0.4% Zn (NK2-0012) and 9.9% Cu with 0.4 g/t Au and 0.2% Zn (NK2-0013) (Coppermoly ASX Announcement 5 June 2015).

Coppermoly interprets the spatial distribution of the recent anomalous surface samples to indicate new parallel zones of mineralisation at both Nakru-2 NW and Nakru-4. Coppermoly interpreted the rock float samples to have a local provenance source based on the subdued local topography and relatively unoxidised samples.

Further details are provided in Coppermoly June 2015 Quarterly Activity Report, and the location of this work is shown in Figure 2.14 and Figure 2.17.

Figure 2.14 Nakru Project location map showing surface rock float sample locations and copper assays from Coppermoly 2013 and 2015 sampling programmes



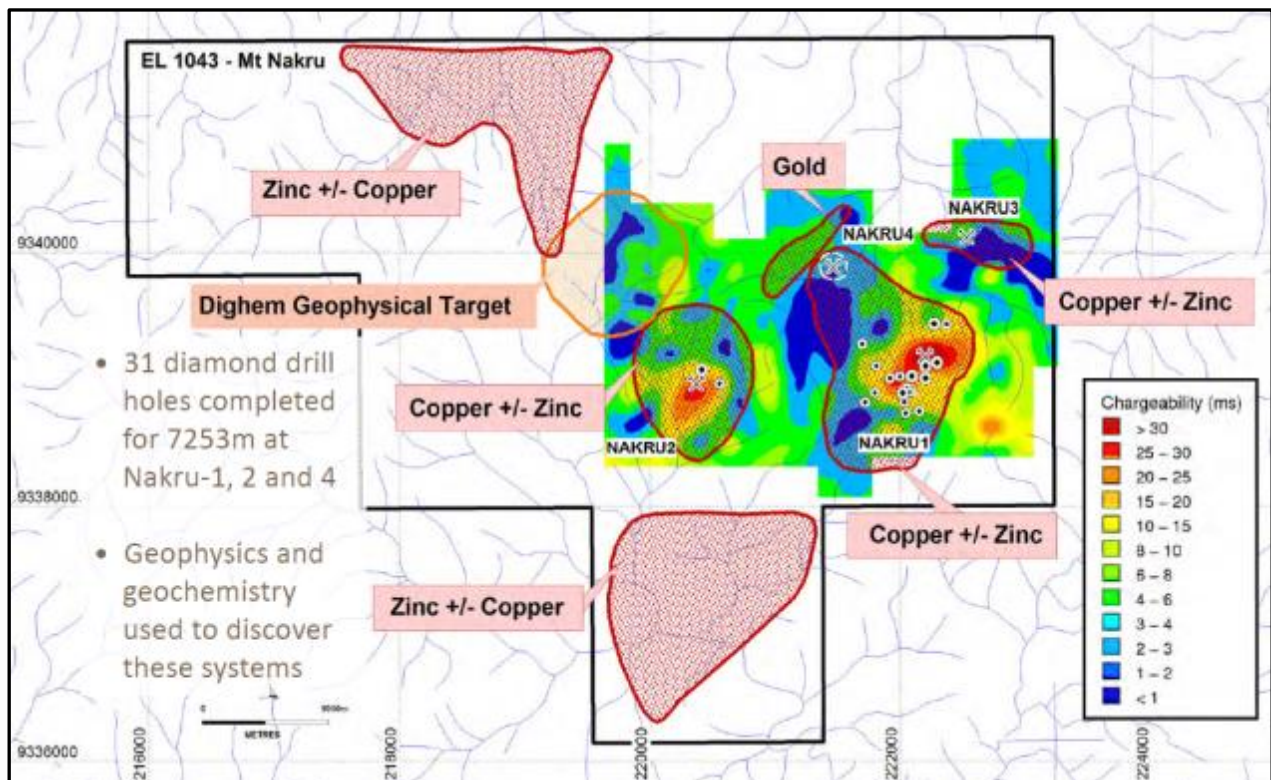
Source: Modified after Coppermoly website: 2015 Annual Report [Accessed 13 January 2016].

The map displays the Borneo Nickel Project area with various drill holes and geological features. Key drill holes and their results are highlighted in callouts:

- SWNBDD0001:** 213.75m at 0.92% Cu, 0.33g/t Au, from 74.45m
- NAK017:** 210.1m at 0.45% Cu, 0.17g/t Au, from 61.2m
- NAK003:** 82.15m at 0.46% Cu, 0.46g/t Au, from 85m
- NAK006:** 140m at 0.57% Cu from 57m
- SWNBDD0008:** 23.5m at 1.3% Cu, 2.38 g/t Au from 87.3m and 20.6m at 0.94% Cu, 0.21 g/t Au from 128.4m

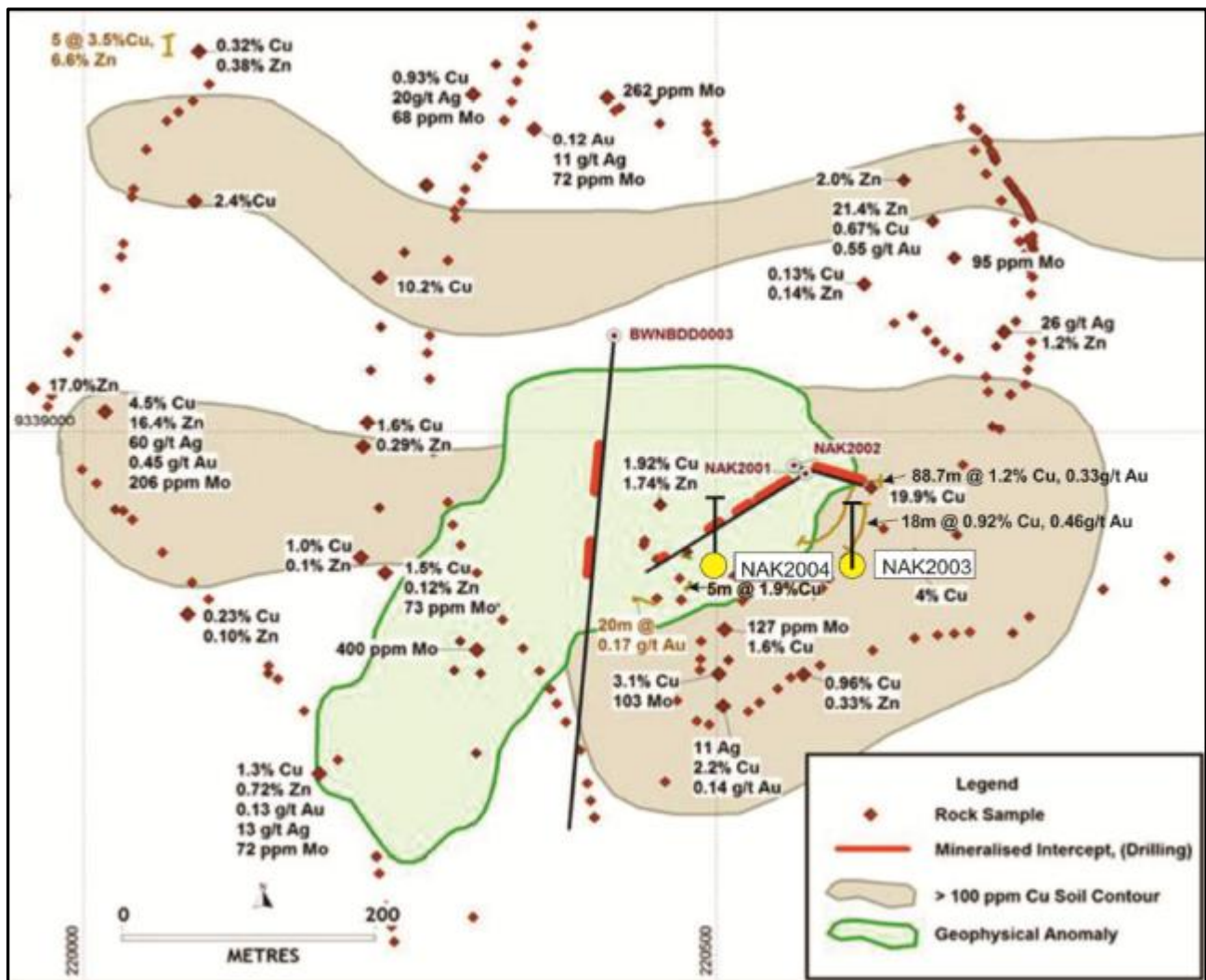
Other drill holes shown include NAK001, NAK002, NAK004, NAK005, NAK007, NAK008, NAK009, NAK010, NAK011, NAK012, NAK013, NAK015, NAK016, NAK018, NAK019, NAK020, NAK021, NAK022, NAK023, NAK024, NAK025, NAK026, NAK027, NAK028, NAK029, NAK030, NAK031, NAK032, NAK033, NAK034, NAK035, NAK036, NAK037, NAK038, NAK039, NAK040, NAK041, NAK042, NAK043, NAK044, NAK045, NAK046, NAK047, NAK048, NAK049, NAK050, NAK051, NAK052, NAK053, NAK054, NAK055, NAK056, NAK057, NAK058, NAK059, NAK060, NAK061, NAK062, NAK063, NAK064, NAK065, NAK066, NAK067, NAK068, NAK069, NAK070, NAK071, NAK072, NAK073, NAK074, NAK075, NAK076, NAK077, NAK078, NAK079, NAK080, NAK081, NAK082, NAK083, NAK084, NAK085, NAK086, NAK087, NAK088, NAK089, NAK090, NAK091, NAK092, NAK093, NAK094, NAK095, NAK096, NAK097, NAK098, NAK099, NAK100, NAK101, NAK102, NAK103, NAK104, NAK105, NAK106, NAK107, NAK108, NAK109, NAK110, NAK111, NAK112, NAK113, NAK114, NAK115, NAK116, NAK117, NAK118, NAK119, NAK120, NAK121, NAK122, NAK123, NAK124, NAK125, 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NAK626, NAK627, NAK628, NAK629, NAK630, NAK631, NAK632

Figure 2.16 Nakru Project geochemical anomaly and geophysical anomaly summary



Note: Additional drilling has occurred since the notation regarding drilling was stated on this Figure.

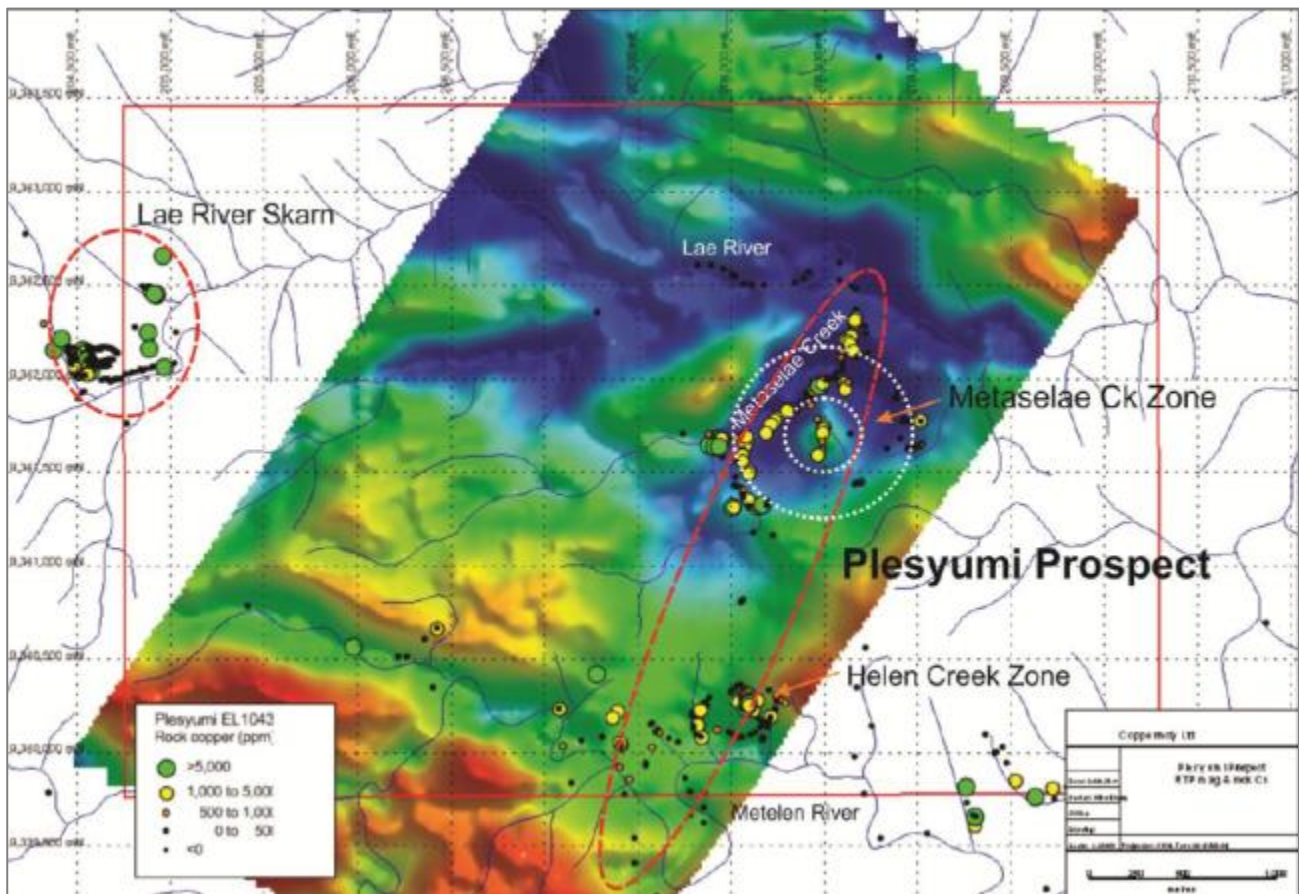
Figure 2.17 Nakru-2 Prospect drillholes and summary of surface rock and soil sample results



Source: Coppermoly 2014 Annual Report [Accessed 26 January 2016].

Note: Drillhole NAK-2 01 referred to as NAK2001 and drillhole NAK-2 02 referred to as NAK2002 on this plan

Figure 2.18 Plesyumi prospect and Lae River prospect surface rock samples on RTP magnetic image



Source: 2014 Desktop Review

2.3.5 Mineral Resources

A Mineral Resource was announced for Nakru-1 on 26 July 2012 (2012 Nakru-1 Mineral Resource), and is based on drillhole data and geological interpretation by Coppermoly and a resource model and resource estimate compiled by Golder Associates (Golder). Table 2.3 summarises the Mineral Resource for Nakru using 0.20%, 0.30% and 0.50% Cu cut-off grades respectively. Molybdenum, lead and zinc were also reported, though they were at <0.01% levels.

An interpretation Golder includes a central zone of higher copper grades, separating the flow dome into three mineralisation domains; an upper low-grade zone, a central high-grade zone and a lower low-grade zone. Golder considers it possible that the central high-grade zone could be the result of supergene copper enrichment, but noted that additional drilling is required to better define this domain.

Golder identified a depletion zone associated with a weathering horizon. Golder considered the oxide boundary to be poorly-defined, concluded the estimation of the oxide material to be of low reliability and recommended additional drilling to better define this boundary.

Table 2.3 The 2012 Nakru Mineral Resource reported at three different cut-offs as at 26 July 2012

Resource Category	Cu Cut-Off (%)	Tonnage (Mt)	Cu Grade (% Cu)	Au Grade (g/t Au)	Ag Grade (g/t Ag)
Inferred	0.2	38.4	0.61	0.28	1.80
	0.3	31.6	0.69	0.32	1.86
	0.5	21.6	0.81	0.39	1.81

Source: Coppermoly website: ASX Announcement 26 July 2012 [Accessed 12 January 2016].

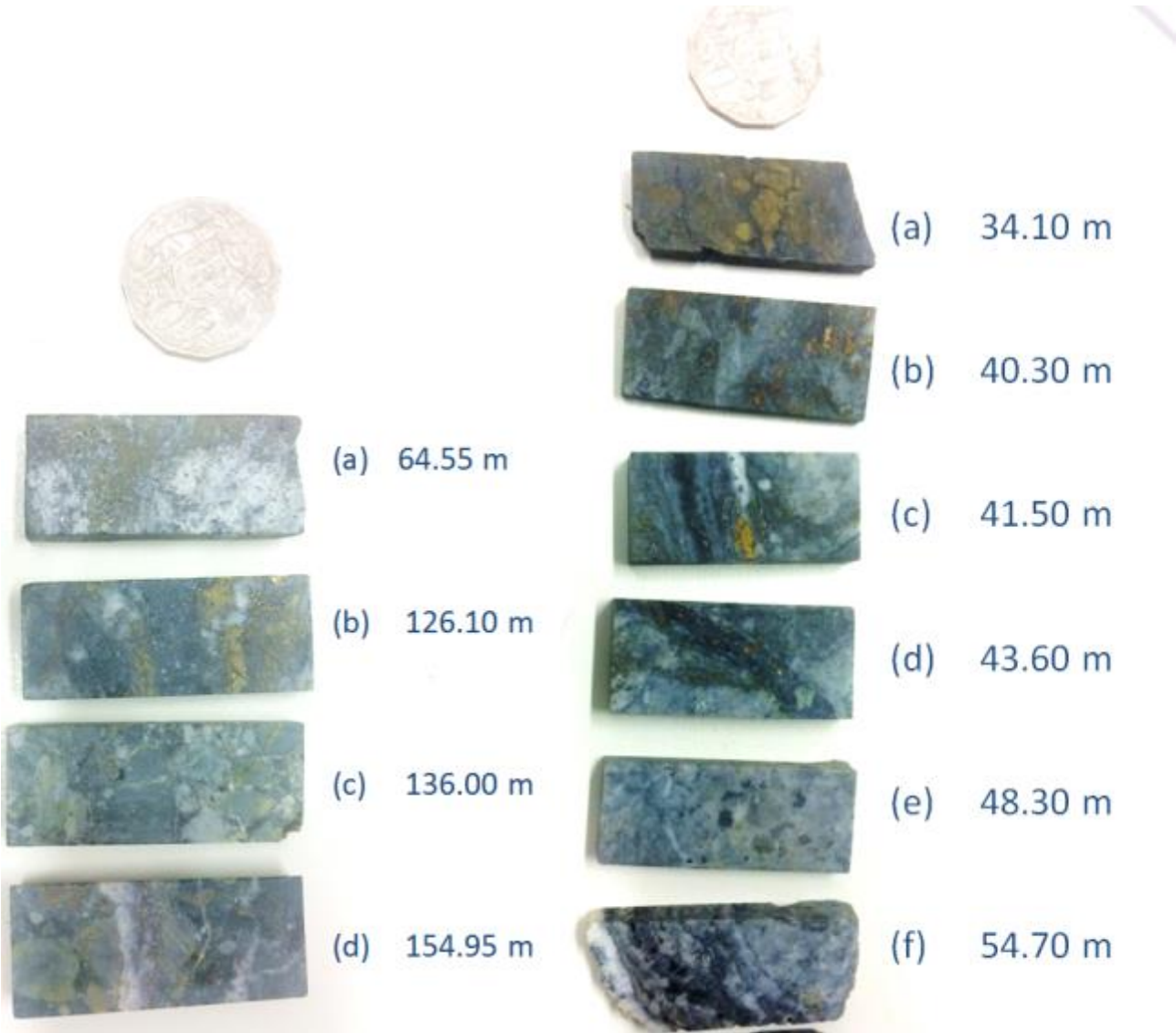
This information was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Mineralisation comprises supergene and primary high-grade and low-grade material in all domains.

Tonnages and grades have been rounded to a number of significant figures, thus the totals may not match the sum of the components.

AMC examined a number of pieces of fresh core specimens retained by Coppermoly for petrography (Figure 2.19). AMC observed trace (1%) to moderate levels (>10%) of pyrite and chalcopyrite in breccia and pyrite and chalcopyrite in veins from a number of copper mineralised core retained from drillholes NAK-17 and NAK2-01 (Figure 2.19). The NAK-17 drillhole is located within the 2012 Nakru Resource (Figure 2.20) and the NAK2-01 drillhole is located within the Nakru-2 Prospect (Figure 2.17).

Figure 2.19 Nakru Project core photographs from Nakru-1 and Nakru-2 prospects sighted by AMC

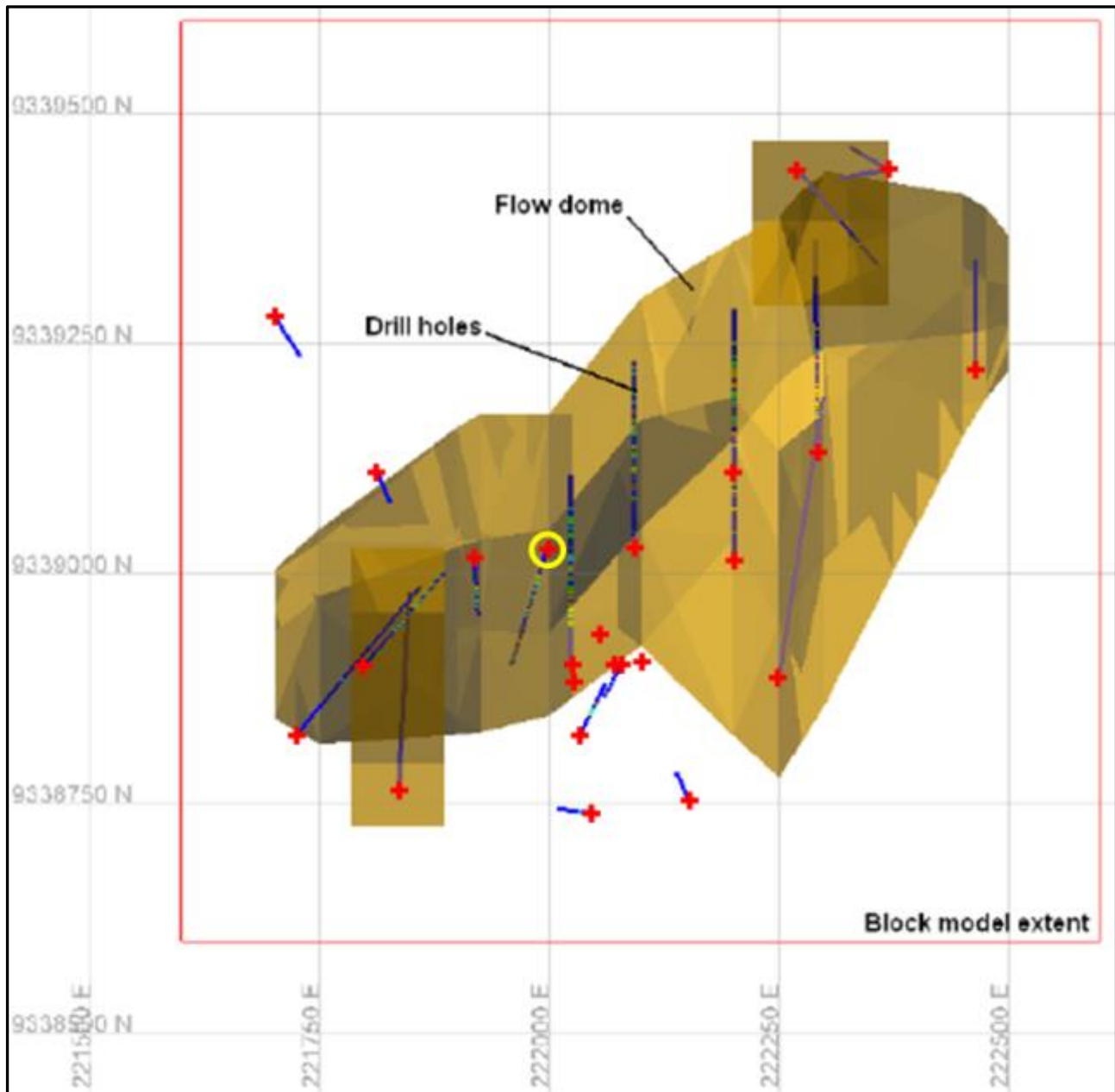


Drillhole NAK-17 (Nakru-1 Prospect)

Drillhole NAK-2 01 (Nakru-2 Prospect)

Source: AMC Photograph of Coppermoly drill core specimens, January 2016.
Note: Core pieces are annotated in depths in metres below surface

Figure 2.20 Plan view of Nakru-1 geological interpretation, drillhole locations and block model extent



Location of drillhole collars shown by red crosses. Location of NAK-17 drillhole collar shown by yellow circle. Downhole traces are coloured by copper grade, though no legend was provided.

Source: Coppermoly website: ASX Announcement 26 July 2012 [Accessed 12 January 2016].

AMC has reviewed the resource report by Golder and examined the resource model basis. The modelling and estimation approach is summarised as follows:

- The resource model is based on a geological database provided by Coppermoly to Golder as at 3 October 2011. Coppermoly managed the QAQC of this data. AMC has not viewed files reporting the results of QAQC results. Golder conducted database checks and found no significant errors.
- Drillhole sample lengths were dominantly 1 m, and composite length was set at 1 m. The geological interpretation was carried out by Coppermoly staff and was reported as being based on data from 27 diamond drillholes totalling 5,932 m, containing 4,949 assayed intervals. No top-cuts were applied to high-grade outlier values.
- A three-dimensional block model was created using a parent block size of 50 m x 50 m x 25 m, within which the geological model extends 960 m along strike north-east to south-west and covers the average 400 m width of the mineralisation.

- A three-pass ordinary kriged estimate was completed for copper, lead and zinc. A three-pass inverse distance squared estimate was completed for gold, silver and molybdenum. Block discretisation was used. Search ellipsoid orientations were set according to orientation of mineralised zones.
- Statistical checks and visual validation in plan and section view were carried out. Swath plots were produced comparing composited drillhole grades versus estimated grades. Golder concluded that overall the model is a satisfactory representation of the drillhole data with an acceptable estimation.
- In situ density was assigned to the block model based on 12 density determinations of mineralised drill core from three diamond drillholes, with the average 2.82 t/m³ assigned to blocks interpreted as fresh material, and a lower density of 2.20 t/m³ assigned to blocks with interpreted oxide material. The densities were determined using some samples, which were measured using an Archimedes principle density method and some samples using a pycnometer density measurement method.

In AMC's opinion, the 2012 Nakru Mineral Resource has been reported in accordance with the 2004 JORC Code. A Competent Person who is a member of the AusIMM signed off on the Mineral Resource at the time of the announcement.

AMC reviewed the drillhole composites file, resource model and resource report. AMC considers that the geological interpretation applied is early-stage, with limited information to demonstrate the continuity and directional controls on mineralisation. AMC considers that some steps in the resource methodology may not be optimal, resulting in lower overall confidence. The search parameters applied with limited drilling, compositing of small drill intervals (1 m) relative to large block sizes (25 m vertically), the minimum number of samples (three) in a first-pass estimate, and the minimum number of drillholes in Pass 2 dropping to one from two in Pass 1, are areas of potential concern.

AMC's comparison of resource estimates versus composite inputs indicate that in some areas the search distances may not have been applied optimally, resulting in areas of low confidence in some areas of the resource. In addition, examination of downhole sample intervals and downhole surveys indicate that some data may not have been fully validated. Combined with the limited number of drillholes in the resource area, that no QAQC reports or results have been sighted by AMC, and the relatively low-grade tenor for a deposit of this location in the current market, AMC considers that the resource is low in confidence.

In AMC's opinion, further review is required to address these identified issues. This would include a thorough review of all information available including database compilation and validation checks, QAQC review if information can be obtained, or additional QAQC checks on any retained samples and sample pulps if not, and an analysis of the resource estimate's sensitivity to geology interpretations and to resource estimation approaches. Such a review could take into account changes in reporting requirements and market conditions, provide a more current view of the existing Mineral Resource at Simuku, assist in identifying vectors to potential higher grades, and assist in targeting future drillholes in areas of exploration potential.

AMC understands that Coppermoly's exploration plan includes work to compile and review the drillhole database, conduct validation checks, obtain QAQC information if available and review, and reassay key drillhole intersections where pulps or core are suitable. In addition, AMC understands that Coppermoly's exploration plan includes work to review this recompiled drilling and consider the geological interpretation to identify any areas of low confidence and areas with additional exploration potential for future drilling. In AMC's opinion, this proposed work and the subsequent drilling will assist in addressing these issues.

2.3.6 Proposed exploration and prospectivity

At Nakru-1, the existing resource indicates a mineralised system of relatively low-grade tenor. Further exploration may or may not extend the known area of mineralisation and/or increase the grade tenor. Near-surface copper gold mineralisation has been identified at a number of prospects.

At Nakru-1, AMC considers there is exploration potential to extend the Mt Nakru resource to the south-west towards Nakru-2. The IP anomaly may be subdued between Nakru-1 and Nakru-2 because of thick volcanic tuff cover between the prospects.

At Nakru-4 prospect and Nakru-2 NW prospect, AMC notes that some of the surface rock samples have significant pyrite, chalcopyrite and chalcocite at trace (1%) to moderate levels (>5%), as described in Section 2.3.4. AMC notes that some of these samples are collected from material that is not in situ and that the presence of secondary chalcocite in surface samples suggests some of the surface rock samples are

derived from a near-surface supergene enrichment zone. Whilst some of the rocks with elevated copper are likely to be of local provenance, it is uncertain if they are illustrative of similar underlying mineralisation grades. Based on this observation, the Nakru-1 drillhole intersections and AMC's experience of PNG surface mineralisation in similar terrains, AMC considers that there is uncertainty whether future drilling testwork will reflect the same tenor of this surface mineralisation at depth.

However, in AMC's opinion, there is potential for extensions of mineralisation at both Nakru-1 and at other Nakru Project prospects, suggesting high prospectivity, and follow-up exploration work proposed by Coppermoly is warranted. At Nakru-1, AMC considers Coppermoly's proposed work to reassess the mineralisation style is warranted. AMC also considers that work focusing on geological controls and mineralising fluid movement vectors has the potential to identify additional areas of mineralisation and to target potential for higher-grade mineralisation.

Coppermoly's proposed follow-up work at other prospects in the Nakru Project includes:

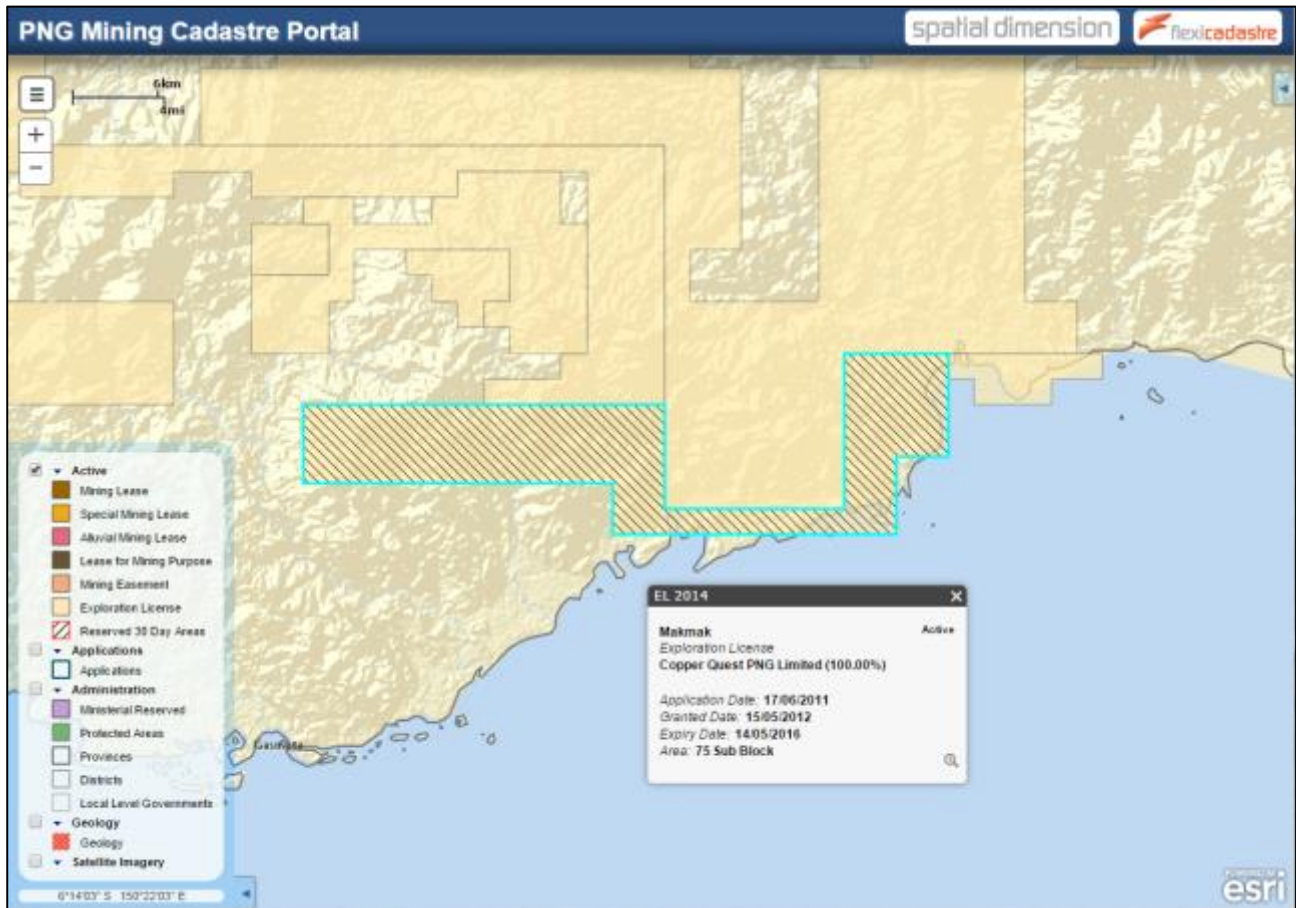
- At Nakru-NW Prospect, Coppermoly considers the high-grade Cu in rock float and the proximity of Nakru 2 NW to Nakru 2 prospect to be significant and worthy of follow-up, and consider it a very high-priority target. Coppermoly's proposed exploration programme includes an update of historic mapping and further detailed mapping in the area, including creek traverses and sampling, and an additional ground IP and EM to better define drill targets underlying the identified surface copper mineralisation.
- At Nakru-3 Prospect, Coppermoly's exploration programme proposes a more detailed field check to identify the source of historic high copper in rock samples, and map the geology over the prospect area.
- At Nakru-4 Prospect, Coppermoly's exploration programme includes plans to identify the copper-mineralised float in Nakru 4 creek, identify the source, and map the geology of the prospect area to better understand it and define drill targets.
- At the Plesyumi Prospect, Coppermoly considers that Plesyumi is a large alteration system, which has not yet been properly evaluated by historic exploration. Coppermoly proposes to locate and sample the core of the porphyry system to look for evidence of alteration minerals, and depending on results, consider a future drill target. Coppermoly also proposes to visit other areas including the Helen Creek and Malolo Creek to consider if there is evidence of potassic and other porphyry alteration minerals.
- At Nakru-1, Coppermoly's exploration programme includes plans to compile and review the drillhole database, conduct validation checks, obtain QAQC information if available and review, if no QAQC is available re-assay key drillhole intersections where pulps or core are suitable, review this recompiled drilling and consider the geological interpretation to identify areas of low confidence and areas with additional exploration potential for future drilling.

In AMC's opinion, the exploration carried out by Coppermoly and preceding companies has significantly enhanced the prospectivity of the Nakru Project. In AMC's opinion, the Nakru Project contains a number of areas of high exploration prospectivity, due to the combination of the IP anomalies, Coppermoly's elevated values in surface samples, field observations of rock types in surface samples including breccia rock textures, a number of samples identified as containing trace (1%) to moderate levels (>10%) of pyrite, chalcopyrite and chalcite, previous drilling intersections, and the known mineralisation system. AMC considers that further exploration as proposed by Coppermoly is warranted.

2.4 Makmak Project EL 2014

EL 2014 Makmak is located south of Nakru, on and adjacent to the southern coast line of New Britain (Figure 2.1 and Figure 2.21).

Figure 2.21 Makmak Project EL 2014 tenement location map



Source: PNG Government mining cadastre portal website: <http://portal.mra.gov.pg/Map/> [Accessed 19 January 2016].

2.4.1 Geological setting and exploration overview

The Makmak Project is located over an area of basement mafic volcanics, which cover approximately 70% of the Makmak EL. These are intruded by Oligocene diorite batholiths, which are historically known to be associated with copper-gold occurrences in the region. Quaternary sediments including reefal limestone and alluvium cover the coastal areas in the remaining 30% of the Makmak Project area. Coppermoly describes young reefal limestone fringing diorite at the Pulding Prospect and Isidores at the Makmak Prospect, and older flat-lying limestone and volcanic tuffs west of the Pulding village.

2.4.2 Site access and infrastructure

Road access is via gravelled logging roads used to cross the island to the south coast at Makmak, fording several streams such as the Walo. Although existing access tracks and forestry roads are present, maintenance is usually required for temporary use. Walking tracks, along moderate gradients, and a road system provide access to most of the prospect locations, but they are generally not well developed.

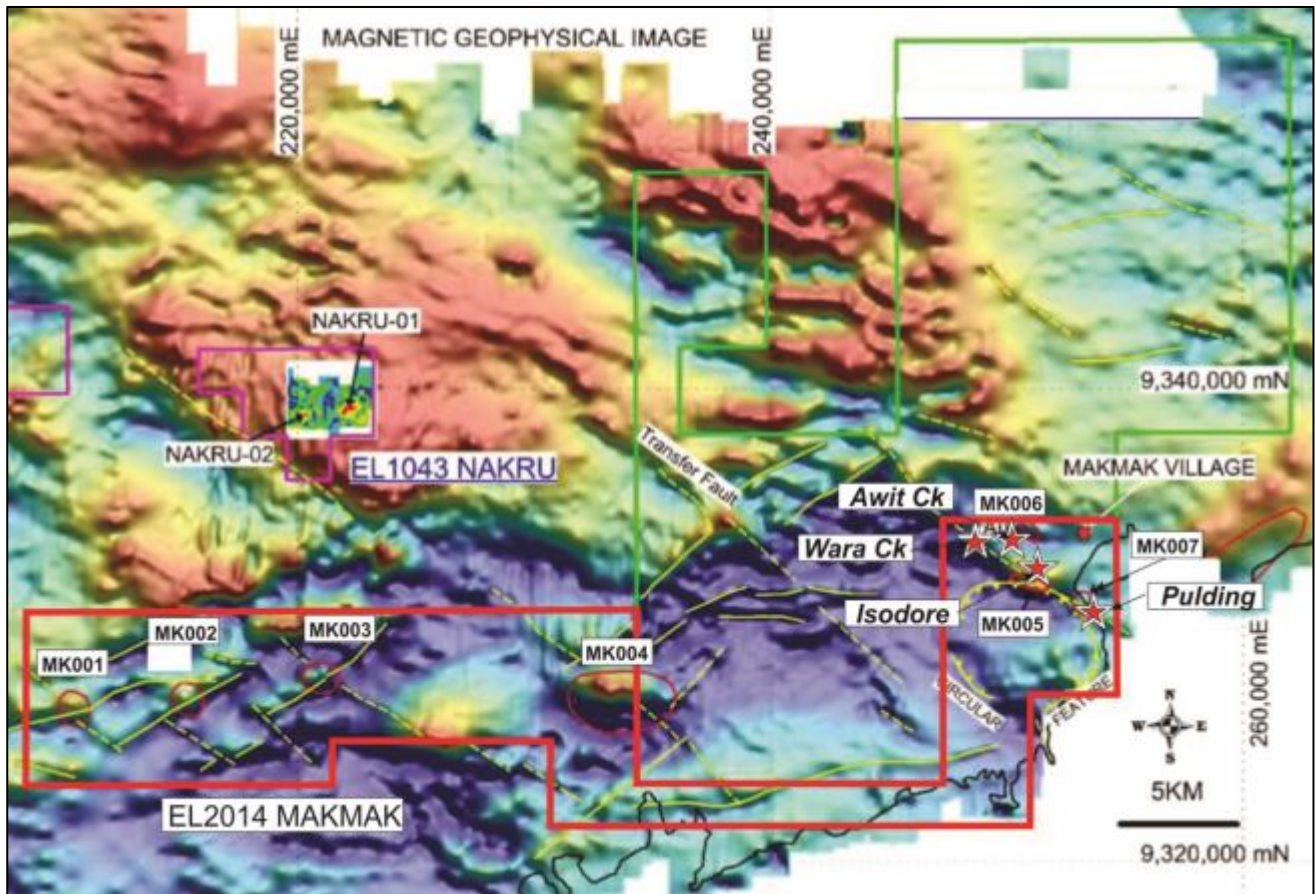
Access to the mid-western and western portion of exploration licence can be made by road from Kimbe to Amio village and onto Penelo and Atui villages. There are a small number of population centres in the Makmak Project tenement licence area.

The logging roads at the south coast and leading up to and cutting through the Makmak tenement are in reasonably-good condition. One of these roads also connects to Nakru junction, which leads to the Nakru Project. The Makmak Project is also accessible by helicopter from Kimbe or the Hoskins airport.

2.4.3 Previous exploration

Makmak covers two previously-known prospects at Puling (artisanal mining of alluvial gold) and Wara Creek (aeromagnetic anomaly) (Figure 2.22, Figure 2.23, Figure 2.24 and Figure 2.25). Other than an historic aeromagnetic survey, there has been no known historic exploration recorded within the Makmak Project area.

Figure 2.22 Makmak Project showing prospects and Makmak village on aeromagnetic TMI image



Note: Nakru-1 and Nakru-2 prospect IP survey results shown in EL 1043.

Source: Coppermoly by request, 29 January 2016

2.4.4 Recent Coppermoly exploration

Previous exploration work identified elevated copper in the Isidores prospect area (Figure 2.25), and elevated copper and gold in the Puling prospect area (Figure 2.11). A black tourmaline pyrite-bearing rock at the Puling prospect was reported as containing visually estimated 5% chalcopyrite and elevated copper in assays (Coppermoly ASX Announcement 1 November 2012). Artisanal mining and alluvial gold has been recorded in the vicinity of Awit River within the Wara Creek Prospect area (Coppermoly ASX Announcement 1 November 2012).

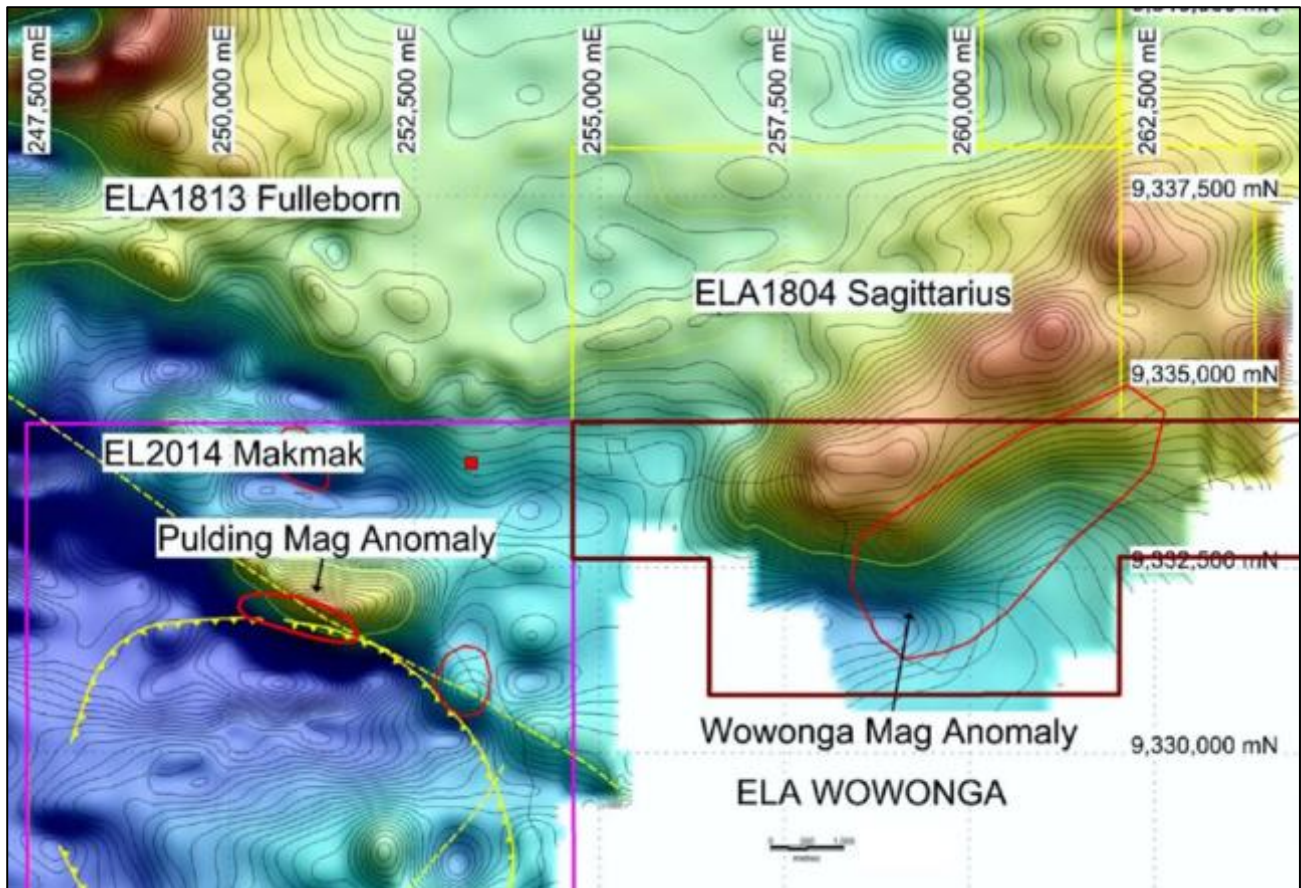
Seven aeromagnetic anomalies (MK001 to MK007) have been outlined by Coppermoly through the centre of the licence area in its annual exploration report to the government (Figure 2.22, Figure 2.23, Figure 2.24 and Figure 2.25). One prominent anomaly outline (MK005) is located on the edge of a 6 km diameter circular feature that appears to coincide with a topography high as seen in the Shuttle Radar Topography Mission (SRTM) (Figure 2.25), adjacent to a linear drainage. The remaining anomaly outlines are each approximately 1 km in diameter circular to ellipsoid features.

Coppermoly's recent exploration has focused on the more readily-accessible creek drainages in the vicinity of these aeromagnetic anomalies in the central and eastern portion of the Makmak Project area, and has been conducted in several phases during 2012 to 2013:

- In excess of 70 rock samples (rock chip and rock float talus) have been collected across a number of prospects in the Makmak Project area. This includes:
 - five rock samples which returned >1% Cu at the Pulding prospect near the MK007 aeromagnetic anomaly (Coppermoly ASX Announcement 11 July 2013).
 - five rock chip samples evaluating the MAK004 magnetic anomaly, which resulted in no significant assays, and the MAK004 anomaly was subsequently considered to be unprospective (Coppermoly ASX announcement 11 July 2013).
 - eight rock chips near the MK005 magnetic anomaly in the Isidores prospect area which reported no elevated results. The source of the MK005 magnetic anomaly was identified by Coppermoly to be an outcropping diorite intrusion of low prospectivity (Coppermoly ASX announcement 11 July 2014).
- An additional two stream sediments and 451 soil samples were collected across the eastern parts of the Makmak Project (Coppermoly ASX Announcement 1 November 2012, Coppermoly ASX Announcement 11 July 2013). No elevated results were reported, with the highest Cu results in soils reported as 387 ppm Cu, and in general soil geochemical responses were reported by Coppermoly as being subdued.
- At Wara Creek, high iron-bearing (confirmed by petrography as containing hematite and magnetite) boulders were observed (Coppermoly ASX Announcement 6 December 2012). Coppermoly interprets all the prospects in the Makmak Project to be derived from intrusive-related magnetite-bearing skarns that occur along a north-west trending structure.
- Coppermoly has been limited in its ability to conduct field investigation due to a range of issues including poor weather conditions and limited funding, and fieldwork from mid-2014 to mid-2015 has therefore not been conducted.

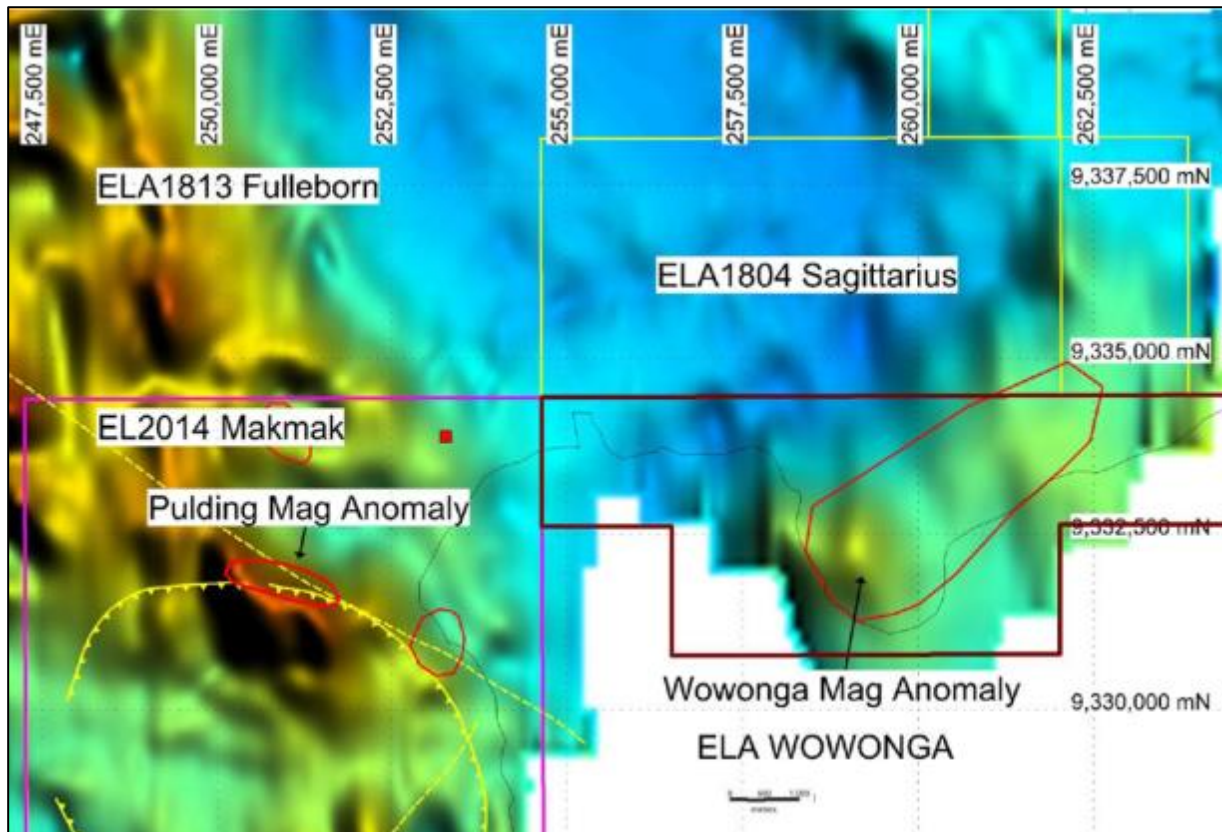
Coppermoly considers that whilst copper mineralisation at the Pulding prospect is confirmed, the in situ source for the observed mineralisation in the vicinity of Pulding is likely not yet identified. AMC considers this interpretation reasonable.

Figure 2.23 TMI aeromagnetic image over Wowonga Project and Makmak Project area with anomaly outlines



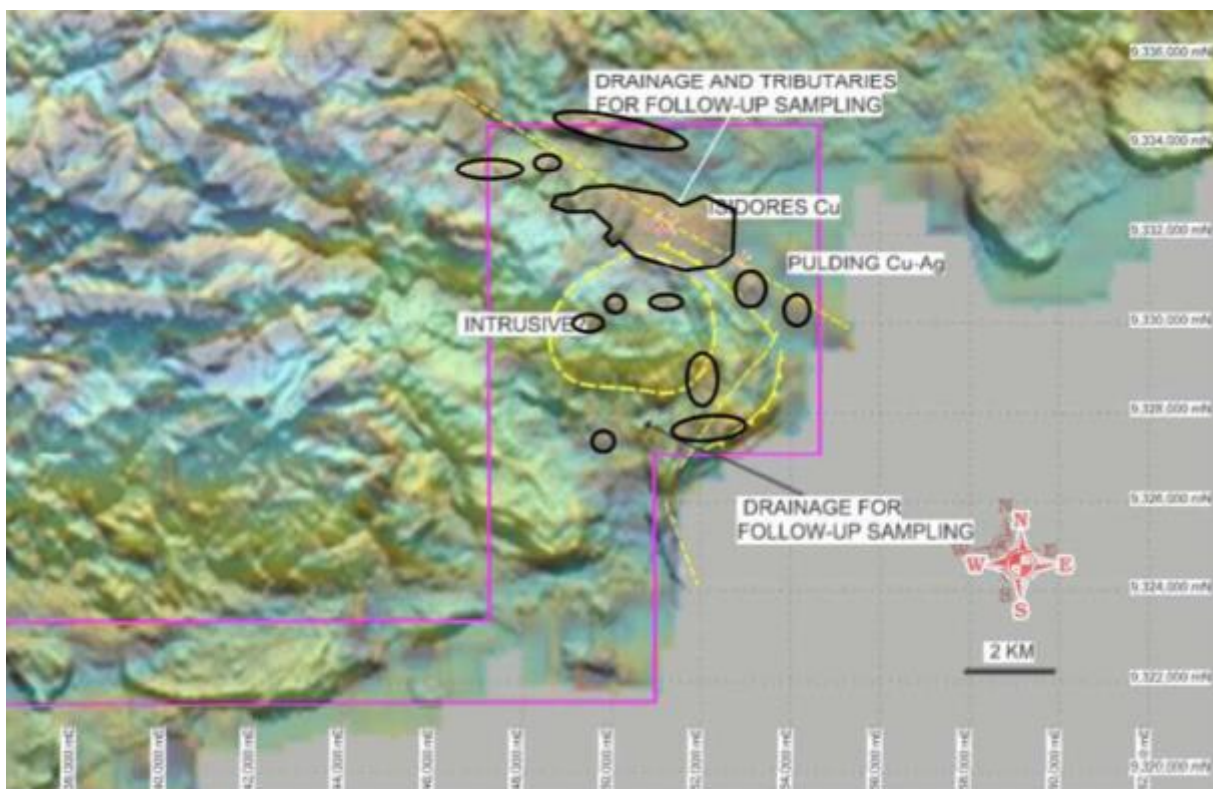
Source: EL 2272 2015 Wowonga Annual Exploration Report to PNG Government.

Figure 2.24 RTP Magnetic Image over Wowonga Project and Makmak Project area with anomaly outlines



Source: EL 2272 2015 Wowonga Annual Exploration Report to PNG Government .

Figure 2.25 Makmak Project Coppermoly anomaly outlines and proposed exploration on SRTM topography overlain with aeromagnetic image



Source: EL 1414 Makmak 2015 Annual Exploration Report to PNG Government.

2.4.5 Proposed exploration and prospectivity

Coppermoly geologists are conducting additional desktop investigation and review of the existing exploration results, and plan to conduct intensive field mapping and sampling focused on the Isidores and Puding prospects. Although the MK005 magnetic anomaly is now considered unprospective, Coppermoly considers that the surrounding area should be investigated for magnetite-bearing calc-silicate skarns. AMC considers this style of mineralisation warrants investigation.

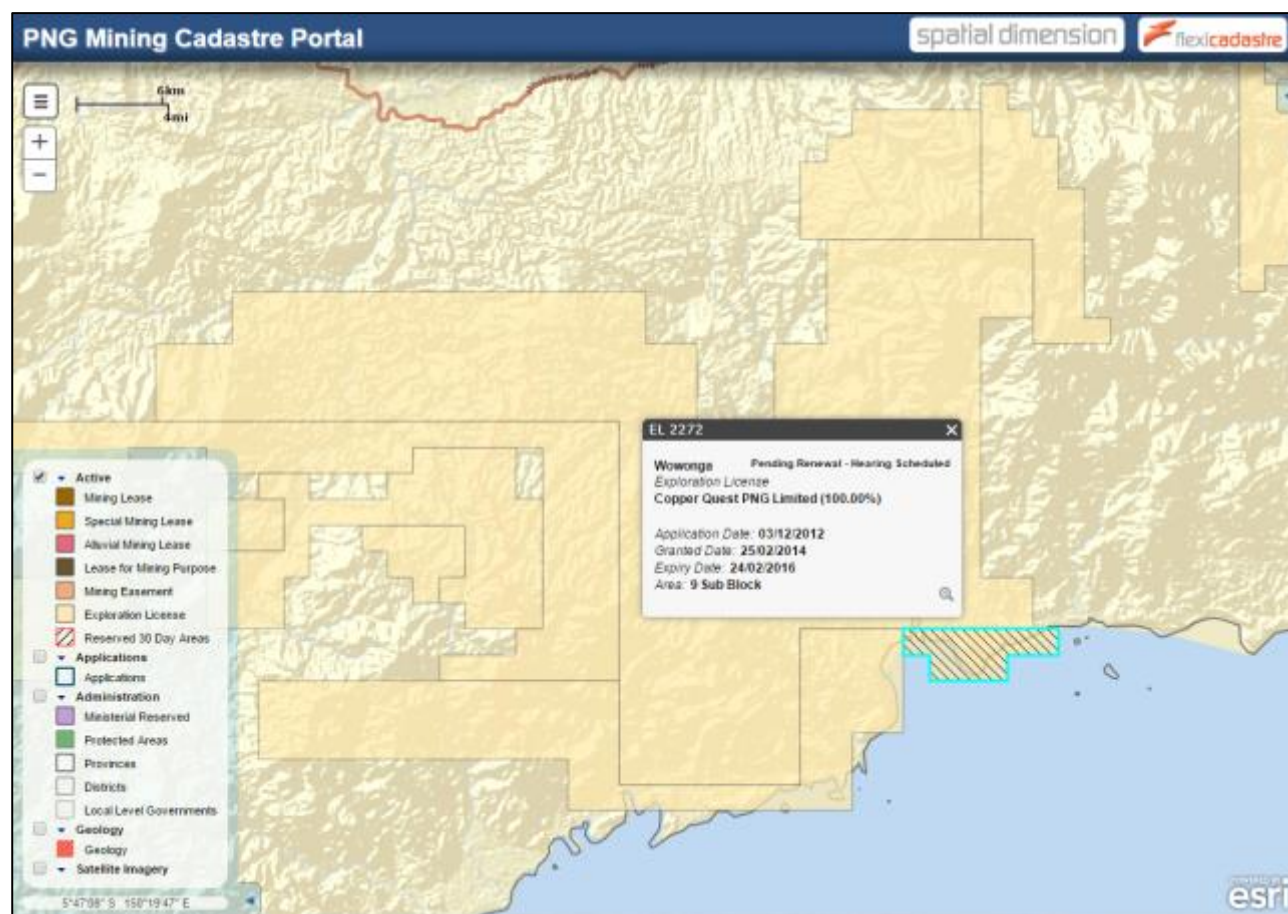
In AMC's view, based on the reported observations of chalcopyrite, pyrite, hematite-magnetite breccias, artisanal gold mining, the identified aeromagnetic anomalies and elevated surface geochemistry at Puding, the Makmak Project is highly prospective and warrants field investigation and further testwork.

2.5 Wowonga Project EL 2272

EL 2272 Wowonga (Wowonga Project) is a small, early-stage exploration prospect located on the south coast of West New Britain (Figure 2.26) and adjoins Coppermoly's Makmak EL. Coppermoly applied for the ground when evaluating the aeromagnetic results for Makmak after noticing an unusually-pronounced anomaly adjacent to the area.

The anomaly outline has been annotated on cadastral maps and this annotation measures approximately 5 km north-east by 2 km north-west through the centre of the licence area, of which the western area is coincident with a pronounced topographic high (Figure 2.24 and Figure 2.25).

Figure 2.26 Wowonga Project EL 2272 tenement location map



Source: PNG Government mining cadastre portal website: <http://portal.mra.gov.pg/Map/> [Accessed 19 January 2016].

2.5.1 Geological setting and exploration overview

Eocene to Oligocene volcanic tuffs cover approximately 40% of the Wowonga Project EL, and alluvium cover occurs inland, and along the coastline in areas where streams and tributaries form a delta system meeting the ocean. An Oligocene intrusive occurs in the centre of the licence area, forming a topographic high at

Wowonga Point, in the centre of the licence area (Coppermoly EL 2272 Annual Report to 24 February 2015 to PNG Government).

2.5.2 Site access and infrastructure

The Wowonga Project is located approximately 90 km from the township of Kimbe, on the southern coast of New Britain Island in the province of East New Britain, 245 km south west of Kokopo, the capital of East New Britain. The exploration licence is located along the coast, east of the Whiteman Range, with rugged terrain, seasonal streams and topographic relief varying from approximately 160 m above sea level down onto flat coastal swamps and mangroves. The EL is largely covered by dense tropical forest and coastal alluvial flood plains with thick kunai grasses.

Access to the Wowonga Project is three hours to four hours southeast of Kimbe, using gravelled logging roads to cross the island to the south coast at Wowonga, fording several streams. The village of Wowonga lies within the tenement. The logging roads at the south coast and leading up to and cutting through the Wowonga and Makmak tenements are in reasonably good condition.

Walking tracks with moderate gradients, and a road system provide access to most of the prospect locations, but they are generally not well developed. Whilst previous access tracks and forestry roads exist elsewhere, they generally require maintenance for temporary use.

Alternate access is by helicopter from Kimbe or the Hoskins airport. The licence area is located approximately 80 km south of the airport at Hoskins and 100 km south-east of the helicopter base at Kimbe.

There is virtually no infrastructure in the area apart from village settlements. However, in Coppermoly's view, coastal villages have the capacity to supply camp personnel and labour assistance for exploration programmes.

A number of landowner meetings and access agreements have been reported by the Company with the relevant landowner groups. Coppermoly reports that land ownership claims relate to traditional hunting and fishing grounds and cultivated areas originating from coastal villages. Coppermoly considers these meetings have been largely supportive of the program. After considerable explanation and discussions at a meeting on 29 and 30 January 2015, access was allowed and the company reports that it is now in a position to commence exploration activities without any conflicts of any sort and in good cooperation with the local communities.

2.5.3 Previous exploration

Reconnaissance investigations undertaken by BHP on the Wowonga Project licence area and surrounding ground previously located copper and gold mineralisation. No further details were sighted by AMC. No previous mining has been reported by Coppermoly in the area.

2.5.4 Recent Coppermoly exploration

Aeromagnetic data indicates several magnetic highs (Coppermoly EL 2272 Annual Report to 24 February 2015 to PNG Government).

Review of publicly available SRTM topography, and PNG Government aeromagnetic data, has identified an ellipsoid feature through the centre of the licence area (Figure 2.23 and Figure 2.24). This feature was previously considered to be part of the layered limestone-tuff sequence. However, in Coppermoly's view, it may also be associated with outcrops of quartz-bearing diorite which may be prospective for copper mineralisation and contain disseminated magnetite. This is yet to be investigated in the field (Coppermoly EL 2272 Annual Report to 24 February 2015 to PNG Government).

2.5.5 Proposed exploration and prospectivity

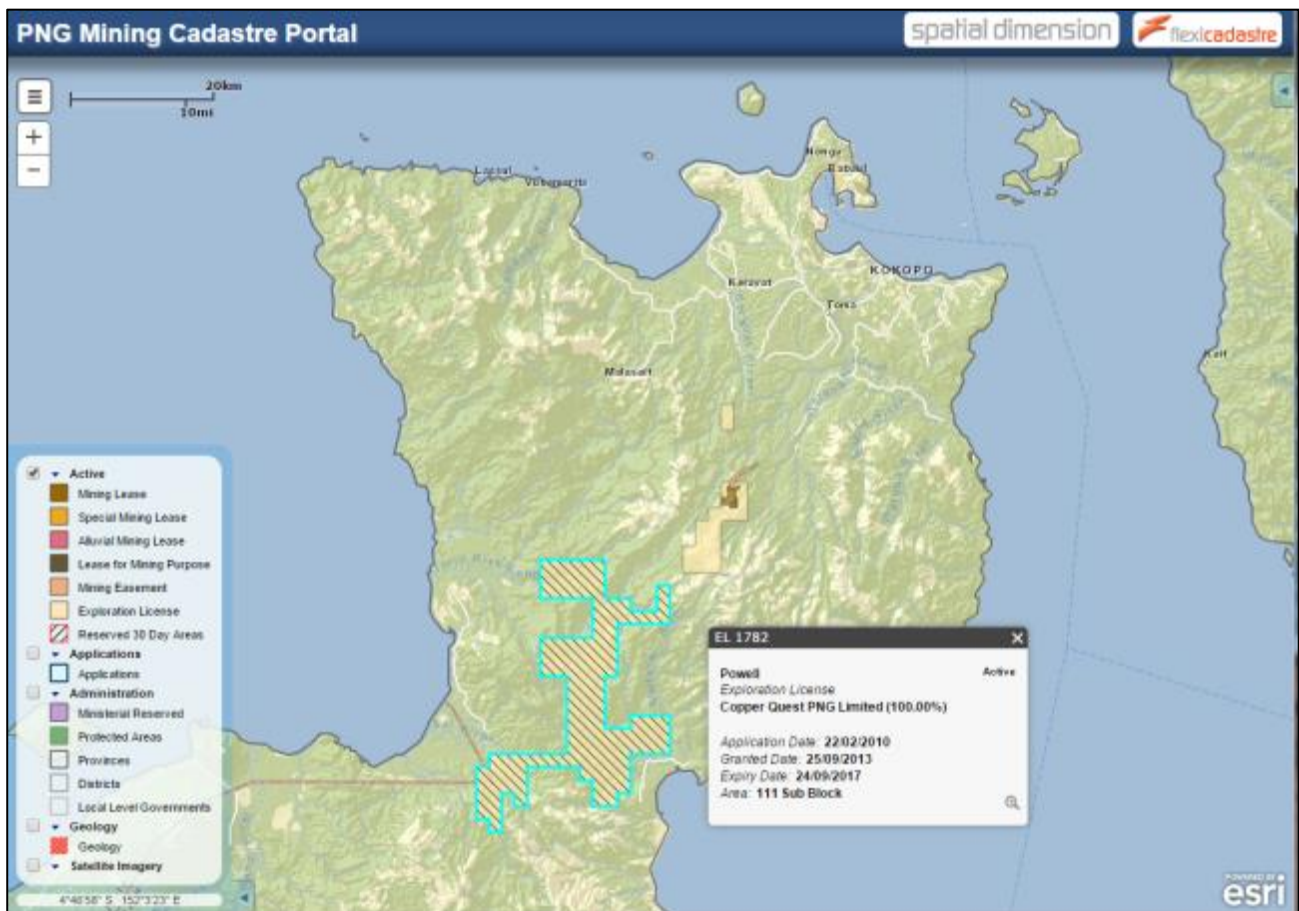
Coppermoly considers that the identified aeromagnetic anomaly warrants field investigation, given the results obtained on other tenements on the same regional trend, and proposes field follow-up to identify the source of the anomaly. Coppermoly also notes that there are some additional locations of interest identified from BHP's previous work, which also warrant field confirmation and follow-up. AMC has not sighted any specific exploration plans or budgets.

In AMC's opinion, based on Coppermoly's reports of the previous history of BHP's reported copper and gold mineralisation and the identified aeromagnetic and topographic features, the Wowonga Project, whilst at an early stage of exploration, is moderately prospective. AMC considers follow-up exploration is warranted.

2.6 Powell Project EL 1782

EL1782 Powell (the Powell Project) is located in the province of East New Britain on the island of New Britain PNG, approximately 60 km south-west of the town of Rabaul (Figure 2.27).

Figure 2.27 Powell Project EL 1782 tenement location map



Source: PNG Government mining cadastre portal website: <http://portal.mra.gov.pg/Map/> [Accessed 19 January 2016].

2.6.1 Geological setting and exploration overview

The islands of the Bismarck Archipelago including New Britain, formed as a single linear volcanic arc, referred to as the Bewani-Torricelli-Baining arc. Each island has a basement of volcanic arc rocks of Eocene or Oligocene age, variably-deformed (faulted, tilted), and intruded by dioritic or granodioritic stocks. Commonly there is a partial cover of Middle Miocene limestone unconformably on the basement volcanics and above the limestone are Pliocene and Quaternary clastic sediments, volcanic rocks, active volcanoes, and fringing Quaternary reef limestone.

The Powell tenement lies on the eastern part of New Britain Island between the Wide Bay and Mediva Faults (Figure 2.27). The Wide Bay Fault is a structural conduit for Tertiary intrusive emplacement including as the Esis-Sai River complex.

2.6.2 Site access and infrastructure

Powell has a well-maintained gravel road in the centre of the tenement to Tol station. The road is maintained by the new palm oil development and connects the new New Britain Highway on the north-east corner of the tenement. The new highway has frequent traffic. Travel time between the New Britain Highway to Tol Station is approximately 1 hour and 30 minutes.

Access was obtained to the Powell Project in September 2015 from the Kerevat-Baining-Pomio road, which is the newly gazetted New Britain Highway, and was found to provide good road access to the centre of the tenement area. This road provides relatively easy access to several major drainages for float and drainage sampling. The alternative coastal Warangoi-Putput-Mongou road can have poor road conditions.

There is a network of both maintained and unmaintained logging ring roads within the tenement area that lead to major drainage and village areas allowing easy access to future exploration regions.

Coppermoly has reported that Tol road will continue to be maintained because it has a small developing township with an airport and several wharves, it has a major palm oil development at the coastal plains and into the tenement area and logging is very active there.

2.6.3 Previous exploration and mining

Coppermoly's 2015 annual exploration report to the PNG government shows two copper occurrences in the south-west of the Powell Project licence area, associated with drainage channels and identified by 1:250 000 scale PNG Government maps.

No previous mining has been reported by Coppermoly in the licence area. The Mt Sinivit (Wild Dog) gold mine in Pomio District is located approximately 20 km to the east. Coppermoly has noted an environmental issue of water pollution outside the EL Powell tenement area at the nearby Mt Sinivit gold mine. The mine was operated by NGG. AMC has been advised by Coppermoly that this issue poses no direct obligation to Coppermoly as it is outside the tenement area.

2.6.4 Recent Coppermoly exploration

Coppermoly's Powell Project is early stage. Coppermoly has undertaken desktop technical review of Terrasearch geochemistry purchased from the PNG Government, and geology information. Coppermoly's analysis of the data did not indicate significant copper or gold in stream sediment drainage geochemistry. However, the published 1:250,000 geology map indicates Tertiary intrusions in the east of the tenement and several copper occurrences in the south-west of the tenement. Coppermoly plans to conduct field investigation of these features.

Coppermoly's most recent exploration at the Powell Project has established initial site access and contact with landowners and a visit to the Powell prospect areas (Coppermoly ASX Announcement 23 October 2015). Coppermoly has reported the initial visit to contact land owners in September 2015 was positive for Coppermoly's exploration plans.

2.6.5 Proposed exploration and prospectivity

Coppermoly's exploration plan proposes a field party to obtain access to the area with reported copper occurrences in the south-west of the tenement, to investigate and confirm the style and potential of this occurrence and plan any follow-up work in the Powell EL. As the main road access is located central to the tenement, access is possible to several major drainages for rock float and drainage stream sediment sampling.

In AMC's opinion, existing information and Coppermoly's limited exploration work conducted to date indicates the Powell Project is likely to have low-to-moderate exploration prospectivity.

2.7 Coppermoly proposed New Britain exploration

Coppermoly conducted an internal desktop review to form an updated exploration strategy, including an approximate budget and plan in August 2014 (2014 Desktop Review) for all of Coppermoly's New Britain ELs. AMC has sighted this Coppermoly document and discussed recent Coppermoly adjustments to this plan with Coppermoly staff, and summarises Coppermoly's exploration strategy and plans in this section.

Coppermoly's priority one regional targets with planned field follow-up are:

- Nakru Project Nakru-3 prospect (for sub-volcanic copper-gold mineralisation)
- Nakru Project Nakru-2 NW prospect (for sub-volcanic copper-gold mineralisation)
- Nakru Project Malolo Creek prospect (for sub-volcanic copper-gold mineralisation)
- Simuku Project Mt Misusu prospect (for porphyry copper mineralisation)

- Makmak Project Pulding prospect (for skarn and porphyry copper-gold mineralisation)

Proposed work programmes for all of these include prospect-scale geological mapping, rock sampling and grid-based soil sampling where warranted, aimed at identifying drill targets.

In addition, Coppermoly plans:

- A detailed desktop review of the Simuku Project sections, drill logs and assays to identify the potential for near-surface secondary copper, to deliver a plan and budget for a shallow reverse circulation drill programme if warranted.
- Further evaluation of the IP geophysics at Nakru Project to combine the two historic surveys and to reconcile the ground survey with the airborne survey information. A further IP survey may be required to extend the coverage to the north and west to extend the IP survey coverage over the Nakru-2 NW prospect.
- Work to increase confidence and mineralisation vectors in the 2009 Simuku Resource.
- Work to increase confidence and understanding of mineralisation vectors in the 2012 Nakru Resource at the Nakru-1 prospect and investigation of potential to extend Nakru-1 mineralisation to the south-west towards Nakru-2 prospect.

AMC has been advised that the following exploration budget is planned for 2016:

- Approximately \$285,000 for field investigation and targeted sampling of Coppermoly's highest priority Nakru-3, Nakru-4, Nakru-2 NW, Malolo Creek, Mt Misusu and Pulding prospects, across the Nakru Project, Simuku Project and Makmak Project, from which Coppermoly intends to deliver a designed and costed drill programme.
- Approximately \$180,000 for desktop review of second-priority targets including Simuku secondary Cu and magnetite skarn potential, field investigation of the Plesyumi magnetic anomaly to look for evidence of a porphyry core, field check of Helen Creek to look for buried porphyry potential, a field check of Powell copper occurrences, and a first-priority review and update of the Nakru IP surveys across the Nakru-1, Nakru-2, Nakru-2 NW, Nakru-3 and Nakru-4 prospects.
- Approximately \$25,000 to conduct field assessment of the third-priority Isme Creek, Simuku Project anomaly and Lae River skarn in the Simuku Project and Nakru Project areas.
- Approximately \$30,000 to \$50,000 to compile and review the 2009 Simuku Resource and 2012 Nakru Resource drillhole databases, conduct validation checks, obtain QAQC information if available and review, reassay key drillhole intersections where pulps or core are suitable, review of recompiled drilling, review of geological interpretation to identify any areas of low confidence and areas with additional exploration potential for future drilling.
- Subject to the results of Coppermoly's planned 2016 exploration programme, and additional funding, Coppermoly intends to progress exploration projects by spending between approximately \$2.5m to \$4.0m on drilling. Current plans are focused on the Nakru Project, with the aim of increasing the confidence of the existing drilling at Nakru-1, and of conducting further drilling with the aim to increase understanding of the geology and extent of mineralisation at Nakru-2 and consider the potential for a future resource at Nakru-2. The priorities for this future drilling may change following the 2016 Coppermoly exploration program results.

AMC considers that this priority ranking and exploration plan is reasonable, is warranted based on exploration prospectivity of the individual prospects, and is an appropriate approach to testing and advancing the prospects.

3 Valuation

3.1 Exploration valuation methods

In valuing the Coppermoly Mineral Assets, AMC has applied accepted industry methods for valuing exploration properties. The commonly-used valuation methods that might be considered in relation to exploration tenements are based on:

- Cost approach, based on the principle of contribution to value through past activities.
- Income approach, based on expected benefits, usually in the form of income or cash flow as measured through discounted cash flow/net present value methods. These usually require mineral resources and/or ore reserves to have been defined.
- Market approach, based on actual or comparable transactions, including joint venture agreement terms.

Table 3.1 provides a summary of specific methodologies for each approach. AMC chooses several approaches and methods, as appropriate, to determine the value of a project. Further details on exploration property valuation methods are provided in Appendix C.

Table 3.1 Summary of common Mineral Asset valuation methods

Examples of Valuation Methods		
Approach	Methods	Summary of Method
Cost	Appraised value	Meaningful past exploration costs and budgeted/projected future costs
	Past exploration expenditure	Valuation using estimated, actual, or committed expenditure
	Historical cost	Incurred cost less any outstanding obligations and/or depletion
Income	Discounted cash flow analysis	Net present value (NPV) performed on calculated free cash flows over a project's life
	Gross contained metal/coal value	Tonnes × grade × price (generally inappropriate)
	Statistical/probabilistic	Probability factor applied to NPV of a theoretical deposit
	Decision tree analysis	Using yes/no analysis with probabilities
Market	Comparable transactions	Similar properties reflect similar values
	Market cap per contained metal/coal	Market value divided by total resource contained metal or coal
	Market cap per annual production of contained metal/coal	Market value divided by annual contained metal or coal produced
	Option agreement/joint venture terms	Required participation expenditure in proving up or developing a project by the incoming party
	Geoscience factor	Kilburn method, using location, grade, and geology factors

3.2 Exploration valuation methods applied

AMC has considered the stage of the Coppermoly Mineral Assets and the nature of the Mineral Resources, and has based the Valuation on two exploration valuation methods—the Past Exploration Expenditure Method and the Comparable Transactions Method using unit area yardsticks.

- The Past Exploration Expenditure Method uses a historical cost and an assessment of prospectivity from recent exploration by Coppermoly. The cost basis valuation (including multiples of exploration expenditure method) is commonly used as an applicable method for exploration areas in which no resource has been defined. This method of valuation of exploration properties includes consideration of the effectiveness of past exploration expenditure that relates to reasonably recent exploration, representing a fairly continuous ongoing exploration programme. Effective exploration expenditure provides an indication of the value of a property, which can then be adjusted to provide a valuation. The past exploration expenditure is reviewed for its relevance and effectiveness in terms of currently perceived prospectivity as a result of that expenditure, then factored by a prospectivity enhancement multiplier (PEM), which is usually between 0.5 and 3.0 (see Table 3.2), to derive a valuation. AMC also considers this method for Exploration stage properties and Advanced Exploration stage properties, where an early-stage resource has been defined.
- Comparable Transactions Method using unit area yardsticks uses a value determined by reference to either actual transactions for the property in question (Actual Transaction method) or to recent transactions for projects considered to be similar to those under review (Comparable Transaction

method). Comparable Transactions are converted to a value per unit area, expressed as \$ million values per square kilometres (km²) of ownership in a tenement licence area.

Table 3.2 **Prospectivity enhancement multipliers**

Guidelines	Prospectivity Enhancement Multipliers
Judgement that analysis has not enhanced prospectivity	0.5–1.0
Judgement that analysis has not significantly changed the view of prospectivity	1
Judgement that has been useful and has enhanced prospectivity, with good quantifiable results, e.g. good anomaly, drill intersections, or sampling results	1.0–2.0
Judgement that analysis has suggested excellent prospectivity leading to likelihood of resource definition in near future	2.0–3.0

The Resource Yardstick valuation method was also considered but not used by AMC. Resource yardstick values can be used for properties where a Mineral Resource has been quantified. A value per contained metal unit (e.g. ounce of gold or gold equivalent) is assigned to an actual Mineral Resource or to a preliminary mineralization estimate. Whilst AMC considers that the Simuku Mineral Resource and Nakru-1 Mineral Resource have been reported in accordance with the 2004 JORC Code, in reviewing the information available, AMC has formed the view that the resources may have been compiled using practices that are not fully in accordance with current standard industry practices. In addition, the information reviewed by AMC indicates that the resource estimates have low confidence and on this basis, AMC has chosen not to apply a resource yardstick valuation approach.

3.3 AMC Valuation

In AMC's view, consistent with the VALMIN Code project stages¹⁵, the Nakru Project and the Simuku Project are Advanced Exploration Areas¹⁶, which have undergone extensive past exploration and initial resource estimate work. The Makmak Project, Wowonga Project and Powell Projects are Exploration Areas¹⁷, which have undergone reconnaissance to early-stage exploration work.

Valuation range using the Past Exploration Expenditure Method was applied as follows:

- The most recent five years of exploration conducted were used as they were considered by AMC to be relevant and appropriate to reflect both the cost and the prospectivity of work carried out, to provide an informed basis on which to progress effective future exploration.
- AMC considered the approach taken and reported work carried out when exploration was managed by Barrick (2011 to 2012) and when exploration was managed by Coppermoly (2013 to 2015), and chose to apply a reduction in the first two years of expenditure (40% of that expenditure). This adjustment reflects AMC's view of the direct exploration costs attributable to the amount and proportion of work completed, and AMC considers that this is also more reflective of costs to complete similar on-ground exploration work in the current market environment.
- AMC's assessment includes a prospectivity enhancement multiplier reflecting the impact that this exploration has had on the prospectivity of each tenement area.

Using the past exploration expenditure method, AMC has determined a Valuation range of \$13.1m to \$19.8m, with a mean value of \$16.4m.

¹⁵ As defined in D20 of the VALMIN Code (2005)

¹⁶ As defined in D20 of the VALMIN Code (2005)

Table 3.3 Application of past exploration expenditure method

Project	Barrick JV Expenditure 2011-2012 \$ million	Coppermoly Expenditure 2013-2015 \$ million	AMC Opinion Effective JV Expenditure	PEM Low	PEM Preferred	PEM High	Valuation Low \$ million	Valuation Mean \$ million	Valuation High \$ million
Nakru	7.16	1.07	40%	2	2.25	2.5	7.9	8.9	9.8
Simuku	9.66	0.69	40%	1	1.5	2	4.6	6.8	9.1
Makmak	0.09	0.27	100%	1.5	1.75	2	0.5	0.6	0.7
Wowonga	0.00	0.05	100%	1.5	1.75	2	0.1	0.1	0.1
Powell	0.00	0.03	100%	1	1	1	0.0	0.0	0.0
Valuation Range	–	–	–	–	–	–	13.1	16.4	19.8

Valuation range using unit area yardsticks from Comparable Transactions was applied as follows:

- AMC's assessment of appropriate unit area draws from a set of approximately 15 transactions in PNG that occurred between 2010 and 2015, from which a smaller number of comparable transactions were selected. The transactions are summarised below.
- In AMC's view, the most comparable transactions are copper projects that are at an Exploration Area stage or Advanced Exploration Area stage, divided into two range categories as outlined and numbered below.

AMC's selected comparable transactions of PNG Advanced Exploration projects, with yardsticks of approximately \$29,200 to \$56,300 per km² are:

1. Niuminco's JV earn-in by Mincor to the Edie Creek area in May 2011
2. The previous Barrick divestment to Coppermoly of the Simuku-Nakru projects in June 2013
3. Niuminco's JV earn-in by Mincor to the May River tenements in May 2011

AMC's selected comparable transactions of PNG Exploration projects, with yardsticks of approximately \$3,900 to \$17,300 per km², including properties that at the time of transaction had undergone reconnaissance to early-stage exploration, are:

1. Ok Tedi Mining's JV farm-in by Frontier Resources for the Bulago/Leonard Schultz projects in May 2010
2. Ok Tedi Mining's JV farm-in by Frontier Resources for the Likuruanga project tenements in May 2010
3. Anglo's increased stake of Highlands Star Mountain project in December 2014
4. Vale's farm-in of Goldminex Resources' Owen Stanley Ranges tenements in July 2011
5. EIDore's earn-in to Pacific Niugini's Mt Hagen project in October 2010

Based on this, AMC has selected a unit area yardstick of \$3,900 per km² to \$56,300 per km², and applied a selected range to each tenement according to its project stage, prospectivity and exploration work conducted, to determine a Valuation range of \$11.6m to \$16.2m, with a mean value of \$13.9m.

Table 3.4 Application of unit area yardsticks method

Project	Unit Area Low Mean Transactions	Unit Area High Mean Transactions	Unit Area Low Value \$/km ² Applied	Unit Area High Value \$/km ² Applied	Coppermoly Area km ²	Valuation Low \$ million	Valuation Mean \$ million	Valuation Low \$ million
Nakru	2 and 3	1 and 2	29,400	42,900	47.0	1.4	1.7	2.0
Simuku	2 and 3	1 and 2	29,400	42,900	122.0	3.6	4.4	5.2
Makmak	4, 5 and 6	4 and 5	15,400	17,200	255.3	3.9	4.2	4.4
Wowonga	6, 7 and 8	4, 5 and 6	6,600	15,400	30.7	0.2	0.3	0.5
Powell	6, 7 and 8	4, 5, 6, 7 and 8	6,600	10,800	378.5	2.5	3.3	4.1
Valuation Range	–	–	–	–	–	11.6	13.9	16.2

The two methods arrive at slightly different value ranges. AMC considers that the comparable transactions in PNG reflect a realistic lower range of market-based valuation of tenements in recent market transactions. The past exploration expenditure methods is equally important as it reflects the high cost relative to other jurisdictions of conducting effective exploration in the PNG environment, but also the prospectivity of the work carried out. AMC has therefore applied a 50% weighting to the mean value from each of these methods to determine Coppermoly's interest in the New Britain Tenements at between \$13.9m to \$16.4m, with a Preferred Value of \$15.2m at the Valuation Date of 3 February 2016.

Table 3.5 **AMC Valuation of Coppermoly Mineral Assets**

Valuation Range	\$ million
From	13.9
To	16.4
Valuation – Coppermoly Tenements	15.2

4 Qualifications

AMC is a firm of mineral industry consultants whose activities include the preparation of due diligence reports on, and reviews of, mining and exploration projects for equity and debt funding and for public reports. In these assignments, AMC has acted as an independent party. Neither AMC nor its subconsultants have any business relationship with RSMFS, Ever Leap or Coppermoly other than the carrying out of individual consulting assignments as engaged.

Neither AMC nor the contributors to this report nor members of their immediate families have any interest in RSMFS, Coppermoly or Ever Leap that could be reasonably construed to affect their independence. AMC has no pecuniary interest, association or employment relationship with RSMFS, Coppermoly or Coppermoly.

AMC is being paid a fee according to its normal per diem rates and out-of-pocket expenses in the preparation of this report. AMC's fee is not contingent upon the outcome of the Proposed Transaction. At the direction of RSMFS, Coppermoly has agreed to pay AMC's fee.

In correspondence relating to our engagement, Coppermoly agreed to comply with those obligations of the commissioning entity under the VALMIN Code including that to the best of its knowledge and understanding, complete, accurate and true disclosure of all relevant material information will be made. Coppermoly has represented in writing that to the best of its knowledge, it has provided AMC with all material information relevant to its operations and projects described in this report.

In preparing the Valuation, AMC has relied on information provided by Coppermoly and RSMFS, and AMC has no reason to believe that information is materially misleading or incomplete or contains any material errors. Coppermoly has been provided with drafts of our report to enable correction of any factual errors and notation of any material omissions. The views, statements, opinions and conclusions expressed by AMC are based on the assumption that all data provided to it are complete, factual and correct to the best of its knowledge. The Valuation and the conclusions in it are effective at 3 February 2016. Those conclusions may change in the future with changes in relevant metal prices, exploration and other technical developments in regard to the projects and the market for mineral properties.

Coppermoly has provided AMC with indemnities in regard to damages, losses and liabilities related to or arising out of its engagement other than those arising from AMC's illegal acts, bad faith or gross negligence. Coppermoly has also provided indemnities to AMC in regard to damages, losses and liabilities related to or arising out of AMC's reliance on any information that is false, misleading or incomplete.

AMC understands that the ITSR will be attached in full as an appendix to the IER, which will be presented to the shareholders of Coppermoly for their consideration. RSMFS and Coppermoly must obtain AMC's prior written consent as to the form and context of any inclusion of, or reference to, the ITSR in any documentation to be sent to third parties, including shareholders. Further, the ITSR may not be relied upon by any third party (including Coppermoly) without AMC's prior written consent. Neither this report nor any part of it may be used for any other purpose without written consent.

The signatories to this report are corporate members of the AusIMM and bound by its Code of Ethics.

Alison Keogh
MAusIMM (CP)
Principal Consultant

Andrew Hall
MAusIMM (CP)
Director / Corporate Manager / Principal Consultant

Appendix A

Abbreviations

\$	Australian dollar unless otherwise specified
\$m	Australian dollars million
%	Percent
2004 JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2004 Edition, Effective December 2004, Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC)
2012 JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2012 Edition. Effective 20 December 2012 and mandatory from 1 December 2013. Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (JORC).
AMC	AMC Consultants Pty Ltd
AMD	Acid and Metalliferous Drainage
Ag	Silver
Au	Gold
BCM	bank cubic meters
Coppermoly	Coppermoly Limited
CIL	carbon-in-leach
DCF	discounted cash flow
DMP	Department of Mines and Petroleum
Expert	RSMFS
g	gram
g/t	grams per tonne
RSMFS	RSMFS Melbourne Pty Ltd
IER	Independent expert's report
ITSR	Independent Technical Specialist's Report
km	kilometres
koz	thousand ounces
kt	thousand tonnes
ktpa	thousand tonnes per annum
LeachWELL	a proprietary reagent grade catalyst formulated for fast cyanide leach gold extraction
LOM	life-of-mine
LOMP	life-of-mine plan
m	million
m	metres
m ²	square metre
m ³	cubic metres
Mineral Assets	Mineral assets of Coppermoly Limited
mm	millimetres

mRL	reduced level
Mt	million tonnes
Mtpa	million tonnes per annum
NAF	non-acid forming
NAG	net acid generation
NPV	net present value
oz	ounce
PAF	potentially acid forming
PEC	Priority Ecological Community
PEM	prospectivity enhancement multiplier
PFS	Priority Flora Species
QAQC	Quality Assurance and Quality Control
RAB	rotary air blast
RC	reverse circulation drilling
RL	Reduced level (height above AHD)
ROM	run-of-mine
RTP	reduced-to-pole
SAG	semi-autogenous
t	tonnes
TEC	Threatened Ecological Community
TMI	Total Magnetic Intensity
tpa	tonnes per annum
TSF	tailings storage facility
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. The VALMIN Code 2005 Edition, Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association with the participation of the Australian Securities and Investment Commission, the Australian Stock Exchange Limited, the Minerals Council of Australia, the Petroleum Exploration Society of Australia, the Securities Association of Australia and representatives from the Australian finance sector.
Valuation	AMC's valuation of the exploration properties described in this ITSr
Valuation Date	The date for AMC's valuation of the exploration properties described in this Report
VMS	Volcanogenic Massive Sulfide

Appendix B

Report contributors

The contributors to this report include:

Name	Qualifications	Affiliations	Involvement
Rod Carlson	BSc (Geology) (Hons)	AMC Principal Geologist	Project Manager, report co-author, Mineral Resource and data review.
Alison Keogh	BSc (Geology) (Hons)	AMC Principal Consultant	Principal report author, Mineral Resource review, exploration review and assessment and exploration property valuations.
Peter Stoker	BSc (Geology)	AMC Principal Geologist	Peer Reviewer.
Malcolm Dorricott	BEng (Mining)	AMC Principal Mining Engineer	Review of mining assumptions for resource assessment.

Appendix C

Exploration properties – valuation methodology

The methods supported by AMC for valuation of operations and development projects, and exploration properties can be described as follows.

Operations and development projects

Where projections of production physicals and related costs can be reasonably determined for an operation or development project, it is accepted industry practice to prepare discounted cash flow (DCF) models to determine net present value (NPV) estimates. Accordingly, for the Mirah project, AMC has prepared the AMC Production Case which comprises production and capital and operating cost projections.

AMC believes the AMC Production Case is based on reasonable grounds.

The AMC Production Case has been provided to RSMFS for its consideration of value using its own macroeconomic inputs including gold prices, royalties, discount rates, royalties and taxation.

Exploration

The valuation of exploration projects, particularly those for which it is not possible to quantify Mineral Resources, is very subjective. There are, however, several generally accepted procedures to value exploration projects and AMC has used such methods as appropriate to arrive at balanced judgments of value.

Where possible, AMC attempts to use more than one method before selecting the valuation appropriate to that project. Values are rounded, and outliers in contributing estimates are sometimes excluded.

The past expenditure method

A prospectivity enhancement multiplier (PEM) generally between 0.5 and 3.0 is applied to past expenditure which AMC judges to be effective in regard to future prospectivity.

The yardstick value method

Rules of thumb, or yardstick values, can be used for properties where a Mineral Resource has been quantified. A value per contained metal unit (e.g. ounce of gold or gold equivalent) is assigned to an actual Mineral Resource or to a preliminary mineralization estimate.

In considering transactions, AMC has determined ranges that reflect the difference in classification between Inferred and Indicated Resources and consideration of factors including the size of the deposit, proximity to existing operations, and known metallurgical issues.

Actual or comparable transaction method

A value is determined by reference to either actual transactions for the property in question (Actual Transaction method) or to recent transactions for projects considered to be similar to those under review (Comparable Transaction method). Comparable Transactions are converted to a value per unit area.

Joint Venture terms method

Many transactions on exploration tenements are of a farm-in nature and AMC assesses a "cash equivalent" value for them from the terms of the "deemed expenditure" on the property at the time of the deal discounted by a time and probability factor for the likelihood that the farm-in will complete its earning requirement. AMC adjusts the resulting value for any other terms of the joint venture and/or for the results of work carried out since the commencement of the farm-in.

Expected value method

An Expected Value valuation can be applied where there is sufficient information to enable an indicative NPV calculation, which takes into account the costs of that ongoing exploration and with a probability/risk factor for the chances of that exploration being successful.

This method is most relevant when the exploration area is closely associated with an existing mining operation or development project where a production scenario has been developed.

Appendix D

Key information sources

Publicly available information

- Placement Agreement Announcement, 21 January 2016
- Coppermoly 2014 Annual Report.
- Coppermoly 2015 Annual Report.
- Coppermoly recent Quarterly Activity Reports.
- Mineral Resource statements for Coppermoly mineral assets.
- Coppermoly press releases, public announcements, and other public filings by Coppermoly, and media and analyst presentation material available on Coppermoly's website.
- Sharemarket data and related information on Australian and international listed companies engaged in the copper and gold industries and on acquisitions of companies and businesses in these industries.
- Information relating to historic transactions involving assets of a similar nature to Coppermoly's exploration assets in PNG.
- PNG Government mining cadastre portal website: <http://portal.mra.gov.pg/Map/> [Accessed 19 January 2016].
- Goldner P., 1983. Review of Data on Plesyumi Prospect Central New Britain. July 1983 for Esso PNG Inc.
- Lindley, D. 2006. Extensional and vertical tectonics in the New Guinea Islands: implications for island arc evolution, Annals of Geophysics, supplement to Vol. 49, N.1, 2006. <http://www.annalsofgeophysics.eu/index.php/annals/article/download/4406/4486> accessed 19 January 2016

Non-public information provided by Coppermoly

- PNG Government Mineral Resources Authority (MRA) submitted Coppermoly and Barrick annual exploration reports.
- Annual exploration expenditure at exploration properties since Coppermoly became involved.
- Studies and other technical information relating to Coppermoly's mineral assets.
- Internal Coppermoly annual exploration expenditure information.
- Supporting documentation to Nakru-4 Mineral Resource statements, including reports, supporting models and geology files.
- Other documents, presentations and working papers.
- Internal documents relating to project conceptual studies.
- Internal Coppermoly technical reports.
- August 2014 Desktop Review: Erceg M, 2014. Internal Desktop Review "Regional Exploration Potential of Coppermoly's New Britain Tenements", Coppermoly internal report, August 2014.

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