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ASX Announcement

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ASX Code: COY

PLACEMENT AGREEMENT

Coppermoly Ltd (**Coppermoly** or **the Company**) is pleased to announce that it has entered into a placement agreement with a new investor, Ever Leap Services Limited (**Ever Leap**). Ever Leap is a purposely established project company, which is a wholly owned subsidiary of Shanxi Xierun Investment Limited (**Shanxi Xierun**). Shanxi Xierun is a diversified private investment company, with significant interests in various civil engineering and infrastructure projects in the Peoples Republic of China and Bauxite mines in the Shanxi region. Shanxi Xierun is controlled by interests associated with Mr Yu Chao. Mr Yu Chao is a qualified senior engineer with over 20 year of experience in the construction and mining industries.

The placement agreement will raise approximately \$2,500,000 (before costs) (**Agreement**), comprising:

- (a) an upfront placement of 57,750,000 new fully paid ordinary shares in Coppermoly (**Shares**) at an issue price of \$0.004 (0.4 cents) per Share to raise approximately \$231,000 (**Initial Placement**); and
- (b) the subsequent issue of 317,250,000 Shares, at an issue price of \$0.004 (0.4 cents) per Share, and 250,000,000 Deferred Options and 83,333,333 Attached Options, at an issue price of \$0.004 (0.4 cents) per Deferred Options (**Conditional Placement Securities**), to raise approximately \$2,269,000, which is subject to Coppermoly first receiving Shareholder approval in accordance with the Corporations Act and the ASX Listing Rules (**Conditional Placement**);

Coppermoly Director, Dr Wanfu Huang said "this is a great outcome for Coppermoly as it secures funding in a very difficult capital market for junior exploration companies. This funding will allow Coppermoly to get back on the ground in PNG and concentrate its efforts on its major projects with the prime purpose of increasing the value of the Company's assets. It is particularly pleasing to have a new major investor of the calibre of Ever Leap".

The Initial Placement is anticipated to be completed on or about 28 January 2016 and will result in Ever Leap obtaining a relevant interest in approximately 13% of Coppermoly's Shares. The subsequent issue of Conditional Placement Securities is conditional on Coppermoly obtaining Shareholder approval, including the approval of Ever Leap obtaining voting power in Coppermoly in excess of 20% for the purpose of the Corporations Act. Further details will be provided to Shareholders in due course.

The funds raised from the Agreement will be used to fund exploration on Coppermoly's tenements and other working capital requirements. This capital raising secures enough funding for Coppermoly to recommence its exploration plans. 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 Nakru tenement, Simuku and the Company's other tenements.

The Directors recommend that Shareholders vote in favour of the Conditional Placement, in the absence of a superior proposal.

Key terms of the Agreement

In addition to the matters outlined above, a summary of some of the key terms of the Agreement is as follows:

(a) Initial Placement – Coppermoly has agreed to issue Ever Leap 57,750,000 Shares, issued at \$0.004 per Share, which is not subject to Shareholder approval and which Shares are expected to be allotted on or before 28 January 2016.

(b) Conditional Placement – Coppermoly has agreed to issue Ever Leap 317,250,000 Shares, and 250,000,000 Deferred Options and 83,333,333 Attached Options, each issued at \$0.004 per Share/Deferred Option, subject to obtaining Shareholder approval.

Specifically, as Coppermoly did not have sufficient ‘placement capacity’ to issue the Conditional Placement Securities in reliance on the exceptions to Listing Rules 7.1 and 7.1A, shareholder approval is required for the purpose of the Listing Rules. As the issue of Conditional Placement Securities could result in Ever Leap obtaining voting power in Coppermoly of more than 20%, Shareholder approval is also required for the purpose of Chapter 6 of the Corporations Act.

A meeting will soon be convened for this purpose, which will be accompanied by an Independent Expert’s Report in relation to the Conditional Placement.

(c) Deferred Options terms – each Deferred Option is issued at \$0.004 per Deferred Option. The Deferred Options are exercisable by giving written notice to Coppermoly 12 months from the date of their issue.

(d) Attached Option terms – each Attached Option is issued based on a ratio of 1 for every 3 Deferred Options, with a total of 83,333,333 Attached Options. Each Attached Option has an exercise price of \$0.008 per shares. The Attached Options are exercisable at any time between 1 February 2017 and 31 January 2020.

(e) In addition, 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 (which agreement may be given or withheld in the absolute discretion of Coppermoly); and
- iii. do not provide any right to participate in any new issue of securities or other entitlements offered to Shareholders.

(f) Investor’s intentions, Ever Leap confirms:

- 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;
- the purpose of making this Placement is to help the company progress its exploration program in order to further evaluate the economic potential of its copper-gold projects;
- it is not an associate of any existing shareholder, management or director of Coppermoly.

(g) Standstill – for a period of 12 months following completion of the Conditional Placement (**Standstill Period**), Ever Leap and its related bodies corporate must not undertake certain actions without Coppermoly’s prior written consent, including:

- i. acquiring or offering to acquire, any Shares or right or option to acquire any Shares or other securities in Coppermoly;
- ii. soliciting proxies from Shareholders or otherwise seeking to influence the composition of the Board or control the management of Coppermoly.

(h) Directorship - on Completion of the Conditional Placement, Ever Leap will be entitled to nominate Mr Yu Chao, or a representative of Mr Yu Chao, to be a Director of Coppermoly.

- (i) **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.

Voting Power

As noted above, Ever Leap will obtain voting power in Coppermoly of approximately 13.0% immediately following completion of the Initial Placement.

If Shareholders approve the Conditional Placement, Ever Leap will obtain voting power in Coppermoly of 49.3% as a result of the issue of Shares pursuant to the Conditional Placement. Additionally, Ever Leap may obtain a relevant interest in a further 333,333,333 Shares, providing an aggregate voting power of up to 64.8%, as a result of the issue of Shares on the exercise of Deferred Options and the Attached Options to be issued pursuant to the Conditional Placement.

Additional Information

The Initial Placement was undertaken without Shareholder approval using Coppermoly's existing placement capacity under ASX Listing Rules 7.1.

An Appendix 3B for the issue of Shares pursuant to the Initial Placement is attached. A further announcement will be made and cleansing notice issued once these Shares have been allotted, which is expected to be on or about 28 January 2016.

On behalf of the Board.

Paul Schultz
Company Secretary
Coppermoly Ltd