COPPERMOLY
Limited

ABN 54 126 490 855

LISTINGS: ASX: COY, PoMSOX: COY, Berlin: 5C5.BE, Frankfurt: 5C5.F Website: www.coppermoly.com.au

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THE CHAIRMAN'S LETTER

Dear Shareholder,

It is with pleasure that your Board of Directors present you with the second Coppermoly Limited ("the Company") Annual Report.

Directors believe that the Company's exploration prospects and mineralisation identified to-date present tremendous potential for future reward to our shareholders. The next stage of exploration promises to be exciting, with drill testing of the very specific targets that have now been identified.

The combination of the excellent exploration potential and the logistical advantages of the Company's projects have attracted a lot of interest from investors. We look forward to continued asset improvement from funding into both your Company and its projects.

During the past year we have weathered the severe market correction which impacted the Company's market capitalisation. The copper price is now once again reaching its levels from one year ago and we look forward to further success with the drilling of our prospects using the funds from our recent Rights Issue.

Coppermoly has achieved its objectives since the Company listed on the ASX by defining a maiden Inferred Resource at the Simuku project while also substantially advancing the prospectivity of our Nakru project through geophysics, bulldozer trenching and drilling.

The Company is now at a very significant stage in its development with an exploration program that is focused upon exciting styles of near-surface copper and base metal mineralisation that are yet to be adequately tested by drilling. The first ever drillhole at the Nakru-2 Prospect intersected 27.7 metres grading 1.90% copper (which included 6.7 metres grading 3.8% copper), within a longer lower grade intercept. At Nakru-1, our first deep drill hole intersected semi-massive sulphides with 28.4 metres grading 1.1% copper from 30 metres depth. I believe further drilling to expand on these intersections and to test the associated geophysics will help define the extent of mineralisation.

The Simuku porphyry copper deposit has an Inferred Resource of 200 million tonnes grading 0.36% copper, 61 ppm molybdenum, 0.06 g/t gold and 2 g/t silver (containing 700,000 tonnes of copper, 12,000 tonnes of molybdenum, 12 tonnes of gold and 391 tonnes of silver). This Inferred Resource has potential for expansion as it occurs within only one-third of the known area of copper mineralisation. Additional drilling will now target near surface secondary copper enrichment which, if successful, could enable us to progress this project to a feasibility study.

The proximity and accessibility of our projects to an operating deep water port and the infrastructure of Kimbe, the provincial capital of West New Britain, greatly enhances their potential values as it makes these prospects relatively logistically easy to advance and potentially cost effective to develop.

Coppermoly's Directors and their Management team have proven experience in Papua New Guinea and are looking to improve the value of our existing deposits and prospects plus build the Company's portfolio of mineral assets. Coppermoly is proving itself to be a very successful explorer and, on behalf of the Board, I would like to thank all shareholders and personnel for their continuing support

P. McNeil
Chairman

The year ending June 2009 was one of the most economically turbulent years on record for sharemarkets around the world. Various metal prices including copper, gold and molybdenum have fluctuated widely and the global economic future remains uncertain.

Coppermoly established its exploration base in Kimbe, West New Britain within the first six months of listing on the ASX, consolidated a highly skilled exploration workforce and acquired various heavy equipment assets. The Company then completed a substantial drilling program within the northern third of the 'copper envelope' on the Simuku Exploration Licence. Drilling and geophysical surveys at the Nakru Exploration Licence helped clarify historical exploration results and identify a new high grade style of copper mineralisation within the province. Coppermoly later acquired two diamond drilling rigs to enable more cost effective drilling to be undertaken.

In the early stages of the global financial crisis Coppermoly wisely reduced its exploration activity and began investigating the potential to attract further investment. There has been considerable industry interest in our exploration prospects, with several site visits and data reviews.

Coppermoly completed a Non Renounceable Rights Issue to shareholders on 8 September 2009 which raised $535,137. The Board expects that all of the remaining shortfall will be placed raising approximately an additional $1.5 million. The funds raised will be used for additional exploration on the Company's properties. Coppermoly's primary objective is to now advance the Nakru and Simuku projects via resource definition and exploration drilling to better recognise their full potential and true values before seeking any more substantial equity raising. The next twelve month period will provide the basis for Coppermoly's continued growth and I would like to thank all of the Company's shareholders for their support.

Coppermoly Ltd remains focused on exploring for copper-gold-molybdenum and gold deposits on the Island of New Britain in Papua New Guinea. It holds title to three Exploration Licences EL 1077 (Simuku) 90%, EL 1043 (Mt. Nakru) 100% and EL 1445 (Talelumas) 100% covering 170 km^2 (refer to Figure 1).

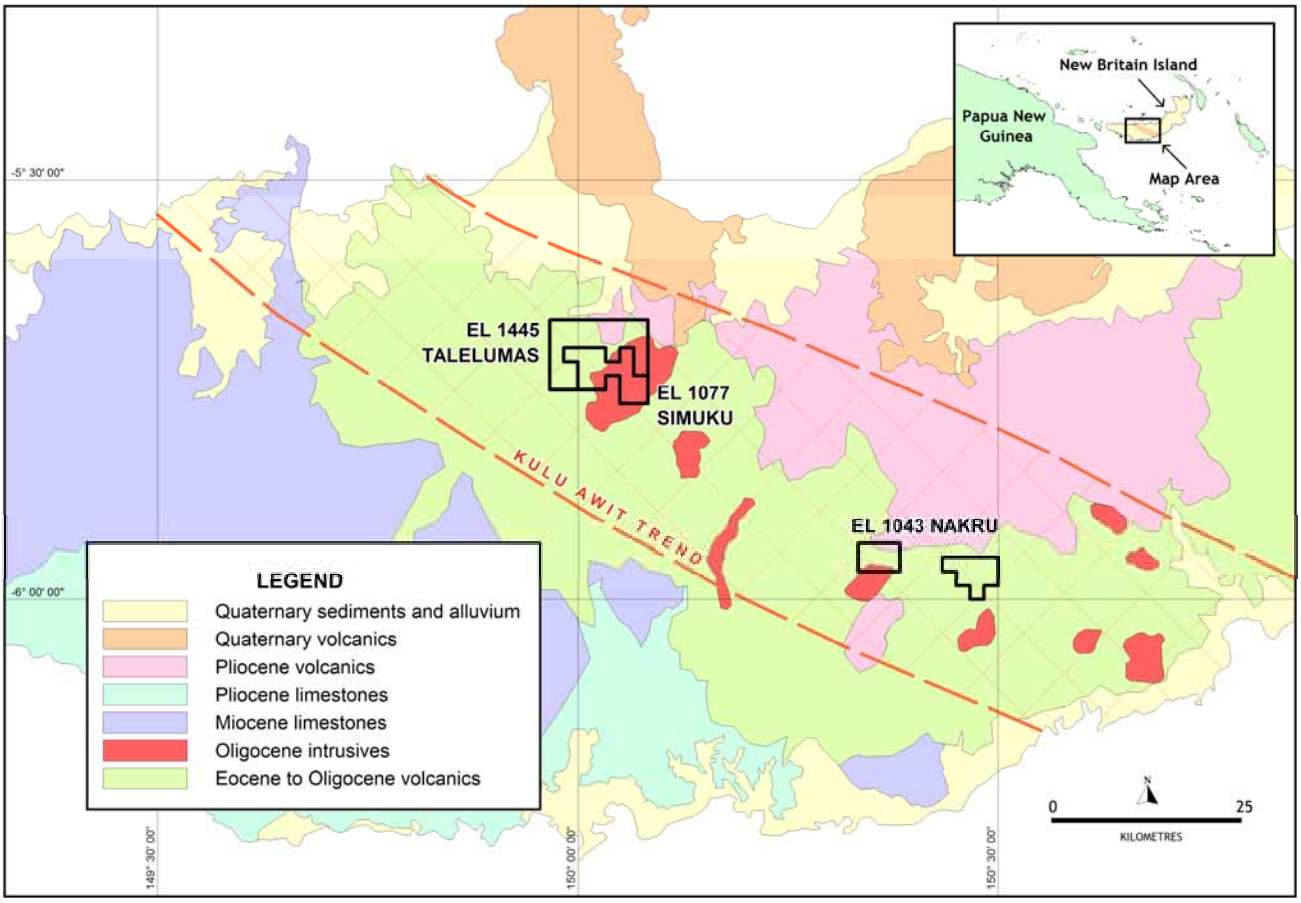


Figure 1: Coppermoly Projects on New Britain Island

During 2009, Coppermoly Limited achieved a significant step towards understanding a new style of high grade copper mineralisation near surface at Nakru. Drilling results from our first two drill holes into the Nakru-2 prospect have helped in re-evaluating and improving our understanding of the mineralisation potential within all of our tenements.

The Company's objective is to further increase the value of our assets by undertaking additional evaluation drilling at Nakru and to seek to define the extent of near surface secondary copper enrichment at Simuku. Recent rock sampling results within our Talelumas tenement have presented two additional copper and gold prospects which require evaluation, particularly in light of mineralisation styles demonstrated at Nakru.

NAKRU PROJECT

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

At the **Nakru-1 Prospect** over 2,100 metres of trenching was completed during 2008. A total of over 9,000 metres of trenching and 1,967.6 metres of diamond drilling in 17 holes have been completed to date.

The Company also undertook a three dimensional Induced Polarisation (3D-IP) geophysical survey which clearly identified for the first time two large chargeable bodies of sulphide related to copper mineralisation which present very exciting features for further drill testing (refer to Figure 2). The first deep drill hole NAK017 completed by Coppermoly was prior to the finalisation of the 3D-IP program, but it did test the smaller south-west part of the IP anomaly and intersected semi-massive sulphides including a relatively near surface interval of 28.4 metres grading 1.1% copper plus 0.27 g/t gold.

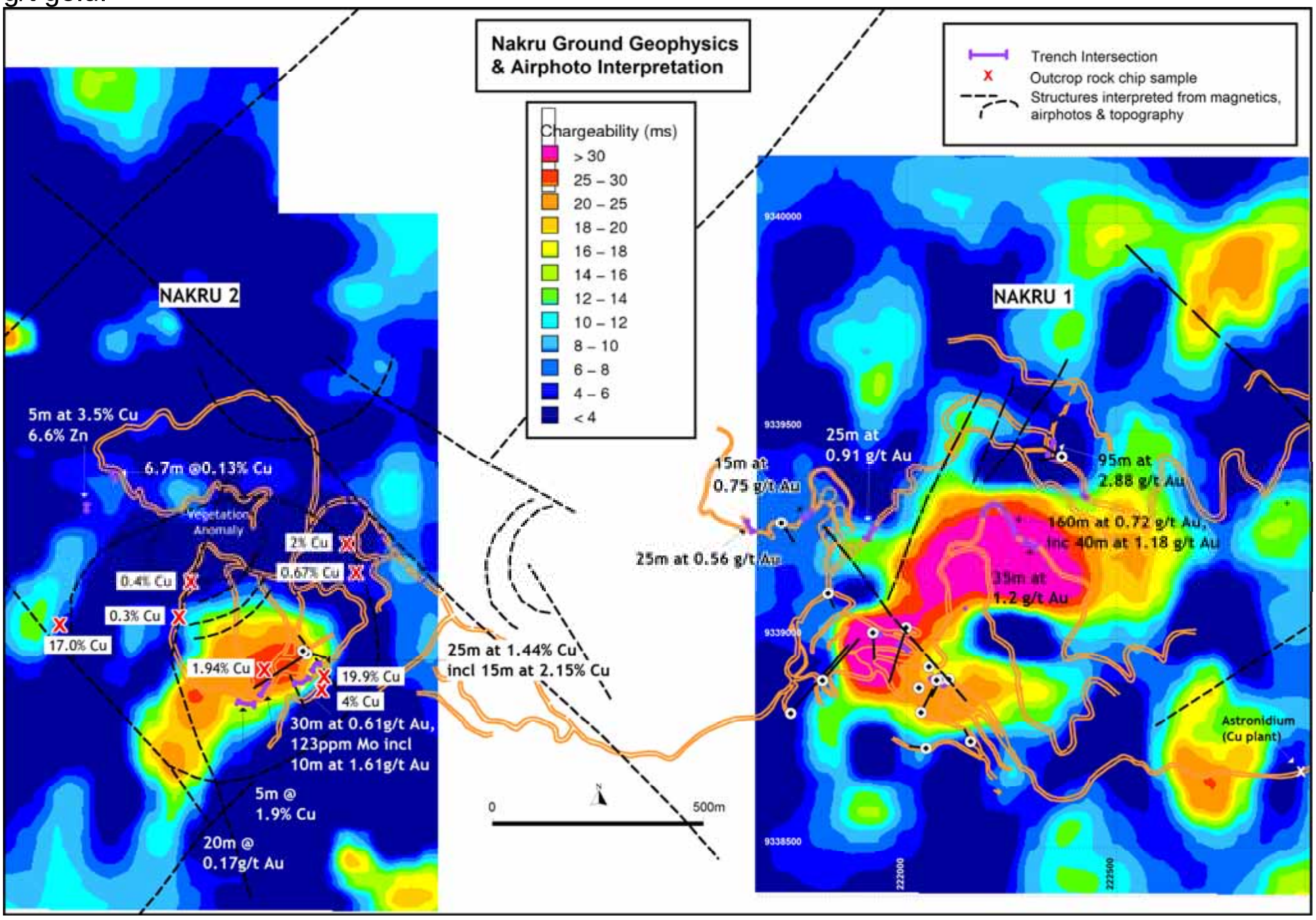


Figure 2: Nakru Induced Polarisation at 100m depth showing anomalies that likely reflect sulphide mineralisation, plus select surface and drill hole geochemistry.

An upper gold bearing breccia blanket has been defined by trenching and soil sampling over a 700 metre by 300 metre area. Trench intersections include 9 metres grading 1.08 g/t gold. Drilling results include an interval of 5.8 metres grading 1.9 g/t gold from surface. This blanket of gold mineralisation overlies intervals of 17.1 metres grading 0.5% copper and 7.6 metres grading 1.1% copper in historical drillhole NAK001. Other historical drillholes also partly tested the smaller south-west sector of the IP anomaly which coincides with intervals of 40 metres grading 0.95% copper in drillhole NAK006 and 86.15 metres grading 0.50 g/t gold and 0.46% copper (including 14.4 metres grading 2.2 g/t gold and 0.40% copper from 80 metres vertical depth) in drillhole NAK003.

Future drilling at Nakru-1 Prospect will concentrate on testing the large 3D-IP anomaly for substantial tonnages of higher than average grade copper-gold mineralisation and it will also step out from the known near surface copper intersections in drill holes in the south-west to subsequently enable estimates of possible tonnages of mineralisation.

The **Nakru-2 polymetallic system** occurs as a 700 metre diameter breccia or VHMS related system that is located between one and two kilometres to the west of Nakru-1. The 3D-IP anomaly indicates potential for a significant tonnage of sulphide mineralisation to occur below a 7 metre thick lens that averages 3% to 4% copper from only 25 metres downhole (refer to Figure 3).

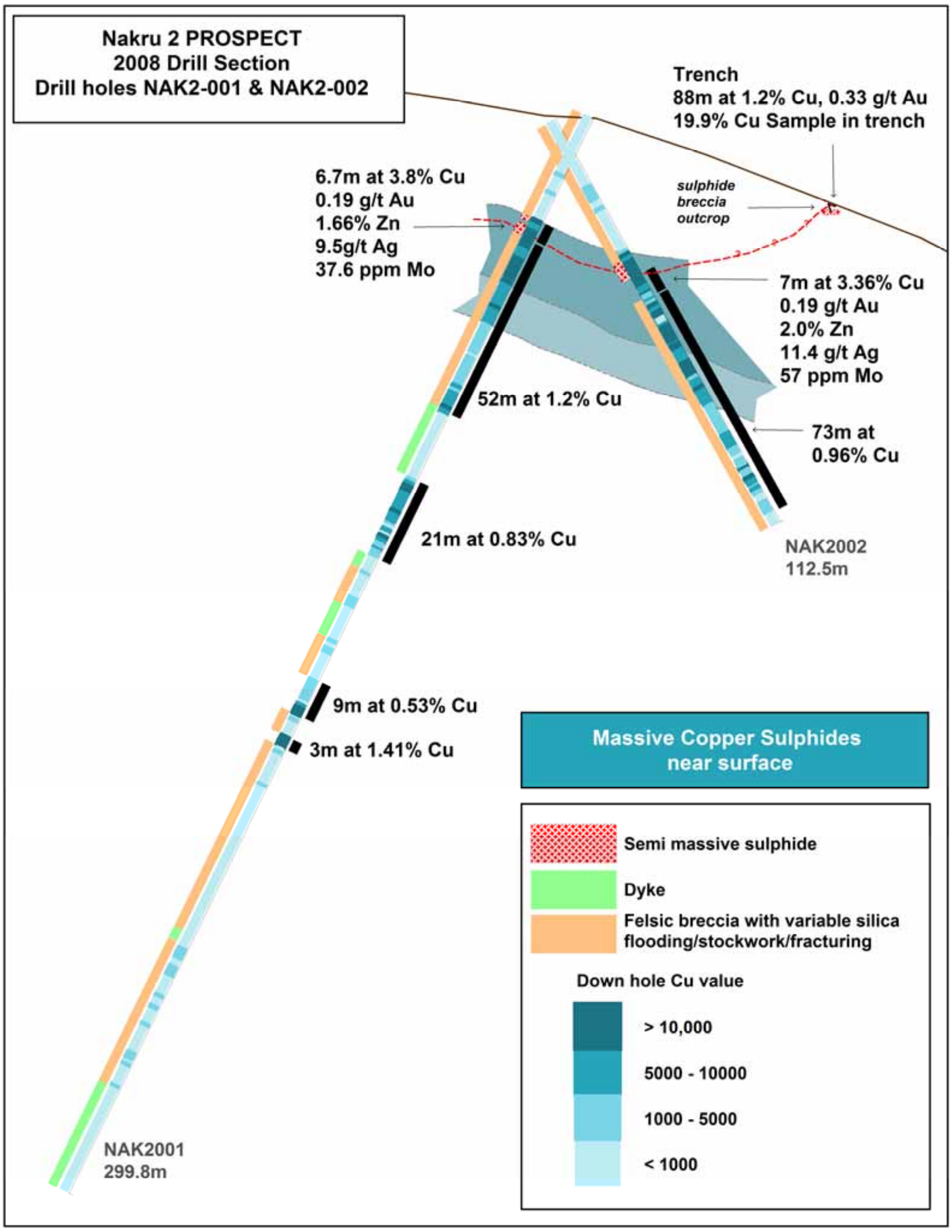


Figure 3: Nakru-2 Cross-Section (oriented east-west)

The first ever drillhole into this system was completed by Coppermoly (NAK2-001) and it intersected 52 metres grading 1.2% copper (with minor zinc, gold and silver), associated with the intersection of 19 metres grading 4.3% copper along surface trenching with locally up to 19.9% copper. The second drillhole (NAK2-002) intersected 73 metres grading 0.96% copper, including 7 metres grading 3.36% copper (with minor zinc, gold and silver). At 100 metres depth, NAK2-001 intersected 51.7 metres grading 1.21% copper within part of the 3D-IP anomaly, which remains effectively untested by drilling.

The Nakru systems have strong similarities to ancient mineralising sea-floor hydrothermal systems occurring in the adjacent active Pacmanus submarine hydrothermal system that located 1,700 metres below sea level to the north of New Britain Island.

Future drilling at the Nakru-2 Prospect will also concentrate on testing the well defined 3D-IP anomaly that extends to >400m depth for substantial tonnages of higher average grade copper-gold (polymetallic) mineralisation, also stepping out from the known near surface copper intersections in drill hole to subsequently enable estimates of possible tonnages of mineralisation.

The 3D-IP surveys have provided very useful vectors towards mineralisation in this environment and they will be further considered to cover high priority areas in the region, including between the Nakru-1 and 2 Prospects and also covering the Nakru-3 and 4 Prospects.

SIMUKU PROJECT

Porphyry copper-gold-molybdenum mineralisation has been defined in a 3,500 metre by 650 metre area of anomalous copper (refer to Figure 4) by more than 28 kilometres of bulldozer trenching and 6,021 metres of drilling in 31 holes. Further drilling is warranted to demonstrate and subsequently estimate a resource associated with near surface secondary copper enrichment prior to initiating any pre-feasibility studies. Drill core from the 2008 program is currently being re-logged to gain a better understanding of the extent of the secondary copper enrichment.

A maiden Inferred Mineral Resource was estimated containing 200 million tonnes grading 0.47% copper equivalent* (using a 0.30% copper equivalent* cut-off) or a higher grade Inferred Mineral Resource of 80 million tonnes grading 0.60% copper equivalent* (using a 0.5% copper equivalent* cut-off). This Resource covers less than one-third of the area of known surface copper mineralisation and it has excellent potential for expansion to the south.

The Simuku porphyry copper deposit contains 700,000 tonnes of copper, 12,000 tonnes of molybdenum, 12 tonnes of gold and 391 tonnes of silver (or 1.5 billion pounds of copper, 26 million pounds of molybdenum, 0.4 million ounces of gold and 13 million ounces of silver).

Surface secondary copper enrichment occurs within the area of the Inferred Resource. Drilling intersected a 27 metre thick layer grading 0.74% copper (from 23 metres depth) at the Tobarum Prospect and a 16 metre thick horizon grading 1.0% copper (from 16 metres depth) at the Nayam Prospect.

Significantly higher grades of primary copper were also intersected at the Nayam Prospect including 16 metres grading 1.24% copper from 240 metres down hole depth. These areas of higher grade copper cover a significant area and strongly warrant further drilling to evaluate the possibility of separate higher grade resources both at depth (primary) and near surface (secondary enrichment).

Bulldozer trench exposures outside the Inferred Resource area show indications of leaching which would occur above areas of possible copper enrichment. In addition, there are potentially economic grades of primary copper mineralisation immediately to the south of the Inferred Resource plus in other areas. These trench results are yet to be followed-up with drilling. High grade zones of molybdenum have been demonstrated at the Horseshoe Prospect, including 0.41% molybdenum from surface which also remains to be fully evaluated by drilling.

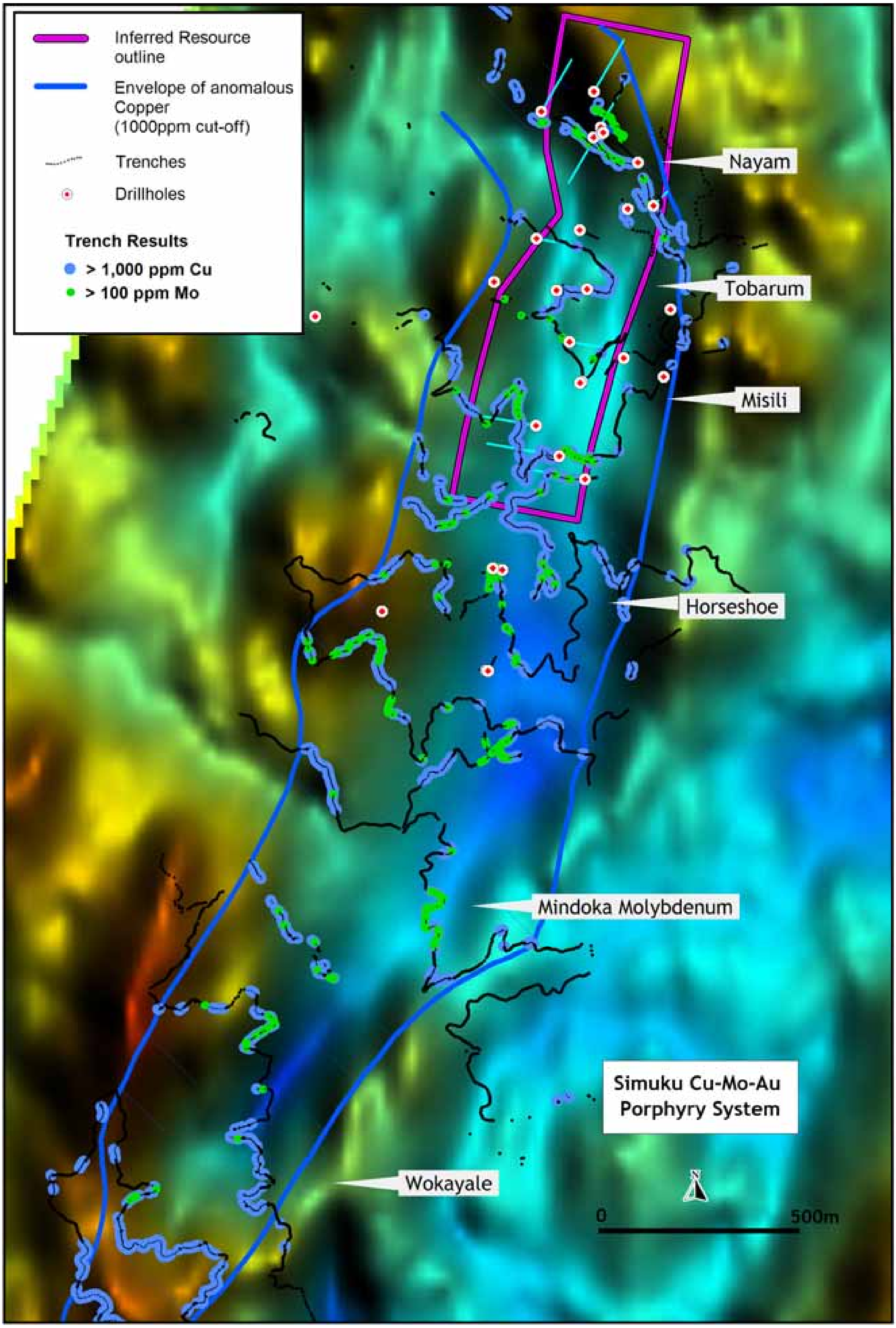


Figure 4: Simuku Copper Mineralised Envelope on an Aeromagnetic Image

TALELUMAS PROJECT

The Talelumas Exploration Licence (EL1445) encompasses the northern periphery of the Simuku tenement. Drainages within the entire tenement have been covered by regional stream sediment sampling together with limited ridge and spur and grid-based soil sampling.

Coppermoly sampled rocks from outcrop and stream float from three gold and copper anomalous areas at Mt. Misusu, Isme Creek and Talelumas Creek Prospects (refer to Figure 5). A soil sampling grid was also completed at the Talelumas Creek Prospect.

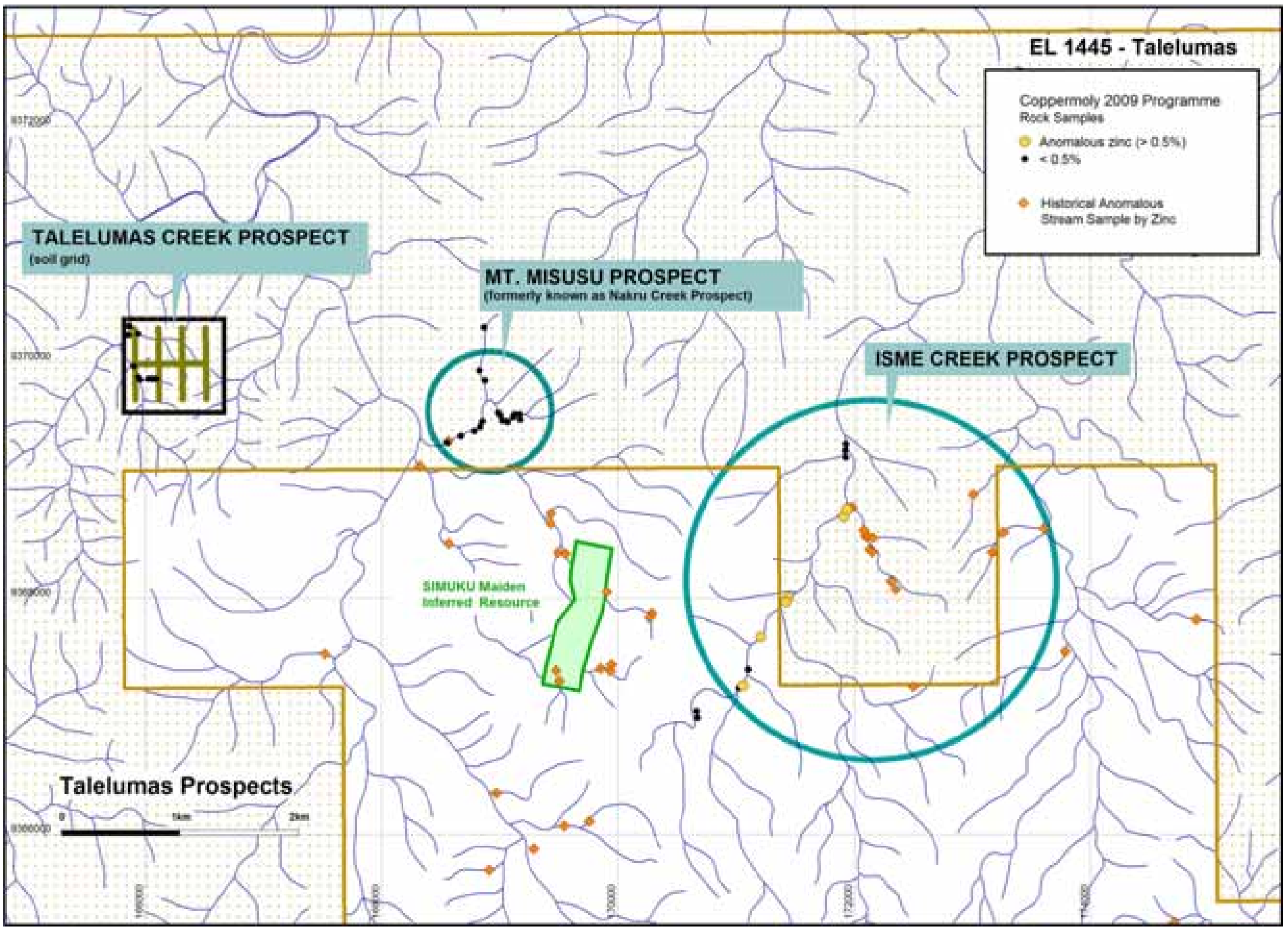


Figure 5: Prospects in the Talelumas Tenement

Historical rock samples at **Isme Creek** included 0.86% copper, 0.77 g/t gold, 0.74 g/t gold and 0.58 g/t gold. The prospect occurs as a zinc anomalous area approximately 2.3 kilometres long by 1.0 kilometre wide and is located on a major structural corridor, which traverses the island (refer to Figure 1). An individual outcrop sample collected by Coppermoly graded an exceptional 9.47 g/t gold, 552 g/t silver, 0.15% copper, 7.94% zinc and 7.05% lead. Thirteen rock samples were taken by Coppermoly at this Prospect with six assaying highly anomalous zinc (refer to Table 1).

These results present a promising area for ongoing exploration, particularly in light of last year's drilling at the Nakru Project where zinc and other base metals were encountered in higher grade semi-massive sulphide form. At Nakru-2 Prospect, historical outcrop samples in creeks obtained values up to 21% zinc. The first two holes drilled at Nakru-2 last year encountered significant base metal and precious metal mineralisation associated with semi-massive sulphide including 7 metres grading 3.36% copper, 2.0% zinc, 0.19g/t gold and 11g/t silver.

Previous explorers have paid little attention to high lead and zinc occurrences as they were more interested in copper and gold mineralisation in the Talelumas/Simuku area. This promising newly identified style of mineralisation at Isme Creek represents additional economic potential to the larger copper systems under evaluation.

Table 1: Isme Creek Prospect Rock Sample Assay Results

Sample Number	Gold (g/t)	Silver (g/t)	Copper (ppm)	Molybdenum (ppm)	Lead (%)	Zinc (%)
97287	<0.01	0.1	16	<1	-	67.000
97288	0.02	0.2	36	2	-	136.000
97289	0.04	0.5	240	<1	162.000	1,450.000
97290	**1.09**	**3.6**	**508**	**3**	**0.050**	**1.320**
97291	0.02	1.2	50	2	149.000	0.019
97292	**9.47**	**552.0**	**1,510**	**19**	**7.050**	**7.940**
97293	**0.27**	**5.8**	**346**	**4**	**0.637**	**8.010**
97294	**0.66**	**3.0**	**197**	**5**	**0.236**	**1.870**
97295	**0.40**	**3.6**	**352**	**30**	**0.056**	**1.560**
97296	**0.08**	**3.5**	**275**	**37**	**0/071**	**1.380**
97297	0.03	2.8	251	3	0.063	0.220
97298	0.06	1.9	124	3	0.103	0.307
97299	0.06	0.6	29	<1	-	0.043

At the **Mt. Misusu** copper-molybdenum Prospect, eight out of the eleven samples were anomalous in copper including 1.07% copper and 109 ppm molybdenum (refer to Table 2). These samples occur within a copper anomalous area of 850 metres by 500 metres where historical rock sample results of 7.89% copper and 0.85 g/t gold, 3.66% copper and 0.80 g/t gold were located. Further work is obviously required at Mt. Misusu to attempt to define a likely sub parallel porphyry mineralised system such as demonstrated at nearby Simuku.

Table 2: Mt. Misusu Prospect Rock Sample Assay Results

Sample Number	Gold (g/t)	Silver (g/t)	Copper (ppm)	Molybdenum (ppm)	Lead (ppm)	Zinc (ppm)
97260	0.03	0.2	645	26	19	40
97261	0.03	1.2	30	<1	29	280
97262	0.01	4.8	16	<1	155	563
97263	<0.01	0.2	15	<1	4	102
97264	<0.01	0.2	1,540	<1	45	267
97265	0.10	2.0	7,290	12	13	174
97266	0.08	1.2	7,390	34	2	84
97267	0.07	2.1	10,700	109	11	280
97268	0.05	0.8	4,300	102	10	246
97269	0.06	2.7	6,750	384	8	637
97270	0.03	0.6	435	4	11	107
97271	0.12	1.0	2,970	4	14	153
97272	0.03	0.4	837	1	24	36
97273	0.01	0.6	103	1	14	30
97274	0.09	1.0	618	12	8	17
97275	0.39	1.1	2,430	17	27	61
97276	0.02	0.5	853	<1	16	130
97277	0.10	0.3	1,050	4	53	133

THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

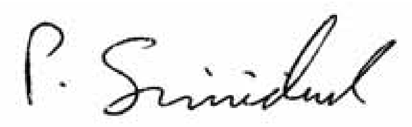
The Simuku, Nakru and Talelumas projects are located in an excellent geological environment and close to essential infrastructure including roads, an airfield and an operating deep water port at the provincial capital of Kimbe (Photo 1) which supports a growing palm oil industry. Access to our projects is via four wheel drive logging tracks (Photo 2). Access to Kimbe is from daily flights from Australia via the PNG capital of Port Moresby.

Photo 1: Kimbe Town and Port

Photo 2: Logging Track to Nakru

Topography throughout the project areas is moderate at between 300 metres and 800 metres above sea level, enabling relatively easy conditions for on-site development and logistics. Labour used for working on the projects is sought from local landowners who have a good working relationship with the Company.

On behalf of the board,



Peter Swiridiuk

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

Notes:

- *Copper Equivalent
  Mineralisation at Simuku consists of copper, molybdenum, gold and silver. Copper equivalent* is calculated as follows:

Metal (assay results) A				Metal Price 9 Dec 2008 B		Factors C		Value Calculation	Metal value US$
1	Copper	Cu	ppm	1.44	US$/lb	453.59	ppm/lb	1A x (1B/1C) =	M
2	Molybdenum	Mo	ppm	11.00	US$/lb	453.59	ppm/lb	2A x (2B/2C) =	N
3	Gold	Au	g/t	772.00	US$/oz	31.103	g/oz	3A x (3B/3C) =	O
4	Silver	Ag	g/t	10.00	US$/oz	31.103	g/oz	4A x (4B/4C) =	P
Sum of metal values								S	M+N+O+P
Metal equivalent in Copper ppm								**Cu. Eq**	**S / 1B x 1C**

- The copper equivalent* values for intersections are quoted in addition to individual metal values, as they provide the most meaningful comparisons between different drill holes and trenches. The copper equivalent value will vary with the metal prices.

- All stated intersections are weighted assay averages ([Sum of each total interval x grade] / Total length of intersection) with a cut-off of 0.1 g/t gold or 0.2% copper.

- Copper Equivalent* (Cu.Eq*) is the contained copper, molybdenum, gold and silver and that are converted to an equal amount of pure copper and summed (based on assays of mineralised rock and actual metal prices). It is used to allow interpretation of the possible theoretical 'value' of mineralised rock, without consideration of the ultimate extractability of any of the metals.

- Island Arc related porphyry copper – molybdenum - gold – silver deposits such as Simuku typically recover those metals subject to prevailing metal prices and metallurgical characteristics.

- The ASX requires a metallurgical recovery be specified for each metal, however, no testwork has ever been undertaken at Simuku and recoveries can only be assumed to be typical for Island Arc porphyry copper–molybdenum–gold–silver deposits.

- It is the Company's opinion that each of the elements included in the metal equivalents calculation has reasonable potential to be recovered if the project proceeds to mining.

- Drilling samples were transported to the camp site, logged, photographed and sampled at 2 metre intervals from core split by saw. The split samples are then transported to the town of Kimbe where they are air freighted to Intertek in Lae (PNG) for sample preparation. Samples are dried to 106 degrees C and crushed to 2-3 mm. Samples greater than 2kg are rifle split down to 1.5kg and pulverised to 75 microns. The final 300g sized pulp samples are then sent to Intertek laboratories in Jakarta for geochemical analysis. Intertek analyse for gold using a 50g Fire Assay with Atomic Absorption Spectroscopy finish. Other elements are assayed with ICPAES Finish. Copper values greater than 1000ppm are re-assayed using a multi acid digest (hydrochloric, nitric, perchloric and hydrofluoric acid) to leach out the copper with an ICP finish. Molybdenum samples greater than 100ppm were check assayed using X-Ray diffraction. Intertek laboratories have an ISO 17025 accreditation.

- Quality control and quality assurance checks on sampling and assaying quality are satisfactory.

- The reported mineral resource estimate has been rounded to appropriate significant figures.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Coppermoly Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2009.

DIRECTORS

The following persons were Directors of Coppermoly Ltd during the whole of the financial year and up to the date of this report:

R.D. McNeil
P. Swiridiuk
P.A. McNeil
D.S. Brynelsen

C.E. Iewago was appointed as a Director on 1 November 2008 and continues in office at the date of this report.

D.S. Hutchison was a Director from the beginning of the financial year until his resignation on 30 July 2008.

PRINCIPAL ACTIVITIES

The principal activities during the financial year of entities within the consolidated entity were exploration and evaluation of porphyry copper-molybdenum-gold projects in Papua New Guinea.

RESULTS AND DIVIDENDS

The consolidated entity loss from operating activities after income tax for the period was $3,934,553 (2008: $2,543,286). No dividend has been paid or recommended during the two years ended 30 June 2009.

The result of the consolidated entity was significantly affected by exploration expenditure of $2,992,225 (2008: $1,956,915) written off in accordance with company policy as outlined in Note 1.

REVIEW OF OPERATIONS

The Managing Director's Review of Operations and Activities is given on pages 2 to 10.

During the financial year;

(i) The consolidated entity funded ongoing exploration and evaluation work on its exploration areas, with particular emphasis on Simuku and Nakru projects in Papua New Guinea.

(ii) The Company increased its issued capital by $2,919 (2008: $8,720,126) after costs, from the issue of shares and options as detailed in notes 15(b) and 15(d) to the Financial Statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company raised a total of $535,136.90 by way of a Non-Renounceable Entitlements Issue in September 2009 details of which are disclosed at Note 19.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely future developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years are:-

- continuing exploration of the Mt Nakru and Simuku projects in Papua New Guinea;
- evaluation of new project initiatives which could meet corporate strategic guidelines;
- completion of a Rights Issue to raise an additional $2,050,382; and
- possible completion of a joint venture agreement to fund further exploration of the Mt Nakru and Simuku exploration licences.

ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation in respect of its mineral exploration and mining activities.

The entity has exploration tenements in Papua New Guinea. The entity is not aware of any breach of environmental regulations during or since the end of the financial year.

INFORMATION ON DIRECTORS

Particulars of Directors' interest in shares and options of Coppermoly Ltd

Director and Experience

Robert D. McNeil

Director and Experience	Special Responsibilities	Ordinary Shares	Options
Non-Executive Director and previously Chairman from July 2007 to November 2008.	N/A	1,181,000	396,500 Listed 1,000,000 Unlisted

(405,000 shares and 202,500 options acquired after balance sheet date)

Age 71. B.Sc., M.Sc. Mr McNeil has 50 years industry experience in Australia, Papua New Guinea, U.S.A., Indonesia, Thailand and other countries. He was formerly General Manager of Esso Papua New Guinea Inc. where he was based in Lae, Papua New Guinea for 6 years. Before this assignment he resided in the U.S.A. for 5 years and prior to that worked for several major and minor companies mainly in Australia. He has been associated with the discovery of several orebodies, specifically the Juno and Warrego orebodies at Tennant Creek by Peko in the 1960's.

During the last three years Mr McNeil has served as a Director of the following public listed companies:-

- Chairman, CEO and President of New Guinea Gold Corporation, a British Colombia company listed on the TSX Venture Exchange (Canada) (appointed 3rd May 1996).
- Non-Executive Chairman of Frontier Resources Ltd (ASX) (appointed 23rd January 2001).
- Non-Executive Chairman and Director of ASX listed Golden Tiger NL (appointed 2nd September 2004).
- Chairman of Macmin Silver Ltd (Subject to Deed of Company Arrangement) (ASX) (appointed 12th August 1992).

INFORMATION ON DIRECTORS (continued)

Director and Experience	Special Responsibilities	Ordinary Shares	Options
Peter Swiridiuk Managing Director since July 2007. Age 42. BSc (Hons), DipEd, MAIG. Mr Swiridiuk has over 19 years experience exploring for copper, gold and diamonds. He has spent over 13 years managing the exploration, discovery and resource definition for gold and copper deposits in Papua New Guinea, Solomon Islands, New Caledonia, Mexico, Middle East, Cyprus and Australia including a technical review of the Frieda River data in PNG. Mr Swiridiuk has also had extensive management experience of contractors on numerous deposits including the Hatta copper mine in Oman. He previously spent six years with DeBeers diamond services in their Research and Technical Services Division. This involved the management of contractors and data analysis to discover new diamond deposits including the Seppelt diamond deposit in Western Australia. He has written numerous independent technical geological reports on projects belonging to a number of different companies for the British Columbia Securities Commission (TSX-V). Mr Swiridiuk has not served as a Director of any other public listed companies during the last three years.	Member of Planning & Operations Committee.	320,000 (120,000 shares and 60,000 options acquired after balance sheet date)	110,000 Listed 1,000,000 Unlisted
Peter A. McNeil Non-Executive Director and Chairman from November 2008 and previously Non-Executive Director. Age 48. B.Sc., M.Sc. Mr McNeil has 27 years exploration experience in Papua New Guinea, U.S.A. and Australia including programs at the Lihir gold deposit and in the Goldfields and Kimberley regions of Western Australia and Tasmania. He has been associated with the discovery of a number of orebodies including Nimary and Sunrise Dam in Western Australia. During the last three years Mr McNeil has served as a Director of the following public listed companies:- ▪ Managing Director of Frontier Resources Ltd (ASX) (appointed 23rd January 2001). ▪ Non-Executive Director of New Guinea Gold Corporation (TSX-Venture) (appointed 3 May 1996). ▪ Non-Executive Director of Macmin Silver Ltd (ASX) (subject to Deed of Company Arrangement) from 28 October 1994 to 6 November 2008.	Member of Planning & Operations Committee. Member of Audit Committee.	15,000 (5,000 shares and 2,500 options acquired after balance sheet date)	5,000 Listed 500,000 Unlisted

Particulars of Directors' interest in shares and options of Coppermoly Ltd (Ordinary Shares, Options).

INFORMATION ON DIRECTORS (continued)

Director and Experience	Special Responsibilities	Ordinary Shares	Options
		Particulars of Directors' interest in shares and options of Coppermoly Ltd	
Dal Brynelsen			
Non-Executive Director since September 2007.	Member of Audit Committee	1,450,000	450,000 Listed 798,750 Unlisted
Age 62. Mr Brynelsen holds a Diploma in Urban Land Economics from the University of British Columbia and is a licensed real estate broker of the Real Estate Council of British Columbia. Mr Brynelsen has over 30 years of experience in the mining industry including the discovery, financing and bringing into production of two gold mines in Canada. He was a Founding Director of Griffin Mining NPL, being the first Western company to build a mine in China in 100 years. Griffin operates a zinc mine and has approximately 400 employees.		(450,000 shares and 225,000 options acquired after balance sheet date)	
During the last three years Mr Brynelsen has served as a Director of the following public listed companies:- ▪ President and Chief Executive Officer of Vangold Resources Ltd (TSX-Venture) (appointed September 1990). ▪ Founding Director of Griffin Mining NPL (AIM-London) (appointed January 2001). ▪ Director of Janina Resources Limited (TSX-IB) (appointed November 2007).			
Ces Iewago			
Non-Executive Director since November 2008.	N/A	390,000	130,000 Listed
Age 49. Mr Iewago is a citizen of Papua New Guinea. He holds a Master of Business Administration, is a Fellow of the Australian Institute of Company Directors and has over 20 years experience in the business banking, financial services and investments sectors in Papua New Guinea. Mr Iewago previously served as Managing Director of Public Officers Superannuation Fund. He was Country Director and General Manager of investment bank Merrill Lynch in Papua New Guinea (1997 to 2000) and was responsible for its corporate and retail business. He also held the position of Deputy Managing Director of Papua New Guinea's first merchant bank, Resources & Investment Finance Ltd (1990 to 1996) responsible for Marketing, Corporate Business and Portfolio Management. He is a Director of New Guinea Gold Corporation and a number of Papua New Guinea companies.		(130,000 shares and 65,000 options acquired after balance sheet date)	
During the last three years Mr Iewago has served as a Director of the following public listed companies:- ▪ Non-Executive Director of Frontier Resources Ltd (ASX) from 6 February 2008 to 27 October 2008. ▪ Non-Executive Director of New Guinea Gold Corporation (TSX-Venture) (appointed 5 December 2005).			

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Maurice J. Gannon

Maurice Gannon BSc, FCIS, AFAIM, MAICD, MAusIMM was appointed as Company Secretary on 30 July 2008. He holds a Bachelor of Science Degree, a Graduate Diploma in Applied Corporate Governance and a Business Management Certificate. He has a professional background in earth and environmental sciences and over twenty years experience in business and financial management.

Mr Gannon is a Fellow of the Australian Institute of Chartered Secretaries, an Associate Fellow of the Australian Institute of Management and is a member of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Company Directors and AMPLA – the Australian Resources and Energy Law Association.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each Director were:

	Directors' Meetings		**Audit Committee Meetings**		**Planning & Operations Committee Meetings**	
	A	B	A	B	A	B
Mr R.D. McNeil	5	5	*	*	4	2
Mr P. Swiridiuk	5	5	*	*	7	7
Mr P.A. McNeil	5	5	2	2	4	5
Mr D. Brynelsen	5	5	2	2	*	*
Mr D.S. Hutchison (resigned 30 Jul 2008)	1	1	*	*	*	*
Mr C.E. Iewago (appointed 1 Nov 2008)	3	3	*	*	*	*

A= Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
* = not a member of the relevant committee

REMUNERATION REPORT (Audited)

(a) Principles used to determine the nature and amount of remuneration (audited)

The following people were the Directors, executives and key management personnel of the Company during the period covered by this report:-

Name	Position	Period Position Held
R.D. McNeil	Non-Executive Director and Chairman Non-Executive Director	27 July 2007 – 18 November 2008 19 November 2008 - Current
P. Swiridiuk	Managing Director	27 July 2007 – Current
P.A. McNeil	Non-Executive Director Non-Executive Director and Chairman	25 September 2007 – 18 November 2008 19 November 2008 - Current
D. Hutchison	Executive Director	27 July 2007 - 30 July 2008
D. Brynelsen	Non-Executive Director	25 September 2007 - Current
C.E. Iewago	Non-Executive Director	1 November 2008 - Current
G.M. Edwards	Company Secretary	27 July 2007 - 30 July 2008
M. Gannon	Assistant Company Secretary and Financial Controller Company Secretary	14 March 2008 - 29 July 2008 30 July 2008 - Current
T. Smith	Exploration Manager (PNG)	29 February 2008 – 1 November 2008

Refer to section (b) for identification of the five highest remunerated executives of the Company and Group.

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Director and executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to shareholder growth
- provides a clear structure for earning rewards
- provides recognition for contribution

Relationship between remuneration and Company performance
During the past year, the Company (and the Consolidated Entity) has generated losses because it is still involved in exploration and not production.

Details of market price movements in the Company's ordinary share price for the two years ended 30 June 2009:

		2008	**2009**
Share price at year end	Cents	.090	0.055
TSR – year on year [1]	Per cent	N/A*	(38.8%)
Share price movement [2]	Per cent	N/A*	(38.8%)

* The Company's shares were listed in January 2008. Therefore market price movements for 2008 are not available because they would not be representative of a full twelve month period.

1. Total Shareholder return (TSR) – measured as the change in share price at the end of the year from opening share price.
2. TSR measured as change from 2008.

There were no dividends paid during the year ended 30 June 2009.

REMUNERATION REPORT (Audited) (continued)

Given that the remuneration is commercially reasonable, the link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company.

Share prices are subject to the influence of international metal prices and market sentiment toward the sector, and increases or decreases may occur quite independent of executive performance or remuneration.

Non-Executive Directors
Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees
The current base remuneration was last reviewed with effect from 18 November 2008. Directors' fees are inclusive of committee fees.

Retirement allowances for Directors
The Company provides no retirement allowances for Non-Executive Directors under service contracts.

Executive pay
The executive pay and reward framework has three components:

- base pay and benefits
- long-term incentives through Directors options (see note 20 to the Financial Statements), and
- other remuneration such as superannuation.

Options were issued to Directors in accordance with the Company's Prospectus dated 25 October 2007. These options are not subject to performance conditions except to the extent that they are cancellable, at the Board's discretion, if the Director ceases to hold office.

Options issued to Directors and Officers, in accordance with the Company's Prospectus dated 25 October 2007, vested at the date of issue.

The combination of these comprises the executive's total remuneration.

Base pay
Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts. Refer to section (c) for further details.

Benefits
Executives receive no benefits outside of the base pay, non-monetary benefits, options and superannuation disclosed in this report.

Retirement benefits
Other than the statutory superannuation contribution and superannuation paid by way of salary sacrifice, no retirement benefits are provided for executives.

Coppermoly Ltd Employee Incentive Option Plan
Information on the Coppermoly Ltd Employee Incentive Option Plan is set out in Note 21. Directors, including Executive Directors, may not participate in the Employee Incentive Option Plan.

Employee options are not performance related except to the extent that they are awarded at the discretion of the Board in recognition of performance. Options issued under the Plan vest one year after the date of issue. Therefore, allocation of options under the Plan is subject to the Board's assessment of individual performance and vesting of the options to the employee requires a further twelve months of satisfactory performance subsequent to the date of issue. Options may be cancelled at the discretion of the Board if an individual's performance is considered unsatisfactory or employment ceases.

The Coppermoly Ltd Employee Incentive Option Plan rules contain a restriction on removing the 'at risk' aspect of the options granted to employees. Participants in the Coppermoly Ltd Employee Incentive Option Plan may not enter into derivative transactions with third parties in regard to the options. The Plan does not include any limitation of risk for the option holders. All employees who are issued options under the Plan are given a full copy of the Plan rules.

REMUNERATION REPORT (Audited) (continued)

Options issued to Directors and Officers are not subject to the Terms and Conditions of The Employee Incentive Option Plan. Currently there is no term or condition applicable to these options which preclude the holder from limiting their exposure to risk in relation to the options. At the date of this report there are no options issued to Officers and all options issued to Directors are subject to escrow restrictions and are therefore not transferable. The Company is currently revising the Terms and Conditions of Directors' and Officers' Options to include explicit performance and limitation of risk criteria. If a Director ceases to hold office, either as a result of suspension or vacation of office, their options are cancellable, at the discretion of the remaining directors.

(b) Service Agreements (audited)

Remuneration and other terms of employment for the Executive Directors are formalised in service agreements. None of the Directors are eligible to participate in the Coppermoly Ltd Employee Incentive Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

P.A. McNeil, *Non-Executive Director and Chairman*
- Term of agreement – 1st October 2007 to 1st October 2010.
- Base salary, inclusive of superannuation, as at 30 June 2009 of $43,600 to be reviewed annually.

P. Swiridiuk, *Managing Director*
- Date of appointment– 1st October 2007 to 1st October 2010.
- Base salary, as at 30 June 2009 of $700 per day, to be reviewed annually by the remuneration committee.

R.D. McNeil, *Non-Executive Director*
- Term of agreement – 1st October 2007 to 1st October 2010.
- Base salary, inclusive of superannuation, as at 30 June 2009 of $21,800 to be reviewed annually by the remuneration committee.

D.S. Brynelsen, *Non-Executive Director*
- Term of agreement – 1st October 2007 to 1st October 2010.
- Base salary, as at 30 June 2009 of $20,000, to be reviewed annually.

D.S. Hutchison, *Executive Director (resigned 30 July 2008)*
- Term of agreement – 1st October 2007 to 1st October 2010.
- Base salary as at 30 June 2008 of $900 per day, to be reviewed annually.

C.E. Iewago, *Non-Executive Director*
- Term of agreement – 1st November 2008 to 1st November 2011.
- Base salary, as at 30 June 2009 of $20,000, to be reviewed annually.

G.M. Edwards, *Company Secretary (resigned 30 July 2008)*
- Fees for Mr Edward's services formed part of a commercial services agreement with Macmin Silver Limited (subject to Deed of Company Arrangement).

M. Gannon, *Company Secretary*
- Term of agreement – appointed 30th July 2008. 4 weeks written notice of termination required by either party.
- Base salary, inclusive of superannuation, as at 30 June 2009 of $114,450, to be reviewed annually.

Directors may give notice of resignation, effective at the time of receipt (which depends upon the means of delivery or transmission). Directors can be suspended from office by a majority of directors at a meeting of the Board called for that purpose.

REMUNERATION REPORT (Audited) (continued)

(c) Details of remuneration (audited)

Details of the nature and amount of each element of the emoluments of each key management personnel of the Company and the consolidated entity for the year ended 30 June 2009 and 30 June 2008 are set out in the following tables:

2009	Short-term employee benefits			Post Employment Benefits	Long-term Benefits		Share-based payments			
Name	Cash salary and fees $	Cash Bonus $	Non-Monetary benefits $	Super-annuation $	Long Service Leave $	Termin-ation Benefits $	Options* $	Total $	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
Directors										
R.D. McNeil	27,640	-	-	2,488	-	-	-	30,128	-	-
P. Swiridiuk^°	158,900	-	-	5,355	-	-	-	164,255	-	-
P.A. McNeil	32,359	-	-	2,912	-	-	-	35,271	-	-
D.S. Hutchison^# (from 1-30 July 2008)	15,750	-	-		-	-	-	15,750	-	-
D. Brynelsen	20,000	-	-		-	-	-	20,000	-	-
C. Iewago (from 1 Nov 2008)	13,333	-	-		-	-	-	13,333	-	-
Other key management personnel										
G. Edwards** (from 1-30 July 2008)	-	-	-	-	-	-	-	-	-	-
T. Smith^ (from 1 July 2008 - 1 November 2008)	50,000	-	-	4,500	-	27,212	-	81,712	-	-
M. Gannon^	98,167	-	-	8,835	-	-	-	107,002	-	-
D.S. Hutchison^ # (from 31 July – 4 November 2008)	26,100	-	-		-	-	-	26,100	-	-
Total	442,249	-	-	24,090	-	27,212	-	493,551		

2008	Short-term employee benefits			Post Employment Benefits	Long-term Benefits		Share-based payments			
Name	Cash salary and fees $	Cash Bonus $	Non-Monetary benefits $	Super-annuation $	Long Service Leave $	Termin-ation Benefits $	Options* $	Total $	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
Directors										
R.D. McNeil	16,667	-	-	1,500	-	-	60,000	78,167	-	77
P. Swiridiuk^	71,858	-	-	6,467	-	-	60,000	138,325	-	43
P.A. McNeil	8,333	-	-	750	-	-	30,000	39,083	-	77
D.S. Hutchison^	86,700	-	-	-	-	-	60,000	146,700	-	41
D. Brynelsen	8,333	-	-	-	-	-	30,000	38,333	-	78
Other key management personnel										
G. Edwards**	-	-	-	-	-	-	42,000	42,000	-	100
T. Smith^	50,000	-	-	4,500	-	-	3,750	58,250	-	6
M. Gannon^	30,779	-	-	6,917	-	-	2,500	40,196	-	6
L. Collar (to 23/6/08)^	37,274	-	-	8,070	-	-	2,500	47,844	-	5
Total	309,944	-	-	28,204	-	-	290,750	628,898		

REMUNERATION REPORT (Audited) (continued)

^These executives are/were the 5 highest paid executives of the Company and group.

*Option value calculation using Black-Scholes Model
** Fees for G.M. Edward's services formed part of a commercial services agreement with Macmin Silver Limited (subject to Deed of Company Arrangement).
# D.S. Hutchison was a Director for the period 1-30 July 2008 and a Contractor for the period 31 July to 4 November 2008.
° P. Swiridiuk was an employee for the period 1 July to 31 October 2008 during which time he received superannuation benefits. He was a Contractor for the period 1 November 2008 to 30 June 2009 and did not receive superannuation benefits for this period.

(d) Share-based Compensation (audited)

Options
Options are granted to Directors and Officers under conditions approved by the Directors at a meeting held on 22 October 2007. Options are granted to other key management personnel under the Coppermoly Ltd Employee Incentive Option Plan which was approved by the Directors by way of Written Resolution dated 17th October 2007. These options are not performance related except to the extent that they are issued at the discretion of the Board in recognition of performance. Employee and Directors' and Officers' options may be cancelled if employment ceases, at the discretion of the Board.

The terms of the Coppermoly Ltd Employee Incentive Option Plan as outlined in note 21 to the Financial Statements.

Options are granted under the Plan for no consideration. Options are granted for between 2-5 year periods.

The details of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Type of Options	Grant date	Expiry date	Exercise price	Value per option at grant date	% vested	% forfeited	Date exercisable
Directors	22 Oct 2007	22 Oct 2010	$0.30	$0.06	100	25	Between 22 Oct 2009 and 22 Oct 2010
Officers	22 Oct 2007	22 Oct 2010	$0.30	$0.06	100	100	Between 22 Oct 2008 and 22 Oct 2010
Employee	13 Mar 2008	13 Mar 2011	$0.25	$0.0125	28.6	71.4	Between 13 Mar 2009 and 13 Mar 2011

Options granted under the Plan carry no dividend or voting rights.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Coppermoly Ltd and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Coppermoly Ltd. Further information on the options is set out in note 21 to the Financial Statements.

Name	Number of Options granted during the year		Number of options vested during the year		Number of options forfeited during the year
	2009	2008	2009	2008	2009
Directors of Coppermoly Ltd					
R.D. McNeil	-	1,000,000	-	1,000,000	-
P. Swiridiuk	-	1,000,000	-	1,000,000	-
P. A. McNeil	-	500,000	-	500,000	-
D.S. Hutchison	-	1,000,000	-	1,000,000	1,000,000
D. Brynelsen	-	500,000	-	500,000	-
Other key management personnel of the Group					
G.M. Edwards	-	700,000	-	700,000	700,000
T. Smith	-	300,000	-	-	300,000
M. Gannon	-	200,000	200,000	-	-
L. Collar	-	200,000	-	-	200,000

Options were issued to Directors and to G.M. Edwards on 22 October 2007 pursuant to the Company's Prospectus.

The five Directors shown in the table above and G.M. Edwards are the key people involved in the exploration of the company's tenements prior to the Company's float and in the management of the float of the Company. The options were issued in recognition of and relative to their roles in the establishment of the Company.

REMUNERATION REPORT (Audited) (continued)

The options issued to T. Smith, M. Gannon and L. Collar on 13 March 2008 were proportional to the perceived relative importance of their contributions to the Company at that time. The services of T. Smith, L. Collar and G.M. Edwards have since ceased.

There has been only one grant of options to each of the above named people.

Options
The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

There were no options granted during the year ended 30 June 2009.

Shares provided on exercise of remuneration options
No shares were issued as a result of the exercise of options by Directors or employees.

Employee incentive option plan
None of the Directors of Coppermoly Ltd are eligible to participate in the Company's Employee Incentive Option Plan.

(e) Additional information
Share-based compensation: Options
There were no options granted during the year ended 30 June 2009.

END OF REMUNERATION REPORT (Audited)

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors of Coppermoly Ltd or the executives of the consolidated entity, including their personally-related entities.

SHARE OPTIONS GRANTED TO DIRECTORS AND THE MOST HIGHLY REMUNERATED OFFICERS

No options over unissued ordinary shares of Coppermoly Ltd were granted during or since the end of the financial year to any of the Directors or the most highly remunerated officers of the Company and consolidated entity as part of their remuneration.

SHARES UNDER OPTION

Unissued ordinary shares of Coppermoly Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
22 October 2007	22 October 2010	$0.30	3,000,000
22 January 2008	30 April 2011	$0.30	2,000,955
13 March 2008	13 March 2011	$0.25	1,700,000
19 June 2008	30 April 2011	$0.30	17,914,385
15 July 2008	30 April 2011	$0.30	2,589,437
15 September 2009	1 December 2011	$0.07	5,351,370
			32,556,147

No optionholder has any right under the options to participate in any other share issue of the Company or of any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Coppermoly Ltd were issued during the year ended 30 June 2009 on the exercise of options. No further shares have been issued from the exercise of options since that date. No amounts are unpaid on any of the shares.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the consolidated entity paid insurance premiums in respect of Directors' and Officers' legal expenses and liability insurance. The policies prohibit disclosure of details of the policies or the premiums paid. The consolidated entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an Officer or Auditor of the Company or any of its controlled entities against a liability incurred as such an Officer or Auditor.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (BDO Kendalls and Sinton Spence Chartered Accountants) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditors;

- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

	CONSOLIDATED 2009 $	2008 $
During the year the following fees were paid or payable for services provided by the auditors of the parent entity and subsidiary entity, its related practices and non-related audit firms.		
Assurance services		
1. Audit Services		
BDO Kendalls Australian firm:	31,457	14,000
Sinton Spence Chartered Accountants PNG Firm:	7,656	6,280
Total remuneration for audit services	39,113	20,280
2. Other Assurance Services		
BDO Kendalls Australian firm:	15,000	-
Sinton Spence Chartered Accountants PNG firm:	2,853	6,349
Total remuneration for other assurance services	17,853	6,349
Total remuneration for assurance services	56,966	26,629
Taxation Services		
BDO Kendalls Australian firm:	11,980	-
Sinton Spence Chartered Accountants PNG firm:	1,322	-
Total remuneration for taxation services	13,302	-

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

ROUNDING OF AMOUNTS

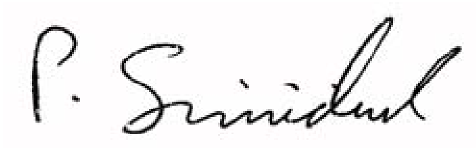
Amounts in the Directors' report have been rounded to the nearest dollar.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.



P. Swiridiuk
Managing Director

Bundall, Queensland
24 September 2009

AUDITORS' INDEPENDENCE DECLARATION

BDO Kendalls

BDO Kendalls (QLD)
Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

ABN 70 202 702 402

Declaration of Independence by Christopher Skelton to the Directors of Coppermoly Ltd.

As lead auditor for the audit of Coppermoly Ltd for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coppermoly Ltd and the entities it controlled during the period.

BDO Kendalls (QLD)

C.J. Skelton
Partner

Brisbane
24 September 2009

CORPORATE GOVERNANCE STATEMENT

For the period ended 30 June 2009

In accordance with the Australian Securities Exchange Corporate Governance Council's recommendations the Corporate Governance Statement must contain certain specific information and also report on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Corporate Governance Council's best practice recommendations are as follows:

1. Lay solid foundations for management and oversight.
2. Structure the Board to add value.
3. Promote ethical and responsible decision-making.
4. Safeguard integrity in financial reporting.
5. Make timely and balanced disclosure.
6. Respect the rights of shareholders.
7. Recognise and manage risk.
8. Remunerate fairly and responsibly.

This statement outlines the main Corporate Governance practices that were in place throughout the period, unless otherwise stated.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of Directors is accountable to shareholders for the performance of Coppermoly Ltd.

In carrying out its responsibilities the Board undertakes to serve the interests of shareholders, employees and the broader community honestly, fairly, diligently and in accordance with applicable laws.

The respective roles of the Board and Senior Executives are clearly defined.

The Board's responsibilities encompasses the following:

1. set the strategic direction of the Group and monitor Management's implementation of that strategy;
2. select and appoint and, if appropriate, remove from office, the Chief Executive Officer. Determine his/her conditions of service and monitor his/her performance against established objectives;
3. ratify the appointment and, if appropriate, the removal from office of the Chief Financial Officer and Company Secretary;
4. monitor financial outcomes and the integrity of reporting; in particular approve annual budgets and longer-term strategic and business plans;
5. set specific limits of authority for Management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;
6. ensure that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
7. monitor compliance with regulatory requirements, including continuous disclosure, and ethical standards;
8. review, on a regular basis, senior management succession planning and development; and
9. ensure effective and timely reporting to Shareholders.

The Board delegates to the Chief Executive Officer responsibility for implementing the strategic direction and for managing the day-to-day operations of the Group. The Chief Executive Officer consults with the Chairman, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, organisation structures that seek to provide an appropriate division of responsibility and the careful selection and training of qualified personnel.

The Board, particularly through the Planning and Operations Committee, sets the strategic direction of the Company with management and monitors management's implementation of strategy.

The Planning and Operations Committee consists of the Chairman, the Managing Director and the Company Secretary. It meets as regularly as possible (generally at least once every two months). The Committee evaluates past and proposed exploration activities, strategies and results, administration and capital expenditures.

Minutes of the Planning and Operations Committee meetings are copied to the Board.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The full Board determines the Board size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a minimum of three Directors and a maximum of nine. Given the Company's background, nature and size of its business and the current stage of its development, the Board is comprised of five Directors, four of whom are Non-Executive. The Board believes that this is both appropriate and acceptable at this stage for the Company's development.

The Chairperson, Mr P.A. McNeil is not independent, but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

The positions of Chairman and Managing Director are held by separate persons.

Succession planning for the Board is reviewed regularly by the full Board. In considering potential new Directors to commend to shareholders, the Board seeks to identify candidates with appropriate skills and experience to contribute to effective direction of the Company, who can exercise an independent and informed judgement on matters which come to the Board, and who are free of any business or other relationship that may interfere materially with the exercise of that independent judgement.

The Chairman and Deputy Chairman, if applicable, are elected by the full Board.

Role of Chairman

The Chairman presides over Board and General Meetings of the Company. He has the task of making sure the Board is well informed and effective; that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company.

The Chairman is responsible for ensuring that the meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for the Group.

He must ensure that General Meetings, too, are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

Among the Chairman's other responsibilities are:

1. To see that new Board members are well briefed and have access to information on all aspects of the Company's operations;
2. To be the Board's representative in dealings with Management ensuring that its views are communicated clearly and accurately;
3. To act as the primary counsellor to the Chief Executive Officer; and
4. To represent the views of the Board to the public, governments, etc on appropriate occasions.

Board Meetings

The Board meets formally at least 4 times a year (in addition to General Meetings of shareholders) and whenever necessary to deal with urgent matters which might arise between scheduled meetings.

Senior members of Management may be requested to attend Board Meetings to present reports on, or seek approvals within, their areas of responsibility. In certain circumstances, Board members may (a) request that aspects of a meeting be held 'in camera' and non directors will be requested to leave the meeting or (b) agree to hold a separate meeting involving Directors only or Non-Executive Directors only. Non-Executive Directors may meet without the Managing Director when discussing matters pertaining to his performance, salary review, CEO succession planning or other personal matters.

Directors' Independence

None of the Company's Directors are independent.

The Board reviews annually the independence of Directors having regard to ASX Corporate Governance Council Recommendation 2.1.

Materiality is determined on both quantitative and qualitative bases. An amount over 5% of annual turnover of the Company or Group or 5% of the individual Director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of their Director's independence.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the consolidated entity's expense. However, prior approval of the Chairman is required.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

All Directors, senior executives and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with customers, suppliers, advisors and regulators, competitors, the community and each other in each country where the consolidated entity operates.

The Company has established a Corporate Code of Conduct which is available at www.coppermoly.com.au or by contacting the registered office.

Dealings in Company Securities by Directors and Employees

The Company's securities trading policy for Directors and employees is available at www.coppermoly.com.au or by contacting the registered office.

The Company's securities trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Company's CEO and Chief Financial Officer report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Audit Committee

An Audit Committee has been established and is documented in a Charter which is approved by the Board of Directors and is available at www.coppermoly.com.au or by contacting the registered office. In accordance with this Charter, all members of the Committee must be Directors, executives of the Company or qualified consultants. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The members of the Audit Committee during the year were Messrs P.A. McNeil (Chairman), D. Brynelsen (Director) and M. Gannon, Company Secretary. Information on the qualifications of the Directors on the Audit Committee and attendance at Audit Committee meetings are contained in the Directors' Report.

The Audit Committee meets at least twice a year with the Company's External Auditor required to be in attendance.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure to ASX

The Company's Continuous Disclosure Policy is available at www.coppermoly.com.au or by contacting the registered office.

The Continuous Disclosure Policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Company's policy regarding Communication with Shareholders is available at www.coppermoly.com.au or by contacting the registered office.

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs.

All announcements and reports submitted to ASX are posted on the Company's website www.coppermoly.com.au.

The Company maintains an investor database to distribute significant announcements by email.

The Company's practice is to invite the auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board is responsible for the oversight of the Group's Risk Management Policy and Control Framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the CEO and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

The Company has a Risk Management Policy which is available at www.coppermoly.com.au or by contacting the registered office.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board considers that the Company is not currently of a size to justify the formation of a separate Remuneration Committee, therefore the Board as a whole, serves as a Remuneration Committee. The Company's Remuneration Policy is available at www.coppermoly.com.au or by contacting the registered office.

The broad Remuneration Policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components and incentives that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

Details of the Company's remuneration policies are contained in the Directors' Report.

ADOPTION OF ASX CORPORATE GOVERNANCE RECOMMENDATIONS

The Company has adopted the ASX Corporate Governance Principles and Recommendations for all or part of the period, as outlined in the Corporate Governance Statement, with the following exceptions:

Composition of the Board

Council Principle 2: Structure the Board to add value

Council Recommendation 2.1: A majority of the Board should be Independent Directors.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of Independent Non-Executive Directors.

Four Directors are Non-Executive Directors. These Non-Executive Directors are not Independent Directors in accordance with the Best Practice Recommendations.

The Board is of the opinion that each Director on the Board holds sufficient experience to make quality and independent judgments and decisions in their role as Director in the best interests of the Company on all relevant issues.

Further Independent Directors may be appointed depending upon the future acquisitions and growth of the Company.

Council Recommendation 2.2: The chair should be an Independent Director.

The Chairperson, Mr P.A. McNeil, is not considered independent under ASX guidelines but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an Independent Non-Executive Chairman.

Integrity of Financial Reporting

Council Principle 4: Safeguard integrity in financial reporting.

Council Recommendation 4.2: Structure the audit committee so that it consists of:

- only Non-Executive Directors;
- a majority of Independent Directors;
- an independent chairperson, who is not chairperson of the Board;
- at least three members.

The Audit Committee consists only of Non-Executive Directors, but does not have a majority of Independent Directors. The Board considers the mix of two Non-Executive Directors and the Company Secretary appropriate for the Company given the current size of the Company and the Board and role of the Committee.

Remuneration

Council Principle 8: Remunerate fairly and responsible

Council Recommendation 8.2: The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a separate Nomination Committee, therefore the Board as a whole, serves as a Nomination Committee. The Company’s Policy and Procedure for Nomination and Appointment of Directors is available at www.coppermoly.com.au or by contacting the registered office.

Where necessary, the Nomination Committee seeks advice of external advisors in connection with the suitability of applicants for Board membership.

Council Recommendation 8.2: Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executives.

The Non-Executive Directors should not receive options or bonus payments.

Non-Executive Directors have been issued options (although lesser amounts thereof) on the same terms and conditions as Executive Directors in accordance with the Company’s prospectus dated 25 October 2007.

The Board is of the view that all Directors have the potential to influence strategic direction and achievements of the Company for the benefit of shareholders and believe that the granting of options to Non-Executives is an appropriate method to potentially supplement Non-Executive Directors’ cash remuneration, which is kept relatively low (currently $20,000 p.a.) and to provide incentive without further use of cash while the Company is reliant upon shareholder funds to operate.

CONTENTS

This financial report covers both Coppermoly Ltd as an individual entity and the consolidated entity consisting of Coppermoly Ltd and subsidiaries. The financial report is presented in the Australian currency.

Coppermoly Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Coppermoly Ltd
Level 1
94 Bundall Road
Bundall Qld 4217

A description of the nature of the consolidated entity's operations and its principal activities is included in the Managing Director's review of operations and activities on pages 2 to 10 and in the Directors' Report on pages 11-23, both of which are not part of the financial report.

The financial report was authorised for issue by the Directors on 24 September 2009. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.coppermoly.com.au.

For queries in relation to our reporting please call +61 7 5592 2274 or e-mail mgannon@coppermoly.com.au.

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Revenue from continuing operations	4	148,912	194,061	147,222	194,061
Other income	4	-	178	-	-
		148,912	194,239	147,222	194,061
Depreciation		(179,171)	(18,353)	(10,620)	(4,121)
Employee benefits expense		(514,441)	(540,505)	(478,848)	(528,172)
Exploration expenditure	5, 11	(2,992,225)	(1,956,915)	-	-
Administration and insurances		(70,479)	(116,366)	(34,959)	(103,709)
Corporate compliance and shareholder relations		(100,300)	(31,776)	(88,852)	(20,411)
Office rental, communication and consumables		(33,403)	(13,093)	(33,132)	(12,859)
Other expenses		(193,446)	(60,517)	(121,432)	(57,553)
Provision for non-recovery of subsidiary loan		-	-	(3,221,247)	(2,103,540)
Profit / (Loss) before income tax		(3,934,553)	(2,543,286)	(3,841,868)	(2,636,304)
Income tax (expense)/credit	6	-	-	-	-
Net Profit / (Loss) for the year		(3,934,553)	(2,543,286)	(3,841,868)	(2,636,304)
		Cents	**Cents**		
Basic and diluted earnings / (loss) per share	24	(5.53)	(4.54)		

The above income statements should be read in conjunction with the accompanying notes.

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
BALANCE SHEETS
AS AT 30 JUNE 2009

		CONSOLIDATED		PARENT ENTITY	
	Notes	**2009**	**2008**	**2009**	**2008**
		$	**$**	**$**	**$**
ASSETS					
Current Assets					
Cash and cash equivalents	7	488,991	5,444,437	468,173	5,344,265
Trade and other receivables	8	111,855	75,092	28,518	17,629
Total Current Assets		600,846	5,519,529	496,691	5,361,894
Non-Current Assets					
Receivables	9	14,816	14,435	2,219,972	1,327,083
Property, plant and equipment	10	523,380	355,554	18,578	24,681
Mineral exploration and evaluation expenditure	11	1,642,413	1,392,470	-	-
Total Non-Current Assets		2,180,609	1,762,459	2,238,550	1,351,764
Total Assets		2,781,455	7,281,988	2,735,241	6,713,658
LIABILITIES					
Current Liabilities					
Trade and other payables	12	85,180	733,554	55,952	202,207
Provisions	13	21,147	38,943	10,348	4,110
Total Current Liabilities		106,327	772,497	66,300	206,317
Non-Current Liabilities					
Provisions	14	6,948	2,362	761	212
Total Non-Current Liabilities		6,948	2,362	761	212
Total Liabilities		113,275	774,859	67,061	206,529
Net Assets		2,668,180	6,507,129	2,668,180	6,507,129
EQUITY					
Parent entity interest					
Contributed equity	15	8,518,007	8,540,982	8,518,007	8,540,982
Reserves	16	628,012	509,433	628,345	602,451
Accumulated losses	16	(6,447,839)	(2,543,286)	(6,478,172)	(2,636,304)
Total Equity		2,668,180	6,507,129	2,668,180	6,507,129

The above balance sheets should be read in conjunction with the accompanying notes.

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Total equity at the beginning of the year		6,507,129	-	6,507,129	-
Costs of share issue		(22,975)	(1,402,839)	(22,975)	(1,402,839)
Foreign currency translation reserve differences		92,685	(93,018)	-	-
Total income and expense recognised for the year in equity		69,710	(1,495,857)	(22,975)	(1,402,839)
Profit / (Loss) for the year		(3,934,553)	(2,543,286)	(3,841,868)	(2,636,304)
Total income and expense for the year		(3,864,843)	(4,039,143)	(3,864,843)	(4,039,143)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity	15	-	9,943,821	-	9,943,821
Share options	16	25,894	179,144	25,894	179,144
Share based payments expense	16	-	423,307	-	423,307
		25,894	10,546,272	25,894	10,546,272
Total equity at the end of the year		2,668,180	6,507,129	2,668,180	6,507,129

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

COPPERMOLY LTD & ITS CONTROLLED ENTITIES
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Cash Flows from Operating Activities					
Cash receipts in the course of operations (incl. GST)		1,617	-	-	-
Interest received		147,222	194,061	147,222	194,061
Payments to suppliers and employees not included as part of exploration and evaluation activities below (incl. GST)		(1,092,408)	(549,291)	(885,040)	(404,159)
Goods and Services Tax refunded		184,483	1,858	123,620	18,766
Net cash inflow (outflow) from operating activities	26(a)	(759,086)	(353,372)	(614,198)	(191,332)
Cash Flows From Investing Activities					
Exploration and evaluation activities	26(b)	(3,848,115)	(1,281,002)	-	-
Security deposits recovered /(paid)		1,897	(14,435)	-	(2,640)
Payments for property, plant and equipment		(394,892)	(359,973)	(6,172)	(29,153)
Proceeds from sale of property, plant and equipment		10,551	225	1,140	-
Funding activities of subsidiaries		-	-	(4,264,045)	(1,885,604)
Net cash (outflow) inflow from investing activities		(4,230,559)	(1,655,185)	(4,269,077)	(1,917,397)
Cash Flows From Financing Activities					
Net cash proceeds from the issue of shares		7,533	7,452,644	7,533	7,452,644
Cash proceeds from share subscription money held pending issue of shares		(350)	350	(350)	350
Net cash inflow (outflow) from financing activities		7,183	7,452,994	7,183	7,452,994
Net increase in cash and cash equivalents		(4,982,462)	5,444,437	(4,876,092)	5,344,265
Cash and cash equivalents at the beginning of the financial year		5,444,437	-	5,344,265	-
Exchange difference on cash		27,016	-	-	-
Cash and cash equivalents at the end of the financial year	7	488,991	5,444,437	468,173	5,344,265

The above cash flow statements should be read in conjunction with the accompanying notes.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the period, unless otherwise stated. The financial report includes separate financial statements for Coppermoly Ltd as an individual entity and the consolidated entity consisting of Coppermoly Ltd and its controlled entities.

The ultimate parent entity Coppermoly Ltd, is a public, listed company, incorporated and domiciled in Australia and having its registered address and principal place of business at Level 1, 94 Bundall Rd, Bundall, Queensland.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001.*

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Coppermoly Ltd comply with International Financial Reporting Standards (IFRS).

This financial report includes the consolidated financial statements and notes of Coppermoly Ltd and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Coppermoly Ltd as an individual parent entity ('Parent Entity').

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements have been prepared on the going concern basis. The financial report has also been prepared on a historical cost basis. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell. As at 30 June 2009 the Group had net assets of $2,668,180 (2008: $6,507,129) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2009 the Company had $488,991 (2008: $5,444,437) in cash and cash equivalents. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation through the development of mines will depend on raising necessary funding. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2009. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the exploitation of areas of interest not be successful or the company not continue as a going concern. At the date of this report the Company is in the process of completing a Rights Issue to raise $2,050,382 and is discussing joint venture possibilities with interested parties to fund further exploration of the Mt Nakru and Simuku exploration licences. Therefore the Directors are of the view that the Company will continue as a going concern.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The financial report has been prepared on an accruals basis under the historical cost convention.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Coppermoly Ltd ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the period then ended. Coppermoly Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollars, which is Coppermoly Ltd’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of Copper Quest PNG Ltd which has a functional currency of PNG Kina are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(i) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

The income tax expense shown in the income statement is based on the profit before income tax adjusted for any non tax deductible, or non assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. These differences are presently assessed at 30%.

Deferred tax assets are only brought to account if it is probable that future taxable amounts will be available to utilise those temporary differences. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the organisation will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit an income tax benefit to be obtained.

(g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement as part of other expenses.

(j) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Investments and other financial assets are initially stated at cost, being the fair value of consideration given plus any directly attributable transaction costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (notes 8 and 9).

Loans and receivables are measured at amortised cost using effective interest method less any impairment losses.

(ii) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying values of financial assets and liabilities are assumed to approximate their fair values due to their short-term nature.

(l) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Items of property, plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required. Expected useful lives are: Plant and Equipment between 4 years and 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave is expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Coppermoly Ltd Employee Incentive Option Plan. Information relating to this Plan is set out in note 21.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Diluted earnings per share

Potential shares as a result of options outstanding at the end of the period are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

(r) Mineral exploration and evaluation expenditure

The Company has adopted a policy of writing off exploration and evaluation expenditure at the end of the period in which it is incurred, unless a mineral resource has been estimated for the area of interest.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the consolidated entity.

Costs arising from exploration and evaluation activities are written-off where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of any exploration and evaluation costs carried forward is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

(s) Accounting standards and interpretations

Certain new accounting standards and Australian interpretations have been published that are not mandatory for 30 June 2009 reporting periods. Coppermoly's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. Coppermoly has not adopted the standard early. AASB 8 may result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The timing of the adoption of this standard has not been determined. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123

Revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This will not impact Coppermoly because the current accounting policy is for all borrowing costs relating to qualifying assets to be capitalised.

(iii) AASB 3 (reissued March 2008;) Business Combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later

Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.

As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) AASB 2008-1 (issued February 2008); Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations

The definition of *vesting conditions* has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share-based payment expense and are treated in a manner similar to market conditions.

To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

(v) AASB 101 (revised September 2007) Presentation of Financial Statements

Amendments to presentation and the naming of the financial statements.

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.

(vi) AASB 2009-2 (issued April 2009) Amendments to Australian Accounting Standards –Improving Disclosures about Financial Instruments

Requires additional disclosures about financial instrument fair values and liquidity risk.

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

NOTE 2 FINANCIAL RISK MANAGEMENT

Risk management has focused on limiting debt to a level which could be extinguished by sale of assets or issue of securities if necessary.

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and foreign exchange risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The entity does not have any material exposure to market risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure in the PNG Kina.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

The Group currently has no material foreign exchange risk, however such risk may arise in future when mine production begins and product may be sold internationally. The policy of the Group for managing foreign exchange risk is to continuously monitor exchange risk. It is the Group's policy not to use hedging. As at reporting date the Group has not started production activity and accordingly has minimal exposure to this risk.

(ii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the entity.

Credit risk arises principally from receivables including inter company loans.

The objective of the entity is to minimise risk of loss from credit risk exposure.

The entity has established a number of policies and processes to manage credit risk. These include:

- Credit assessment and approval policies
- Credit limits
- Review of aging
- Follow-up procedures
- Debt recovery procedures
- External credit ratings, references, guarantees or indemnities
- Collateral / security
- Retention of title clauses

The entity's maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the Balance Sheet.

The Group has no significant concentrations of credit risk. No amounts owing to the Group are past due and none are impaired. The parent entity has made an impairment adjustment for amounts due from the controlled entity (refer Note 9).

(c) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The entity has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring:
  - actual and daily cashflows and longer-term forecasted cashflows
  - the maturity profiles of financial assets and liabilities in order to match inflows and outflows
  - financial assets held for which there is a liquid market and that are readily saleable
  - financial assets held for which there is not a liquid market, but which are expected to generate cash inflows that are available to meet cash outflows
- Maintaining adequate reserves and support facilities (eg related parties)
- Maintaining adequate borrowing facilities (eg unused credit or overdraft facilities)
- Monitoring liquidity ratios (working capital)
- Liabilities are usually paid later than contractual cashflow in accordance with usual industry practice.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the lack of material revenue, the Group aims to maintain adequate reserves of liquidity. The Group's objective is to obtain maximum investment returns whilst maintaining maximum security.

The Company's practice is to maintain funds, other than those required for working capital, on term deposits with major financial institutions.

Other cash is held in an interest bearing bank account and funds are transferred to operating cheque accounts on the basis of forecast operating requirements.

Liquidity risk is measured using liquidity ratios such as working capital.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Summary quantitative data

	2009	2008
Current assets	$600,846	$5,519,529
Current liabilities	$106,327	$772,497
Surplus / (deficit)	$494,519	$4,747,032

Maturity analysis

Financial liabilities have differing maturity profiles depending on the contractual term and in the case of borrowings, different repayment amounts and frequency. The table shows the period in which recognised and unrecognised financial liability balance will be paid based on the remaining period to repayment date assuming contractual repayments are maintained. Contractual cashflows are at undiscounted values (including future interest expected to be paid). Accordingly these values may not agree to carrying amount.

CONSOLIDATED

	Carrying amount	Contract cashflow	Within 1 year	1-2 years
Trade and other payables	$85,180	-	$85,180	-
Commitments	-	$386,580	$265,169	$121,411

PARENT

	Carrying amount	Contract cashflow	Within 1 year	1-2 years
Trade and other payables	$55,952	-	$55,952	-
Commitments	-	$54,912	$29,952	$24,960

(d) Cash flow and fair value interest rate risk

Interest rate risk arises principally for cash and cash equivalents.

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future. The policy of the Group is to continuously monitor interest rate risk exposures during the period balances are held and to alter the balance of fixed and floating rate deposits as considered appropriate.

(e) Commodity price risk

As the Company is not currently engaged in mining and sale of commodities there is no exposure to this risk.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future when preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. Information about key estimates, assumptions and judgements are described in the following notes:
Note 1(a) - going concern assessment
Note 1(j) - impairment of receivables
Note 1(r) - mineral explorations and evaluation expenditure
Note 21 - the measurement of share based payments

Estimates and assumptions are reviewed on an ongoing basis.

(a) Critical judgements in applying the entity's accounting policies

No judgements made in applying the entity's accounting policies are considered critical to the extent that they would be likely to cause a material adjustment within the next financial year.

NOTE 4 REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Revenue from Continuing Operations				
Interest received – unrelated parties	147,222	194,061	147,222	194,061
Other	1,690	-	-	-
	148,912	194,061	147,222	194,061
Other Income				
Net gain on disposal of property, plant and equipment	-	178	-	-
	-	178		-

NOTE 5 EXPENSES

Loss before income tax includes the following specific expenses:

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Depreciation	179,171	18,703	10,620	4,471
Less depreciation capitalised	-	350	-	350
	179,171	18,353	10,620	4,121
Provision for non-recovery of subsidiary loan (significant item)	-	-	3,221,247	2,103,540
Exploration expenditure				
EL 1043 Mt Nakru	1,168,906	348,530	-	-
EL 1077 Simuku	1,799,290	1,607,605	-	-
EL 1445 Talelumas	24,029	780	-	-
	2,992,225	1,956,915	-	-
Net loss on disposal of property, plant and equipment	61,962	-	618	-
Rental expenses on operating leases	21,096	4,800	21,096	4,800
Defined contribution superannuation expense	69,988	35,320	39,962	26,124

NOTE 6 INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2009 $	**2008 $**	**2009 $**	**2008 $**
(a) The prima facie tax on loss before income tax is reconciled to the income tax provided in the financial report as follows:				
Prima facie tax payable on profit / (loss) before income tax at 30% (2008: 30%)	(1,180,366)	(762,986)	(1,152,560)	(790,891)
Add tax effect of:				
Other non-deductible items	-	1,884	-	1,884
Deferred tax not recognised on current year loss	1,345,899	1,154,109	267,624	147,419
Share based payments	-	90,975	-	90,975
Timing differences relating to deferred tax assets	(5,001)	17,929	970,485	634,783
Less tax effect of:				
Timing differences on deferred tax assets recognised in equity	85,549	84,170	85,549	84,170
Timing differences relating to deferred tax liabilities	74,983	417,741	-	-
Income tax expense / (benefit) attributable to profit before income tax	-	-	-	-

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in the Balance Sheet for the following items:

Unused tax losses	2,500,008	1,154,109	416,864	147,419
Deductible temporary differences	270,954	354,611	1,863,294	971,465
Potential benefit at 30% (2008: 30%)	2,770,962	1,508,720	2,280,158	1,118,884

There is no expiry date on the future deductibility of unused tax losses.

This benefit for tax losses will only be obtained if:
- assessable income of a nature and of an amount sufficient to enable the benefit to be realised is derived; and
- conditions for deductibility imposed by law continue to be complied with; and
- no changes in tax legislation adversely affect the ability in realising the benefit.

(c) Unrecognised deferred tax liabilities

Deferred tax liabilities have not been recognised in the Balance Sheet for the following items:

Assessable temporary differences	492,724	417,741	-	-
Unrecognised deferred tax liabilities relating to the above temporary differences at 30% (2008: 30%)	492,724	417,741	-	-

NOTE 7 CURRENT ASSETS: CASH & CASH EQUIVALENTS

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Cash at bank and on hand	488,991	831,215	468,173	731,043
Deposits at call	-	4,613,222	-	4,613,222
	488,991	5,444,437	468,173	5,344,265

The cash at bank earns floating interest at between 2.75% and 7.05% (2008: 6.0% - 7.05%).

There are no deposits in 2009 (2008: 4,613,222).

NOTE 8 CURRENT ASSETS: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Related party receivables (Note 18)	53,886	-	-	-
Other receivables	11,118	40,488	-	629
Prepayments	46,851	34,604	28,518	17,000
	111,855	75,092	28,518	17,629

NOTE 9 NON-CURRENT ASSETS: RECEIVABLES

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Deposits – tenements and premises	14,816	14,435	2,640	2,640
Loans to controlled entities	-	-	7,542,119	3,427,983
Less provision for non-recovery	-	-	(5,324,786)	(2,103,540)
	14,816	14,435	2,219,972	1,327,083

NOTE 10 NON CURRENT ASSETS: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Plant and Equipment				
Plant and equipment at cost	689,601	374,200	32,132	29,152
Less accumulated depreciation	(166,221)	(18,646)	(13,554)	(4,471)
	523,380	355,554	18,578	24,681

Reconciliation
Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial year are set out below:

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Carrying amount at the beginning of the financial year	355,554	-	24,681	-
Additions	345,037	374,247	6,172	29,152
Disposals	(67,826)	(47)	(1,655)	-
Depreciation expense	(168,774)	(18,646)	(10,620)	(4,471)
Foreign currency exchange differences	59,389	-	-	-
Carrying amount at the end of the financial year	523,380	355,554	18,578	24,681

NOTE 11 MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Balance at the beginning of the financial year	1,392,470	-	-	-
Expenditure during the period	2,992,225	1,956,915	-	-
Acquired by issue of shares	-	1,392,470	-	-
Amounts written off during the period	(2,992,225)	(1,956,915)	-	-
Foreign currency exchange differences	249,943	-	-	-
Balance at the end of the financial year	1,642,413	1,392,470	-	-

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest.

NOTE 12 CURRENT LIABILITIES: TRADE AND OTHER PAYABLES

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Unsecured:				
Trade creditors	47,458	328,611	27,547	109,955
Other creditors	37,722	404,943	28,405	92,252
	85,180	733,554	55,952	202,207

NOTE 13 CURRENT LIABILITIES: PROVISIONS

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Annual leave and field break	21,147	38,943	10,348	4,110
	21,147	38,943	10,348	4,110

NOTE 14 NON-CURRENT LIABILITIES: PROVISIONS

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Long Service Leave	6,948	2,362	761	212
	6,948	2,362	761	212

NOTE 15 CONTRIBUTED EQUITY

	PARENT ENTITY 2009 Shares	PARENT ENTITY 2008 Shares	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
(a) Paid Up Capital				
Ordinary shares – fully paid – no par value	82,015,288	82,015,288	8,518,007	8,540,982

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

NOTE 15 CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of Shares	Issue Price $	$
27 Jul 2007	Opening Balance		-	-	-
12 Oct 2007	Acquisition of Copper Quest PNG Ltd from New Guinea Gold Corporation, Canada		1	-	-
19 Oct 2007	Seed Capital Issue		10,000,000	0.05	500,000
31 Dec 2007	Shares issued to Pacific Kanon Gold Corporation for termination of the Nakru Joint Venture*		10,526,316	0.036	378,947
31 Dec 2007	Shares issued to New Guinea Gold Corporation for transfer of EL1043 and EL1077*		29,473,683	0.036	1,061,052
31 Jan 2008	Initial Private Offerings subscriptions		32,015,288	0.25	8,003,822
	Less costs of raising capital		-	-	(1,402,839)
30 June 2008	Balance		82,015,288		8,540,982
	Less costs of raising capital		-		(22,975)
30 June 2009	Balance		82,015,288		8,518,007

*The issue of these shares, in accordance with the Company's Prospectus dated 25 October 2007, in effect, resulted in the acquisition of the Mt Nakru and Simuku exploration licences by Coppermoly Ltd through its subsidiary Copper Quest PNG Ltd.

(c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Parent comprising issued capital, reserves and retained earnings.

The Group reviews the capital structure on an on-going basis with consideration to the cost of capital and the risks associated with each class of capital.

(d) Options

	No. of Options 2009	No. of Options 2008
The number of unissued ordinary shares relating to options not exercised at year end:		
Over shares in the Parent Entity:		
Directors' Options exercisable at 30 cents, expiry 22 October 2010	3,000,000	4,000,000
Officers' Options exercisable at 30 cents, expiry 22 October 2010	-	700,000
Brokers' Options exercisable at 30 cents, expiry 30 April 2011	2,000,955	2,000,955
Employee Options exercisable at 25 cents, expiry 13 March 2011	700,000	700,000
Consultants' Options exercisable at 25 cents, expiry 13 March 2011	1,000,000	1,000,000
Listed Options exercisable at 30 cents on or before 30 April 2011	20,503,822	17,914,385
	27,204,777	26,315,340

(e) Option Issues/Cancellations

Date	Details	Number of Options	Exercise Price	Expiry Date
Opening balance		26,315,340		
15 July 2008	Listed Options	2,589,437	$0.30	30 Apr 2011
15 December 2008	Directors and Officers Options (cancellation)	(1,700,000)		
30 June 2009	Balance	27,204,777		

(f) Option Exercise

No options were exercised during the financial year (2008: Nil).

NOTE 15 CONTRIBUTED EQUITY (continued)

(g) Option Expiry

No options expired during the financial year. (2008: Nil).

NOTE 16 RESERVES AND ACCUMULATED LOSSES

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
(a) Reserves				
Share-based payments reserve	423,307	423,307	423,307	423,307
Share option reserve	205,038	179,144	205,038	179,144
Foreign currency translation reserve	(333)	(93,018)	-	-
	628,012	509,433	628,345	602,451
Movements:				
Share-based payments reserve				
Balance at the beginning of the financial year	423,307	-	423,307	-
Option expense	-	423,307	-	423,307
Transfer to share capital (options exercised)	-	-	-	-
Balance at the end of the financial year	423,307	423,307	423,307	423,307
Share option reserve				
Balance at the beginning of the financial year	179,144	-	179,144	-
Options issued	25,894	179,144	25,894	179,144
Balance at the end of the financial year	205,038	179,144	205,038	179,144
Foreign Currency Translation Reserve				
Balance at the beginning of the financial year	(93,018)	-	-	-
Currency translation difference arising during the year	92,685	(93,018)	-	-
Balance at the end of the financial year	(333)	(93,018)		-
(b) Accumulated losses				
Movements in accumulated losses were as follows:				
Balance at the beginning of the financial year	(2,543,286)	-	(2,636,304)	-
Net Profit / (Loss) for the year	(3,934,553)	(2,543,286)	(3,841,868)	(2,636,304)
Balance at the end of the financial year	(6,477,839)	(2,543,286)	(6,478,172)	(2,636,304)

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued as part of remuneration but not exercised.

(ii) Share Option Reserve

Represents the issue of 20,503,822 (2008: 17,914,385) listed options at $0.01 per option.

(iii) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

NOTE 17 COMMITMENTS

	CONSOLIDATED		PARENT ENTITY	
	2009 $	2008 $	2009 $	2008 $
(a) Exploration Expenditure Commitments				
In order to maintain rights of tenure to exploration tenements the Company and the consolidated entity are required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.				
Outstanding obligations are not provided for in the accounts and are payable:				
Not later than 1 year	235,217	81,956	-	-
Later than 1 year but not later than 2 years	96,451	19,521	-	-
	331,668	101,477	-	-
(b) Other Operating Commitments				
Future property, equipment hire, service and exploration drilling agreements not provided for in the financial statements and payable:				
Not later than 1 year	29,952	1,004,749	29,952	747,752
Later than 1 year but not later than 2 years	24,960	270,252	24,960	270,252
	54,912	1,275,001	54,912	1,018,004

NOTE 18 RELATED PARTY TRANSACTIONS

(i) Coppermoly Ltd shares its Head Office facilities and services with New Guinea Gold Ltd. The two companies share accounting, administration and geological services. Some personnel costs may be intercharged between the two companies on a cost-recovery basis and generally on an as needed project specific basis. New Guinea Gold Ltd's parent company, New Guinea Gold Corporation, holds 46.667% of the ordinary shares of, and has two Directors in common with, Coppermoly Ltd (Peter A. McNeil and Robert D. McNeil).

(ii) Copper Quest (PNG) Ltd purchased two drill rigs and ancillary equipment in November 2008 for a total consideration of Papua New Guinea Kina 415,000 ($250,000) from Frontier Resources Ltd. The equipment purchase was negotiated under normal commercial terms and conditions and was approved by the full Board of Directors of Coppermoly Ltd with Peter A. McNeil and Robert D. McNeil abstaining from the discussion and approval process. Peter A. McNeil is Chairman of Coppermoly Ltd and Managing Director of Frontier Resources Ltd and Robert D. McNeil is a Director of Coppermoly Ltd and Chairman of Frontier Resources Ltd.

(iii) Coppermoly Ltd has engaged Exploration & Management Consultants Pty Ltd (EMC) a company owned by Peter A. McNeil, for geological consulting services on an as-needed, commercial basis. The Company paid EMC a total of $6,000 in financial year 2009 ($910 in financial year 2008) for these services.

The above transactions were made on normal terms and conditions and at market rates.

Other Operating Commitments as shown in Note 17(b) include the following estimated amounts that will be payable to related companies for services to be provided:

	CONSOLIDATED		PARENT ENTITY	
	2009 $	2008 $	2009 $	2008 $
Not later than 1 year				
Service Agreement with Macmin Silver Limited (Subject to Deed of Company Arrangement)	-	270,252	-	270,252
Drilling contract with Frontier Resources Limited	-	453,500	-	453,500
Later than 1 year but not later than 2 years				
Services Agreement with Macmin Silver Limited (Subject to Deed of Company Arrangement)	-	270,252	-	270,252
	-	994,004	-	994,004

The wholly-owned group and the consolidated entity consist of Coppermoly Ltd and its wholly-owned subsidiary, Copper Quest PNG Ltd. Copper Quest PNG Ltd is incorporated in and operates in Papua New Guinea. The ultimate parent entity in the wholly-owned group and the consolidated entity is Coppermoly Ltd. Coppermoly Ltd funds the exploration activities of its wholly owned subsidiary, Copper Quest PNG Ltd.

NOTE 18 RELATED PARTY TRANSACTIONS (continued)

Transactions between Coppermoly Ltd and its subsidiary during the year ended 30 June 2009 consisted of loan funds of $4,114,136 (2008: $3,427,983) advanced by Coppermoly Ltd. Coppermoly Ltd has made provision for the non-recovery of $5,324,786 (2008: $2,103,450) provided to Copper Quest PNG Ltd. This amount represents the difference between the funds provided to-date and the net assets of Copper Quest PNG Ltd at 30 June 2009. This loan is not secured, Copper Quest PNG Ltd is a wholly owned subsidiary.

During the period from approximately January to September 2009 the Company has provided administrative, logistic and geological services to a New Guinea Gold Limited and Kanon Resources Limited joint venture (Mt. Penck). As a result, as at 30 June 2009, an amount of $53,886 was receivable from New Guinea Gold Limited. This receivable is not secured and is expected to be settled in cash.

Macmin Silver Limited was placed into Administration (Subject to a Deed of Company Arrangement) on 3 November 2008. Therefore the Provision of Services Agreement between the Company and Macmin Silver Limited and the commitments thereunder have ceased.

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced by Coppermoly Ltd and no interest has been charged.

NOTE 19 EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 4 August 2009 the Company lodged with ASX and ASIC a Prospectus for a 1 for 2 Non-renounceable Entitlements Issue at 5 cents per share with half a free attaching option (7 cent, expiry 1 December 2011) for each share purchased. The Entitlements Issue closed on 8 September 2009 and 10,702,738 shares and 5,351,370 free attaching options were allotted raising a total of $535,136.90. The shares and options were issued on 15 September 2009.

NOTE 20 KEY MANAGEMENT PERSONNEL DISCLOSURES

	CONSOLIDATED		PARENT ENTITY	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Short-term employee benefits	442,249	309,944	392,250	226,670
Post-employment benefits	24,090	28,204	19,590	15,633
Termination benefits	27,212	-	-	-
Share-based payments	-	290,750	-	284,500
	493,551	628,898	411,840	526,803

(a) Equity Instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options over ordinary shares in the Company provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 16 to 21 and in note 21 on pages 53 to 56.

(ii) Option holdings
The numbers of options over ordinary shares in the Company held during the financial year by key management personnel of the consolidated entity, including their personally-related entities, are set out below.

2009 **Name**	**Balance at the start of the year**	**Granted during the year as compensation**	**Exercised during the year**	**Other changes during the year**	**Balance at the end of the year**	**Vested and exercisable at the end of the year**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Directors of Coppermoly Ltd						
R.D. McNeil	1,194,000	-	-	25,000	1,219,000	1,219,000
P. Swiridiuk	1,050,000	-	-	-	1,050,000	1,050,000
P.A. McNeil	966,750	-	-	-	966,750	966,750
D.S. Hutchison	1,085,000	-	-	(1,000,000)	85,000	85,000
D. Brynelsen	775,000	-	-	298,750	1,073,750	1,073,750
C. Iewago	62,500	-	-	2,500	65,000	65,000

NOTE 20 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2009 Name	Balance at the start of the year Number	Granted during the year as compensation Number	Exercised during the year Number	Other changes during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
Other key management personnel of the Group						
G.M. Edwards	800,000	-	-	(700,000)	100,000	100,000
T. Smith	300,000	-	-	(300,000)	-	-
M. Gannon	225,000	-	-	-	225,000	225,000
L. Collar	200,000	-	-	(200,000)	-	-

2008 Name	Balance at the start of the year Number	Granted during the year as compensation Number	Exercised during the year Number	Other changes during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
Directors of Coppermoly Ltd						
R.D. McNeil	-	1,000,000	-	194,000	1,194,000	1,194,000
P. Swiridiuk	-	1,000,000	-	50,000	1,050,000	1,050,000
P.A. McNeil	-	500,000	-	466,750	966,750	966,750
D.S. Hutchison	-	1,000,000	-	85,000	1,085,000	1,085,000
D. Brynelsen	-	500,000	-	275,000	775,000	775,000
Other key management personnel of the Group						
G.M. Edwards	-	700,000	-	100,000	800,000	800,000
T. Smith	-	300,000	-	300,000	300,000	-
M. Gannon	-	200,000	-	25,000	225,000	25,000
L. Collar	-	200,000	-	200,000	200,000	-

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Coppermoly Ltd and the specified executive of the consolidated entity, including their personally-related entities, are set out below.

2009 Name	Balance at the start of the year Number	Received during the year on the exercise of options Number	Other changes during the year Number	Balance at the end of the year Number
Directors of Coppermoly Ltd				
R.D. McNeil	876,000	-	-	876,000
P. Swiridiuk	200,000	-	-	200,000
P.A. McNeil	1,817,000	-	-	1,817,000
D.S. Hutchison	340,000	-	(68,000)	272,000
D. Brynelsen	1,200,000	-	-	1,200,000
C. Iewago	250,000	-	10,000	260,000
Other key management personnel of the Group				
G.M. Edwards	400,000	-	-	400,000
T. Smith	-	-	-	-
M. Gannon	100,000	-	200,000	300,000
L. Collar	-	-	-	-

NOTE 20 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2008 Name	Balance at the start of the year Number	Received during the year on the exercise of options Number	Other changes during the year Number	Balance at the end of the year Number
Directors of Coppermoly Ltd				
R.D. McNeil	-	-	876,000	876,000
P. Swiridiuk	-	-	200,000	200,000
P.A. McNeil	-	-	1,817,000	1,817,000
D.S. Hutchison	-	-	340,000	340,000
D. Brynelsen	-	-	1,200,000	1,200,000
Other key management personnel of the Group				
G.M. Edwards	-	-	400,000	400,000
T. Smith	-	-	-	-
M. Gannon	-	-	100,000	100,000
L. Collar	-	-	-	-

(b) Loans to Directors and executives

No loans were made to Directors of Coppermoly Ltd or the specified executive of the consolidated entity, including their personally-related entities.

(c) Other transactions with Directors and specified executives

No other transactions occurred between the Company and Directors and specified executives except for the reimbursement at cost of expenditure incurred on behalf of the Company.

NOTE 21 SHARE-BASED PAYMENTS

(a) Coppermoly Ltd Employee Incentive Option Plan

The Directors of the Company (“Directors”) may issue options to subscribe for shares in the Company to current part time or full time employees of the Company or of an Associated Body Corporate. However, no options are to be issued to Directors of the Company pursuant to the Plan.

Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.

The options are exercisable from one year after the date of issue until the expiry date. The options shall expire at 5.00 p.m. eastern standard time, on the first business day three (3) years after the date of issue of the options or such earlier date as the Directors determine at the time of issue ("expiry date"). Options may only be exercised in multiples of 5,000, unless exercising all the holder’s remaining options. Any options not exercised by the expiry date shall lapse.

The exercise price of each option will be 110% of the average of the market closing price for company ordinary shares over the 5 business days prior to the day on which options are issued (rounded up to the nearest full cent) or a greater price determined by the Directors. The amount calculated by that average is to be advised to employees at the time of issue of the options.

Exercise of the options is effected by delivery of a Notice of Exercise [see back of Option Certificate] to the registered office of the Company together with payment of the exercise price of the options. Shares will be issued pursuant to the exercise of the options not more than 14 days after receipt by the Company from the option holder of the Notice and the exercise price in respect of the options.

Options may not be exercised if the effect of such exercise and subsequent allotment of shares would be to create a holding of less than a marketable parcel of ordinary shares unless the allottee is already a shareholder of the Company at the time of exercise.

Options are not transferable. Application will not be made to Australian Stock Exchange Limited ("ASX") for their Official Quotation.

All shares issued upon exercise of the options and payment of the exercise price will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by ASX Limited of all shares issued upon exercise of the options.

NOTE 21 SHARE-BASED PAYMENTS (continued)

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 7 business days after the issue is announced.

This will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

In the event of any reconstruction, including a consolidation, sub-division, reduction or return of the issued capital of the Company prior to the expiry date, the number of options to which each holder is entitled or the exercise price of the options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules then applying and which will not result in any benefits being conferred on optionholders which are not conferred on shareholders, subject to such provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the options will remain unchanged.

If an optionholder under this Plan ceases to be substantially involved with the company, the Directors, at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days notice of their intention to do so.

Set out below are summaries of options granted under the plan.

Grant Date	Exercise Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
Consolidated and parent entity - 2009								
13 Mar 2008	13 Mar 2011	$0.25	1,700,000	-	-	(500,000)*	1,200,000	1,200,000
		Total	1,700,000	-	-	(500,000)	1,200,000	1,200,000
Consolidated and parent entity - 2008								
13 Mar 2008	13 Mar 2011	$0.25	-	1,700,000	-	-	1,700,000	-
		Total	-	1,700,000	-	-	1,700,000	-

* Options that have been issued to employees under the Employee Option Plan are forfeited if and when the employees' services cease. The forfeited options are 'pooled' rather than formally cancelled. The options shown as forfeited, above, are those that were issued to T. Smith and L. Collar, whose services have ceased.

Weighted average remaining contractual life: 1 year 8 months from 1 July 2009 (2 years 8 months from 1 July 2008).

All options granted to employees had vested as at 30 June 2009.

No shares were issued as a result of the exercise of options by Directors or employees during the year ending 30 June 2009.

(b) Coppermoly Ltd Directors' & Officers' Options

Terms and Conditions

Each Option entitles a Holder to subscribe for one Share at the Exercise Price.

The options are exercisable at any time during the Exercise Period.

Options may be exercised by the Holder delivering to the registered office of the Company:

(i) a Notice of Exercise signed by the Holder;
(ii) the Certificate for those Options; and
(iii) a cheque payable to the Company (or another form of payment acceptable to the Company) in the amount of the product of the number of Options then being exercised by the Holder and the Exercise Price.

A Holder may only exercise Options in multiples of 50,000 Options, unless the Holder exercises all Options covered by a Certificate able to be exercised by him or her at that time.

NOTE 21 SHARE-BASED PAYMENTS (continued)

The exercise by a Holder of only some of the Options held by the Holder does not affect the Holder's right to exercise at a later date other Options held by the Holder.

Within 10 Business Days of receiving a Notice of Exercise, the Company must issue the Exercised Option Shares to the Holder and do or cause to be done any other act or thing that is necessary to issue the Exercised Option Shares to the Holder.

The Company is not obliged to issue Exercised Option Shares on exercise of Options until any cheque received in payment of the Exercise Price has been honoured on presentation.

If a Holder submits a Notice of Exercise in respect of only part of the Options covered by a Certificate, the Company must issue a Certificate stating the remaining number of Options held by the Holder.

The Shares issued on the exercise of the Option will rank equally in all respects as from the date of issue of those Shares with all existing ordinary shares in the capital of the Company.

If a Holder fails to exercise any Options registered in the Holder's name before 5.00 pm on the Expiry Date, those Options that the Holder has not exercised lapse and all rights of the Holder in respect of those Options cease.

If the Shares are listed on ASX, the Company will apply for quotation of the Exercised Option Shares in accordance with the Listing Rules.

There are no participating rights or entitlements inherent in the Options and Holders will not be entitled to participate in any new issue to shareholders of the Company during the currency of the Options.

If a Holder ceases to hold office as a Director of the Company, the Directors, at their discretion may cancel all or part of the Holder's Options by giving the Holder 30 days' in writing of the cancellation. Any unexercised Options will be cancelled at the expiry of that 30 days' notice.

If there is any reorganisation of the capital of the Company including, without limitation, a consolidation or subdivision of any of the issued capital of the Company, or a pro rata bonus issue of Shares the Options must be reorganised in the way required under the Listing Rules.

The rights of the Holder may be changed to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Set out below are summaries of options granted to Directors and officers.

Coppermoly Ltd Directors' & Officers Options

Grant Date	Exercise Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of year Number
Consolidated and parent entity – 2009								
22 Oct 2007	22 Oct 2010	$0.30	4,700,000	-	-	(1,700,000)*	3,000,000	3,000,000
		Total	4,700,000	-	-	(1,700,000)	3,000,000	3,000,000
Consolidated and parent entity – 2008								
22 Oct 2007	22 Oct 2010	$0.30	-	4,700,000	-	-	4,700,000	-
		Total	-	4,700,000	-	-	4,700,000	-

* Options issued to Directors and Officers under the Directors and Officers Option Plan are forfeited if and when the Director's or Officer's services cease. The options shown as cancelled, above, are those that were issued to D. S. Hutchison and Mr G. M. Edwards, whose services have ceased.

Weighted average remaining contractual life: 1 year 4 months from 1 July 2009 (2 years 4 months from 1 July 2010).

All options granted to Directors and officers as at 30 June 2009 vested at the date of issue.

No shares were issued as a result of the exercise of options by Directors or employees during the year ending 30 June 2009.

NOTE 21 SHARE-BASED PAYMENTS (continued)

(a) Brokers' options

In accordance with the Company's Prospectus dated 25 October 2007, 2,000,955 options were issued to Novus Capital Limited as payment (in part) for its services in procurement of applications to the Company's IPO.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number
Consolidated and parent entity – 2009							
22 Jan 2008	30 Apr 2011	$0.30	2,000,955	-	-	-	2,000,955
		Total	2,000,955	-	-	-	2,000,955
Consolidated and parent entity – 2008							
22 Jan 2008	30 Apr 2011	$0.30	-	2,000,955	-	-	2,000,955
		Total	-	2,000,955	-	-	2,000,955

All options granted to brokers as at 30 June 2009 vested at the date of issue.

No shares were issued as a result of the exercise of options by brokers during the year ending 30 June 2009.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense or capitalised as development expenditure, were as follows:

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Options issued under employee option plan	-	8,750	-	8,750
Options issued for consultancy services	-	12,500	-	12,500
Options issued to Directors and officers	-	282,000	-	282,000
Options issued to brokers	-	120,057	-	120,057
	-	423,307	-	423,307

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The weighted average fair value of options at measurement date was $0.46 pricing assumes that options will be exercised at the date of expiry. Volatility was calculated on the basis of the historical share price movements from the date of the Company's listing to the date of grant of the options.

There were no options granted during the year ended 30 June 2009. The model inputs for options granted during the year ended 30 June 2008 included:

(a) options are granted for no consideration

(b) exercise price: $0.30 and $0.25

(c) grant date: 22 October 2007 and 13 March 2008

(d) expiry date: 22 October 2010 and 13 March 2011

(e) share price at grant date: $Nil and $0.13

(f) expected price volatility of the Company's shares: 50%

(g) expected dividend yield: 0%

(h) risk-free interest rate: 6.5%

NOTE 22 SEGMENT INFORMATION

Primary reporting – geographical segments, based on location of assets.

		Geographical Segments		
		Papua New Guinea $	**Australia $**	**Consolidated $**
Segment revenue	**2009**	**1,690**	**147,222**	**148,912**
	2008	178	194,061	194,239
Segment results	**2009**	**(3,313,931)**	**(620,622)**	**(3,934,553)**
	2008	(2,112,004)	(431,282)	(2,543,286)
Segment assets	**2009**	**2,263,546**	**517,909**	**2,781,455**
	2008	1,892,759	5,389,229	7,281,988
Segment liabilities	**2009**	**46,214**	**67,061**	**113,275**
	2008	568,330	206,529	774,859
Segment depreciation	**2009**	**168,551**	**10,620**	**179,171**
	2008	14,175	4,471	18,646
Segment write down of exploration assets	**2009**	**2,992,225**	**-**	**2,992,225**
	2008	1,956,915	-	1,956,915
Segment investment in associates	**2009**	-	-	-
	2008	-	-	-
Segment equity accounting proceeds (share of net loss of associate)	**2009**	-	-	-
	2008	-	-	-

The consolidated entity operates predominantly in the mining industry. This comprises exploration and evaluation of copper – gold - molybdenum projects. Inter-segment transactions are priced at cost to the consolidated entity.

NOTE 23 AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT ENTITY	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
During the year the following fees were paid or payable for services provided by the auditor of the parent entity and subsidiary entity, its related practices and non-related audit firms.				
Assurance services				
1. Audit Services				
BDO Kendalls Australian firm:	31,457	14,000	31,457	7,000
Sinton Spence Chartered Accountants PNG firm:	7,656	6,280	-	-
Total remuneration for audit services	39,113	20,280	31,457	7,000
2. Other Assurance Services				
BDO Kendalls Australian firm:	15,000	-	15,000	-
Sinton Spence Chartered Accountants PNG firm:	2,853	6,349	384	-
Total remuneration for other assurance services	17,853	6,349	15,384	-
Total remuneration for assurance services	56,966	26,629	46,841	7,000
Taxation Services				
BDO Kendalls Australian firm:	11,980	-	11,980	-
Sinton Spence Chartered Accountant PNG firm:	1,322	-	-	-
Total remuneration for taxation services	13,302	-	11,980	-

NOTE 24 EARNINGS PER SHARE ("EPS")

	2009	**2008**
Basic and diluted earnings (losses) per share (cents per share)	(5.53)	(4.54)
The loss used in calculating basic earnings per share is the net loss for the year.	$3,934,553	$2,543,286
Weighted average number of shares used in the calculation of the basic EPS	71,149,529	56,069,672
The number of potential ordinary shares relating to options not exercised at year end. These potential ordinary shares are not dilutive.	27,204,777	26,315,340

NOTE 25 CONTINGENCIES

(i) The Macmin Royalty
By an agreement dated 12 June 2002 between Macmin NL, Macmin (PNG) Limited and New Guinea Gold Corporation (NGG Canada), NGG Canada indirectly acquired all rights, title and interests held by Macmin NL in respect of EL1043 (Nakru) and EL1077 (Simuku) through the purchase of all of the issued capital of Macmin (PNG) Limited (being a wholly owned subsidiary of Macmin NL).

Under the terms of the agreement NGG Canada granted a 1% net smelter return royalty (NSRR) in favour of Macmin NL payable in respect of all mineral products produced from the tenements upon being brought into production. The royalty remains attached to the tenements and becomes payable by the Company upon the tenements being brought into production.

(ii) The Yeaman Trust Deed
Macmin NL's original application for EL1077 (Simuku) was lodged as agent for both itself and Mr William Stanley Yeaman (Yeaman). By two deeds of trust dated 5 June 1994 and 20 April 1996, respectively Yeaman is entitled to a 10% free carried interest (FCI) in the tenement. Upon the completion of a bankable feasibility study Yeaman must elect to convert his FCI to either a 10% fully contributing joint venture interest or a 2% gross royalty interest payable in respect of all products mined from the Simuku property.

(iii) Joint Financial Advisor and Sponsoring Broker
By an agreement dated 20 August 2007 the Company agreed to pay fees to Novus Capital Limited (Novus) for its services in raising the IPO capital. Novus has a right to be retained as joint financial advisor, together with South Pacific Securities Limited (SPS), and as exclusive broker and lead manager for a period of 24 months from the date of the Company's official listing in respect of any further capital raising.

(iv) Termination benefits
Termination benefits are payable in certain circumstances under the employment agreement with an Executive Director. Under this agreement, a sum equal to three months salary is payable in lieu of notice, at the date of such termination, if services are terminated without notice.

NOTE 26 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$	$	$	$
(a) Reconciliation of the operating loss after income tax to the net cash flow from operations:				
Operating profit / (loss) after income tax	(3,934,553)	(2,543,286)	(3,841,868)	(2,636,304)
Adjustment for non cash items:				
Less exploration expenditure written off (included in investing activities)	2,992,225	1,956,915	-	-
- Loss/(gain) on disposal of fixed assets	61,962	(177)	618	-
- Depreciation and amortisation expense	179,171	18,646	10,620	4,471
- Non-cash employee benefits expense – share based payments	-	303,250	-	303,250
- Provision for (reversal of) non recovery of loans to controlled entities	-	-	3,221,247	2,103,540
- Net exchange differences	(2,332)	-	-	-
Change in operating assets and liabilities:				
- Accounts payable and provisions	(12,273)	67,448	6,073	51,340
- Accounts receivable	(34,426)	(121,563)	629	(629)
- Prepayments	(8,860)	(34,605)	(11,517)	(17,000)
Net cash inflow / (outflow) from operating activities	(759,086)	(353,372)	(614,198)	(191,332)

NOTE 26 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES (continued)

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$	$	$	$
(b) Reconciliation of the exploration and evaluation expenditure:				
Movement in Balance Sheet for the year				
- Exploration and evaluation	249,943	1,392,470	-	-
Adjustment for Non Cash items:				
- Exploration costs written-off	2,992,225	1,956,915	-	-
- Shares issued to acquire tenement interests	-	(1,392,470)	-	-
- Net exchange differences	(173,889)	-	-	-
Change in operating assets and liabilities:				
- Accounts payable and provisions	795,230	(687,856)	-	-
- Accounts receivable	(15,394)	11,943	-	-
Net exploration and evaluation expenditure cashflow	3,848,115	1,281,002	-	-

NOTE 27 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2009 %	Equity Holding 2008 %
Copper Quest PNG Ltd	PNG	Ordinary	100	100

NOTE 28 NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no such activities during the year (2008: $1,440,000).

In December 2007 the Company issued 40,000,000 ordinary shares at a nominal value of $0.036 cents per share, being a total value of $1,440,000, for the acquisition of two advanced exploration projects in Papua New Guinea.

NOTE 29 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise:

- Cash and cash equivalents
- Loans and receivables
- Available for sale financial assets (parent only); and
- Payables

Refer to the relevant supporting notes for these amounts.

(a) Financial Risk Management Policies & Objectives

The Group's activities expose it to foreign exchange risk and interest rate risk. The Group has no significant exposure to credit risk, market risk or commodity price risk.

The Group's risk management program seeks to minimise exposures and any potential adverse impacts upon financial performance. Risk management is carried out by executive management with guidance from the Audit Committee under guidance of policies approved by the Board.

The Company does not enter into derivative or speculative financial investments. Primary responsibility for the identification and control of financial risks rests with the Board. Refer to comments in Note 2.

NOTE 29 FINANCIAL INSTRUMENTS (continued)

(b) Foreign exchange risk

At balance date the Group had the following exposure to foreign currencies:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	Kina	Kina	Kina	Kina
Financial Assets				
Cash and cash equivalents	44,965	255,210	-	-
Trade and other receivables	206,309	176,415	-	-
	251,275	431,625	-	-
Financial Liabilities				
Trade and other payables	63,133	1,353,715	-	-
	63,133	1,353,715	-	-
Net exposure	188,142	(922,090)	-	-

The Group's financial liabilities are comprised solely of accounts payable, all of which are payable within the next twelve months.

(c) Interest rate risk

At balance date the Group had the following financial assets and liabilities exposed to interest rate risk:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Financial Assets				
Cash and cash equivalents	488,991	829,261	468,173	730,843
Trade and other receivables	-	-	-	-
	488,991	829,261	468,173	730,843
Financial Liabilities				
	-	-	-	-
	-	-	-	-
Net exposure	488,991	829,261	468,173	730,843

The Group constantly analyses its interest rate exposure and seeks to maximise its cash holdings on appropriate fixed term deposits. The Group places funds on deposit only with major financial institutions. The Group holds all cash in Australian dollars and advances funds to its PNG subsidiary on an as needed basis, substantiated by short term forecasts of operating requirements. The Group does not enter any hedging or derivative financial investments.

The Board receives regular reports from the Group Financial Controller through which it reviews the effectiveness of the processes in place and the appropriateness of objectives and policies.

NOTE 29 FINANCIAL INSTRUMENTS (continued)

Sensitivity Analysis

Consolidated June 2009

		Carrying amount	Interest Rate Risk - 1%		Interest Rate Risk + 1%		Foreign Exchange Risk -10%		Foreign Exchange Risk +10%	
			Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		$	$	$	$	$	$	$	$	$
Financial Assets	Note									
Cash and cash equivalents	1	488,991	(6,031)	(6,031)	6,031	6,031	2,313	2,313	(1,892)	(1,892)
Trade and other receivables	2	95,514	-	-	-	-	10,613	10,613	(8,683)	(8,683)
Financial Liabilities										
Trade and other payables	3	29,228					3,248	3,248	(2,657)	(2,657)
Total increase / decrease			(6,031)	(6,031)	6,031	6,031	16,173	16,173	(13,233)	(13,233)

1. Cash and cash equivalents include deposits at call at floating and short-term interest rates. At balance date $20,817 was denominated in PNG Kina.
2. Trade and other receivables denominated in PNG Kina at balance date.
3. Trade and other payables denominated in PNG Kina at balance date.

Sensitivity Analysis

Consolidated June 2008

		Carrying amount	Interest Rate Risk - 1%		Interest Rate Risk + 1%		Foreign Exchange Risk -10%		Foreign Exchange Risk +10%	
			Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		$	$	$	$	$	$	$	$	$
Financial Assets	Note									
Cash and cash equivalents	1	829,261	(3,154)	(3,154)	3,154	3,154	11,130	11,130	(9,107)	(9,107)
Trade and other receivables	2	69,245	-	-	-	-	7,694	7,694	(6,295)	(6,295)
Financial Liabilities										
Trade and other payables	3	531,348					(59,039)	(59,039)	48,304	48,304
Total increase / decrease			(3,154)	(3,154)	3,154	3,154	(40,214)	(40,214)	32,903	32,903

1. Cash and cash equivalents include deposits at call at floating and short-term interest rates. At balance date $100,173 was denominated in PNG Kina.
2. Trade and other receivables denominated in PNG Kina at balance date.
3. Trade and other payables denominated in PNG Kina at balance date.

NOTE 29 FINANCIAL INSTRUMENTS (continued)

Sensitivity Analysis **Parent June 2009**			**Interest Rate Risk - 1%**		**Interest Rate Risk + 1%**		**Foreign Exchange Risk -10%**		**Foreign Exchange Risk +10%**	
		Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets	Note									
Cash and cash equivalents	1	468,173	(6,031)	(6,031)	6,031	6,031	-	-	-	-
Trade and other receivables		-	-	-	-	-	-	-	-	-
Financial Liabilities										
Trade and other payables		-	-	-	-	-	-	-	-	-
Total increase / decrease			(6,031)	(6,031)	6,031	6,031	-	-	-	-

1. Cash and cash equivalents include deposits at call at floating and short-term interest rates. At balance date the parent company did not have any cash denominated in a foreign currency.

Sensitivity Analysis **Parent June 2008**			**Interest Rate Risk - 1%**		**Interest Rate Risk + 1%**		**Foreign Exchange Risk -10%**		**Foreign Exchange Risk +10%**	
		Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets	Note									
Cash and cash equivalents	1	730,843	(3,154)	(3,154)	3,154	3,154	-	-	-	-
Trade and other receivables		-	-	-	-	-	-	-	-	-
Financial Liabilities										
Trade and other payables		-	-	-	-	-	-	-	-	-
Total increase / decrease			(3,154)	(3,154)	3,154	3,154	-	-	-	-

1. Cash and cash equivalents include deposits at call at floating and short-term interest rates. At balance date the parent company did not have any cash denominated in a foreign currency.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 30-63 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 16 to 21 of the Directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The Directors have been given the declarations by the Chief Executive Officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

P. Swiridiuk

P. Swiridiuk
Managing Director

Bundall, Queensland
24 September 2009

INDEPENDENT AUDITOR'S REPORT

BDO Kendalls

BDO Kendalls (QLD)
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ABN 70 202 702 402

To the members of Coppermoly Limited

Report on the Financial Report

We have audited the accompanying financial report of Coppermoly Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the Directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Coppermoly Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

BDO Kendalls

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of Matters - Going Concern and Recoverable Amount of Asset

Without qualification to the opinion expressed above, attention is drawn to the matters detailed in Note 1(a). That note states that the financial report has been prepared on the going concern basis. It also refers to fund raising and joint venture possibilities. The note also states that the ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation through the development of mines will depend on raising necessary funding.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the exploitation of the areas of interest not be successful or the company not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 16 to 21 of the Directors’ report for the year ended 30 June 2009. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor’s Opinion

In our opinion, the Remuneration Report of Coppermoly Limited for the period ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls (QLD)

BDO Kendalls

CJ Skelton
Partner

Brisbane
Dated 24 September 2009

SHAREHOLDER INFORMATION

Information required by Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:-

STATEMENT OF QUOTED SECURITIES AS AT 18 SEPTEMBER 2009

a) Distribution of Shareholders

Size of Holding	Number of Shareholders	Number of COYO Optionholders	Number of COYOA Optionholders
1 – 1,000	4	7	4
1,001 – 5,000	9	124	48
5,001 – 10,000	109	31	13
10,001 – 100,000	260	60	47
100,001 and over	61	15	10
	443	237	122
b) Number of holders of less than marketable parcels	32	225	122
c) Percentage holding of 20 largest holders	79.421	90.015	80.417

d) There are two substantial shareholders listed in the Company's register as at 18 September 2009.

e) Twenty largest shareholders/optionholders (as at 18 September 2009).

COY Shareholder		
Name	**Quantity**	**% of Total Holding**
New Guinea Gold Corporation	37,863,684	40.837
Pacific Kanon Gold Corporation	10,526,316	11.353
Citicorp Nominees Pty Limited	4,500,000	4.853
Vangold Resources Ltd	3,433,050	3.703
National Nominees Limited	2,800,531	3.020
Junde Pty Ltd <O'Neill Hall Super Fund A/C>	2,650,000	2.858
Ms Paige Simone McNeil	1,807,000	1.949
Theodoor Gilissen Global Custody	1,300,000	1.402
Nolco Pty Ltd <Laurens Super Fund A/C>	1,000,000	1.079
Wexford Finance BV	949,880	1.024
Mr Philip Scott Button & Ms Philippa Anne Nicol <Christopher Jordan A/C>	862,119	0.930
Mrs Rosemary Joy McNeil	840,000	0.906
110980 BC Ltd	750,000	0.809
Mr PA McCarthy & Mrs MH McCarthy "McCarthy Family Super A/C>	740,000	0.798
Mr Greg Clarkes	600,000	0.647
Mr Maurice Gannon	500,000	0.539
Secret Cove Management Ltd	450,000	0.485
1313 Investments Ltd	450,000	0.485
McNeil Associates Pty Ltd ,McNeil Super Fund A/C>	415,000	0.448
Mr Garry Michael Edwards	400,000	0.431
Archem Trading NZ Limited	400,000	0.431
Mr TM Wright & Mr JJ Wright <Wright Holdings S/Fund A/C>	400,000	0.431
TOTAL	**73,637,580**	**79.421**

e) Twenty largest shareholders/optionholders (as at 18 September 2009) (continued)

COYO Optionholder (expiry date 30 Apr 2011)

Name	Quantity	% of Total Holding
New Guinea Gold Corporation	9,568,422	46.667
Pacific Kanon Gold Corporation	2,631,579	12.835
Felix Bay Capital Pty Ltd	1,000,000	4.877
Firebird Global Master Fund 11 Ltd	750,000	3.658
Citicorp Nominees Pty Limited	624,164	3.044
Ms Kimberly Carter & Mrs John McIntosh	579,437	2.826
BMS Capital Pty Limited	516,125	2.517
Novus Capital Limited	502,500	2.451
Ms Paige Simone McNeil	464,250	2.264
Theodoor Gilissen Global Custody	325,000	1.585
Merrill Lynch (Australia) Nominees Pty Ltd	300,000	1.463
Vangold Resources Ltd	275,000	1.341
Mrs Rosemary Joy McNeil	150,000	0.732
110980 BC Ltd	125,000	0.610
HSBC Custody Nominees (Australia) Ltd	110,000	0.536
Mr Garry Michael Edwards	100,000	0.488
Archem Trading NZ Limited	100,000	0.488
Mr Greg Clarkes	100,000	0.488
Hutchison Superfund Pty Ltd	85,000	0.415
Secret Cove Management Ltd	75,000	0.366
1313 Investments Ltd	75,000	0.366
TOTAL	**18,456,477**	**90.015**

COYOA Optionholder (expiry date 1 Dec 2011)

Name	Quantity	% of Total Holding
Junde Pty Ltd <O'Neill Hall Super Fund>	1,000,000	18.687
Citicorp Nominees Pty Limited	750,000	14.015
Vangold Resources ltd	572,175	10.692
Mr Matthew David Burford	400,000	7.475
PA McCarthy & MH McCarthy <McCarthy Family Super A/C>	250,000	4.672
McNeil Associates P/L <Super Fund>	202,500	3.784
Mr PS Button & Ms PA Nicol <Christopher Jordan A/C>	143,687	2.685
110980 BC Ltd	125,000	2.336
Mrs Rosemary Joy McNeil	120,000	2.242
Mr Greg Clarkes	100,000	1.869
Mr Maurice Gannon	100,000	1.869
Secret Cove Management Ltd	75,000	1.402
1313 Investments Ltd	75,000	1.402
Mrs KJ Gadaleta <The KJG A/C>	65,000	1.215
Mr Ces Edward Iewago	65,000	1.215
Mr Peter Swiridiuk	60,000	1.121
Mr Warwick Samuel Hughes	50,032	0.935
Mr John Brynelsen	50,000	0.934
Mr Mike Muzylowski	50,000	0.934
Mr Peter Raffels	50,000	0.934
TOTAL	**4,303,394**	**80.417**

f) <u>Voting Rights</u>

Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.

STATEMENT OF UNQUOTED SECURITIES (OPTIONS) AS AT 18 SEPTEMBER 2009

There are on issue the following unquoted securities:-	**Quantity**
Directors options exercisable at 30 cents per share on or before 22 October 2010	3,000,000
Consultants options exercisable at 25 cents per share on or before 13 March 2011	1,000,000
Brokers options exercisable at 30 cents per share on or before 30 April 2011	2,000,955
Non transferable options issued under the Coppermoly Employee Incentive Option Plan Exercisable at 25 cents per share on or before 13 March 2011	700,000

CORPORATE DIRECTORY & SCHEDULE OF TENEMENTS

DIRECTORS

P.A. (Peter) McNeil (Non-Executive Chairman)
P. (Peter) Swiridiuk
R.D. (Bob) McNeil
D. (Dal) Brynelsen
C.E. (Ces) Iewago

COMPANY SECRETARY

M. (Maurice) Gannon

HEAD OFFICE & REGISTERED OFFICE

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INTERNET

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Website: www.coppermoly.com.au

SHARE REGISTRY

Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000

AUDITORS

BDO Kendalls
Level 18
300 Queen Street
Brisbane Qld 4000

BANKERS

Westpac Bank

STOCK EXCHANGE

Coppermoly Ltd is listed on the Australian Stock Exchange (the home branch is Brisbane) and the Port Moresby Stock Exchange, Papua New Guinea.

SCHEDULE OF TENEMENTS

PROJECT	OWNERSHIP
EL 1043 Mt Nakru (47km²)	100% Copper Quest PNG Ltd
EL 1077 Simuku (47km²)	90% Copper Quest PNG Ltd / 10% W.S. Yeaman
EL 1445 Talelumas (75km²)	100% Copper Quest PNG Ltd
• *Copper Quest PNG Ltd is a 100% owned subsidiary of Coppermoly Ltd*