

ASX Announcement

11th October 2012

ASX Code: COY

SEPTEMBER 2012 Quarterly Report

HIGHLIGHTS

- ✓ Inferred resource announced at Nakru-01 of **38.4million tonnes @ 0.82% copper equivalent***(using a 0.2% copper cut-off)
- ✓ Conceptual mining study for Nakru-01 completed, showing favourable results for development
- ✓ Favourable metallurgy from samples taken from drill core at Nakru-01
- ✓ Mobilisation of team to the recently granted Makmak Exploration Licence
- ✓ Additional funding of \$2.21m from Barrick allotted for further exploration of the Nakru and Simuku projects
- ✓ Mandate signed with Odyssey Capital Partners to act as an advisor to restoring 100% ownership of the West New Britain Project Tenements

Queensland-based explorer Coppermoly Limited (ASX: COY) is pleased to report its activities at the Company's copper-gold projects on New British Island, Papua New Guinea (PNG) and south-east Queensland for the quarter ending 30 September 2012.

DECEMBER QUARTER PLANS

Following the recently completed preliminary exploration programme at the Makmak tenement, a review of the geology will be undertaken and assay results analysed once received from the laboratory in November. Further exploration at this tenement may include soil sampling and ground geophysics ahead of drilling.

Barrick have commenced a field work programme at the EL1445 (Talelumas) tenement consisting of geological mapping and rock chip sampling. Negotiations are continuing with drilling contractors to begin a drilling programme during October to December 2012 at EL1043 (Nakru) and EL1077 (Simuku).

ABOUT COPPERMOLY

Coppermoly (COY) is an exploration company which is focussed entirely on the island of New Britain in Papua New Guinea where it holds four exploration licences and an additional two under application. These licences cover copper, gold and molybdenum mineralisation and resources. The four tenements at Simuku, Talelumas, Nakru and Makmak cover 450 square kilometres.

These projects occur within the Kulu-Awit copper-gold belt and are accessible by 4WD vehicle to existing infrastructure including a hospital, grocery stores, chemist, hardware supplies, mechanical shops and an operating deep water port at Kimbe, the Provincial capital of West New Britain (refer to Figure 1).

Exploration Licences EL1043 (Nakru), EL 1445 (Talelumas) and EL1077 (Simuku) are currently subject to an agreement with Barrick (PNG) Exploration Limited (72%) and Coppermoly (28%). Since 2009, Barrick has

spent over A\$21.6 million on drilling and exploration and will fund and conduct a further \$2.21 million exploration program on these projects during the fourth quarter of the 2012 calendar year to keep the tenements in good standing with regards to work commitments required by the Mineral Resources Authority in PNG.

Barrick has expressed a wish to divest its interests because the project is of insufficient size to meet their corporate objectives, although Coppermoly has pre-emptive rights to any such divestment.

In July 2012, independent consultants Golder Associates calculated an Inferred Mineral Resource for the Nakru-01 deposit (within EL1043 - Nakru) of 38.4 Mt at 0.82% copper equivalent* (or 0.61% copper + 0.28 g/t gold + 1.80 g/t silver) using a cut-off grade of 0.2% copper.

In September 2012, a Conceptual Mining Study showed that the development of the Nakru-01 Inferred Mineral Resource could be cash flow positive within two years of commencing production with a Net Present Value of US\$291 million (based on 100% ownership, copper price of \$3.34/lb, 10% discount factor and 90% mill recovery after royalties but before company tax). Only 27 diamond holes have been completed to date for 5,928m.

The Nakru-02 system occurs 1km west of Nakru-01 and has an Exploration Target of 70 to 80 million tonnes grading 0.7% to 0.9% Cu. Only three drill holes have been completed into Nakru-02 to-date for 1,052m.

In accordance with Clause 18 of The JORC Code the reference to 'Exploration Target' in terms of target size and type should not be taken as an estimate of Mineral Resources or Ore Reserves. The statement referring to quantity and grade of the exploration target is based upon exploration results to-date including drilling which has intersected the mineralization. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the definition of a Mineral Resource

Within EL1077 (Simuku), the Simuku porphyry copper system 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. A total of 10,248 metres have been drilled in 37 drillholes.

The exploration completed by Coppermoly and Barrick over the past four and a half years has achieved resources at Nakru and Simuku with a total copper inventory of over two billion pounds of contained copper.

EL2014 (Makmak) was recently granted and is 100% held by Coppermoly covering 280 km². Two other tenements are under application by Coppermoly (100%), ELA1782 (Powell) and ELA1813 (Fulleborn), cover 1306 square kilometres (refer to Figure 1).

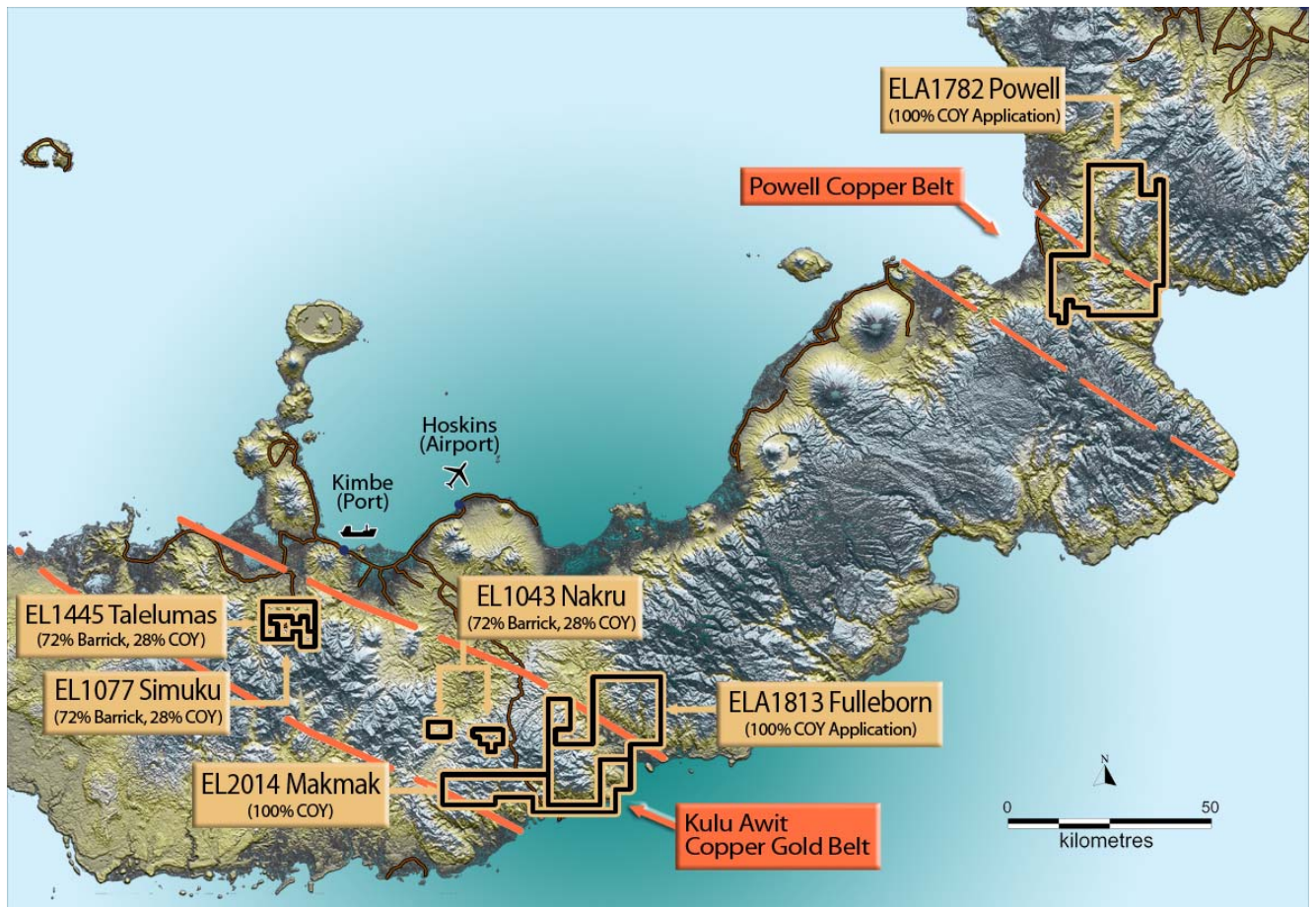


Figure 1: Location of Coppermoly projects on New Britain Island

NAKRU PROJECT (EL 1043) – 28% Coppermoly

The Mt.Nakru tenement hosts a number of discrete massive sulphide and breccia related copper-gold-zinc systems, associated with anomalous copper and gold geochemistry at surface. Geochemical and geophysical surveys led to the discovery of the Nakru-01 and Nakru-2 copper-gold-zinc systems.

Nakru is located on PNG's New Britain Island (refer to Figure 1), within a four-hour drive by 4WD vehicle from the provincial capital of Kimbe.

Inferred Mineral Resource

In July, an Inferred Mineral Resource was estimated for the Nakru-01 copper deposit by independent consultants Golder Associates. Using a 0.2% copper cut-off, the deposit contains **38.4 million tonnes grading 0.82% copper equivalent* (or 0.61% copper + 0.28g/t gold + 1.80 g/t silver).**

Using a 0.5% copper cut-off the deposit contains **21.6 million tonnes grading 1.10% copper equivalent* (or 0.81% copper + 0.39 g/t gold + 1.81 g/t silver).**

The Nakru-01 copper deposit contains 233,400 tonnes of copper, 11 tonnes of gold and 69 tonnes of silver (or 514 million pounds of copper, 350,000 ounces of gold and 2 million ounces of silver).

There is significant potential to increase the tonnage of the resource through further drilling. The geophysical response and exploration results received to date indicate that further drilling is required to determine the confines of overall mineralisation, as well as define the extent of the upper oxide gold zone and secondary copper enrichment blanket beneath.

Conceptual Mining Study

The results of a Conceptual Mining Study (CMS) undertaken to evaluate the basic economic potential of the Nakru-01 deposit in its present form were received in September.

The independent CMS demonstrated positive cash flow at Nakru-01. Swain Engineers recommended the Nakru tenement continue to be explored for additional copper mineralisation and that drilling continue at Nakru-01 and Nakru-02 in order to define the extent of mineralisation prior to feasibility studies.

The key results of the study were:

- An open pit containing an estimated 40 million tonnes
- A mining rate of 5.0 million tonnes per annum (Mtpa) for 8 year mine life
- Employment of over 400 personnel
- Recovery of approximately 90%
- Royalty to PNG 2%
- 6% Allowance for Smelter Charges
- Total Electrical demand of 27 MW/hr
- Waste Ore Ratio of 2m³:1t
- Project completes payback within 2 years
- Potential for significant increase of tonnage in the area
- Estimated capital costs of US\$458 million
- Operating costs estimated at US\$16.50/tonne of ore
- Shipping using existing wharf at Kimbe or a new wharf built on the south coast

These results are highly encouraging and indicate that the development of the Nakru-01 inferred resource could be cash flow positive within two years. The majority of holes drilled to date are mineralised, so the full extent of mineralisation is yet to be defined on the Nakru Exploration Licence.

In addition, Nakru-02, located one kilometre to the west has had only three drill holes completed to date, all of which are mineralised. Additional drilling is required to define the full extent of mineralisation of each target area to determine the tonnage potential in the area ahead of pre-feasibility level studies.

With the existing body of mineralisation (refer to Table 3) and six month average metal prices (refer to Table 1), a production rate of 5Mtpa demonstrates the potential for a positive cash flow (refer to Table 2) within an acceptable time frame after payback of capital expenditure of US\$458M (see 'Capital Costs' below).

An estimate of the time required to construct the plant described in the CMS is 2.5 years comprising design, procurement and assembly of components and personnel. The location of the project is close to existing roads, tracks and infrastructure, including a deep water port in Kimbe, the Provincial Capital of West New Britain. Alternatively, export and import can be achieved via the south coast with the construction of a jetty and ship-loader (refer to Figure 2).

Metallurgical testing from drill samples has yielded good results and low reagent cost. Lower cost natural gas may also become available in time for the development of the project, helping reduce operating costs.

Table 1: Metal Prices used in the CMS

Copper Price	3.34	\$/lb
Gold Price	1550	\$/oz
Silver Price	26.70	\$/oz
Molybdenum Price	12.50	\$/lb
Lead Price	1800	\$/t
Zinc Price	1800	\$/t

NB: Metal Prices based on 6 month average value

Capital Costs

The Capital Estimate of US\$458 million includes:

- Land purchase
- Mine site construction
- Mining equipment
- Jetty
- Process plant
- Plant site
- Single men housing at Nakru
- Light Vehicles
- Power lines
- Power station
- Mobilisation of equipment and personnel

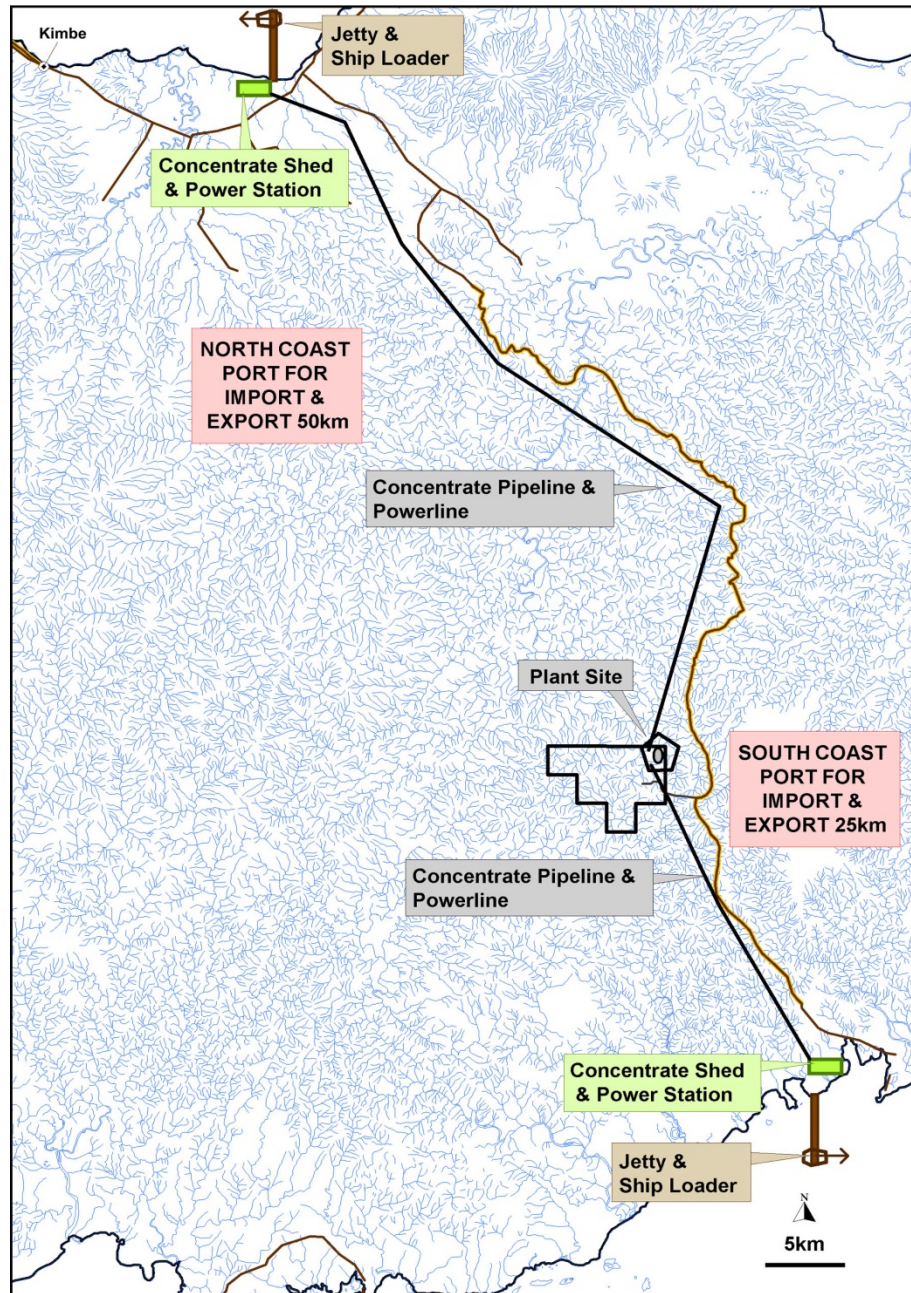
Table 2: Financial Analysis

Throughput	Mtpa	5.0
<i>Cut-off grade of 0.2% Cu</i>		US\$M
Capital Cost		460
Return on Investment	NPV at 0%	728.0
	NPV at 10%	291.0
Project life – years		8.0
Payback time – years		2.0

NB. Estimates shown are indicative only and do not include
Company Tax and other imposts payable in Papua New Guinea.

Surface geochemistry shows mineralisation to be widespread at Nakru-01, Nakru-02 and a number of other targets are ready for testing by drilling.

Figure 2: Location of Nakru tenement and coastal access



Mineralisation at Nakru-01

Nakru-01 mineralisation consists of a zone of supergene copper enrichment above the primary copper zone. Both of these zones are overprinted with narrow zones of precious metals. The combined body of initially discovered mineralisation (refer to Figure 3) has been described by an Inferred Resource (refer to Table 3).

Table 3: Nakru-01 Inferred Resource

Cut-off grade % Copper	Mt	Cu%	Au g/t	Ag g/t	Mo ppm	Pb ppm	Zn ppm
0.2	38.4	0.61	0.29	1.80	13	19.29	659
0.3	31.6	0.69	0.32	1.86	14	19.79	693
0.5	21.6	0.81	0.39	1.81	13	20.21	632

An upper zone of copper enrichment (supergene zone) has been intersected within at least four drill holes including;

- **28.4m @ 1.10% Cu + 0.27g/t Au** from 25.7m (NAK017)
- **13.55m @ 2.8% Cu + 0.23g/t Au** from 74.45m (BWNBDD0001)
- **8.9m grading 1.02% Cu + 0.10g/t Au** from 67.8m (BWNBDD0008)
- **7.55m grading 1.14% Cu + 0.05g/t Au** from 85.75m (BWNBDD0009)

Further drilling is required to define a resource for the supergene copper zone. The low resistivity geophysical response indicates supergene continuity. The eastern hole BWNBDD008 (refer to Figure 3) encountered a 1m (99m - 100m down hole) interval of 42g/t gold, 4.64% copper, 20g/t silver and 0.28% tellurium.

Mineralisation at Nakru-02

The Nakru-02 polymetallic (Cu, Au, Zn, Ag, Mo) system occurs as an 800m diameter breccia located 1km to the west of Nakru-01. The initial two drill holes drilled by Coppermoly encountered a shallow massive sulphide lens at approximately 30m depth. Hole NAK02-01 intersected 6.7m at 3.80% copper, 1.66% zinc, 9.5g/t silver and 0.19g/t gold at 30.3m depth.

Beneath the massive sulphide zone, stringer veinlets of chalcopyrite mineralisation were found to be hosted in rhyolitic breccias. The Barrick drill hole (BWNBDD0003), testing the centre of the IP 'chargeability' anomaly, also encountered this style of mineralisation, intersecting 64m at 0.59% copper from 141m. Between 290.1m and 295m, a zone assaying 13.6% zinc, 0.84% copper, 24g/t silver and 0.41g/t gold was encountered.

Further drilling is required for the massive sulphide lenses near surface and the larger tonnage disseminated copper sulphide beneath.

Favourable Metallurgy

Following samples taken by Barrick from drill core at Nakru-01, Coppermoly announced favourable results of metallurgical tests during September.

Flotation tests demonstrated that normal milling practices will be able to give a recovery of 87% of the copper and 53% of the gold.

Using the suggested operating rates in the Conceptual Mining Study (CMS), the tests indicate a concentrate production of 76,500 tonnes assaying 25.1% copper and 8.30 g/t gold, or 19,200 tonnes of copper per year.

The CMS indicated a Net Present Value (NPV) of US\$291million based on 100% ownership, copper price of \$3.34/lb, 10% discount factor and 90% mill recovery after royalties but before company tax. A pre-feasibility study is yet to be completed.

Assays of the final concentrate indicate that it will be easily sold to smelters with no significant penalties given for various trace elements.

Recoveries of gold may be improved with further test work.

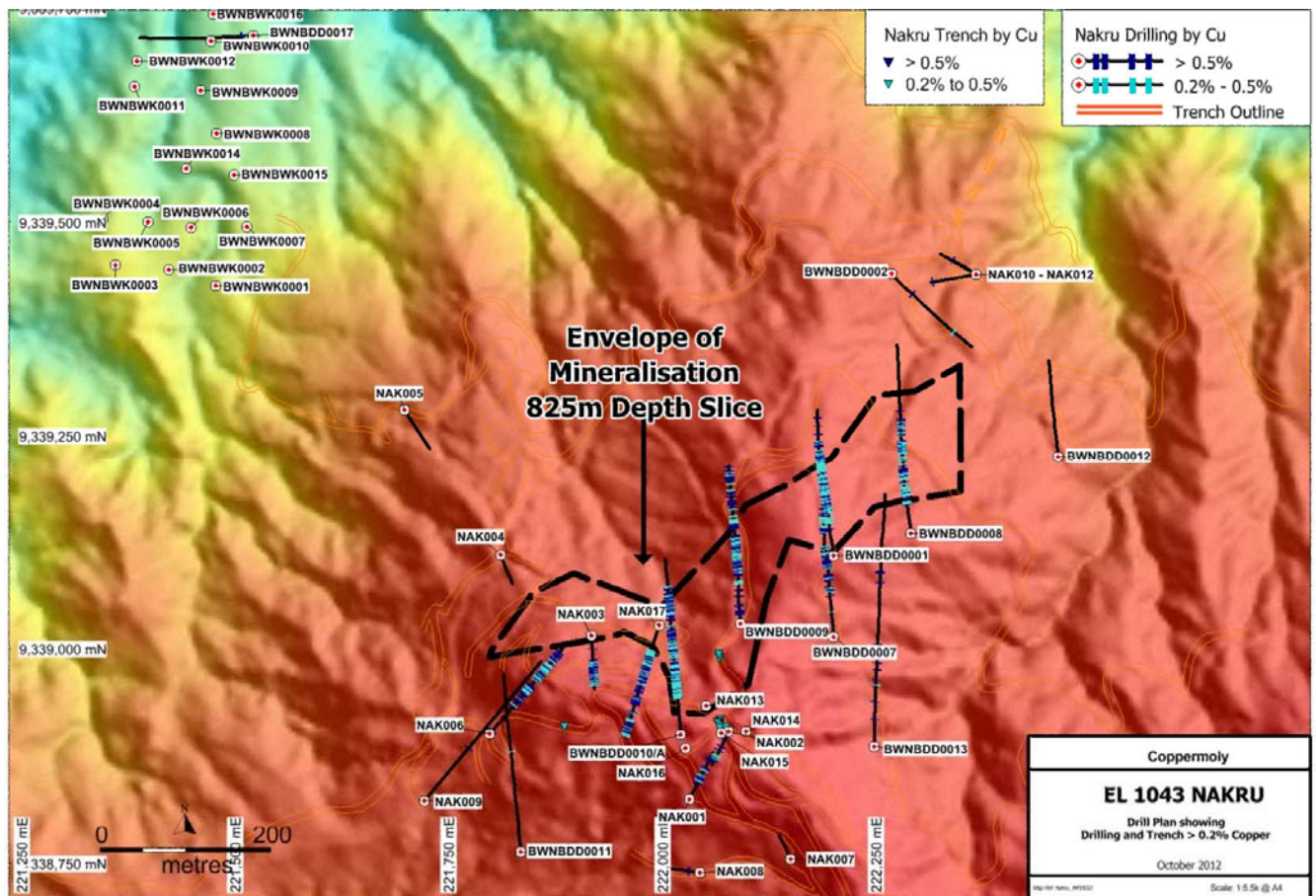


Figure 3: Nakru-1 inferred Resource model at 825m RL and drill holes

MAKMAK PROJECT (EL 1043) – 100% Coppermoly

In July 2012, the Makmak tenement was granted by the PNG Minister for Mining for a period of two years to 14th May 2014. Makmak covers 280 square kilometres and is 9km south of the Nakru tenement where drilling intersected **190.85 metres grading 1.01% copper and 0.36g/t gold at Nakru-1.**

During reconnaissance sampling in 2010, Coppermoly collected surface rock float samples at the 'Pulding' prospect at Makmak which returned anomalous copper and molybdenum (refer to Table 1) in the eastern section of the tenement (refer to Figure 4). The project is accessible via a four hour drive using 4WD vehicles from New Britain Island's provincial capital, Kimbe.

A small exploration team mobilised to the site to follow-up on historical samples collected near the beach, where copper sulphide (chalcopyrite) was recognised in rock samples (refer to Photo 1). These rock outcrop and float samples that were collected in 2010 returned significant copper and molybdenum assay results shown in Table 4.

The current exploration program has involved the collection of rock, creek and soil samples and geological mapping. The sampling will help identify the exact location of anomalous copper associated with a 5km diameter circular feature and the airborne geophysical magnetic anomalies nearby (refer to Figure 5).

Initial reports are that the circular feature is part of a layered limestone-tuff sequence. The airborne magnetic anomalies are related to magnetite with diorite to quartz-diorite intrusives. These intrusives consist of plagioclase, pyroxene, hornblende and biotite-mica and minor quartz. The sulphides associated with the mineralizing system are mainly pyrite (FeS₂) and chalcopyrite (CuFeS₂).

The exploration team has now demobilised with assay results and final reports expected over the next month.

Photo 1: Mineralised rock sample taken from the Puldung prospect



Table 4: Assay results from rock samples collected in 2010 near the Puldung prospect

Sample Number	Cu %	Mo (ppm)	Au (g/t)	Ag (g/t)	Rock type
108000	0.28	16	0.01	< 0.5	Sulphide-carbonate-tourmaline veining in altered granitoid
108001	1.18	113	0.01	1	Banded tourmaline-quartz-calcite sulphide (altered granitoid?)
108002	0.64	38	0.03	0.5	Tourmaline-quartz-calcite-sulphide altered silicate rock (altered granitoid?)
108003	0.02	2	0.01	< 0.5	Graphic pegmatoidal granite intrusive
108004	10.7	240	0.11	15.5	Quartz-sulphide-tourmaline silicate rock (granitoid?)
66000	2.91	344	0.07	4	No description
66001	0.04	67	0.01	< 0.2	No description
66002	0.03	5	< 0.01	0.2	No description
66003	0.65	187	< 0.01	1.1	No description

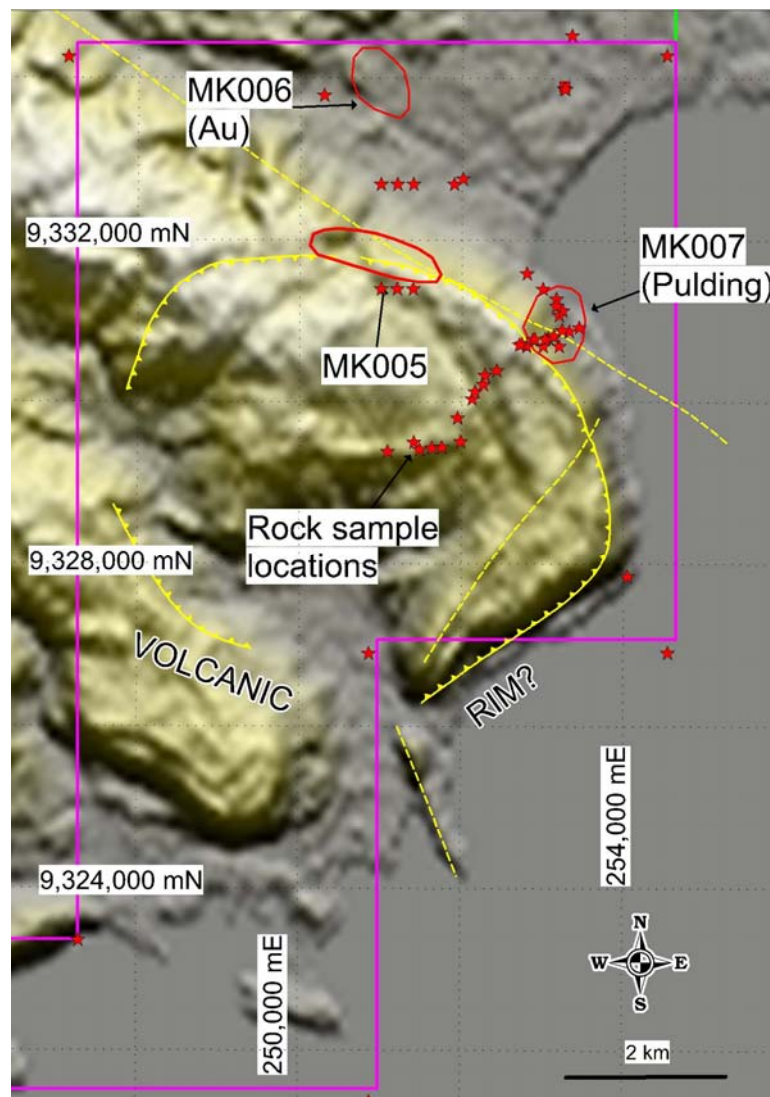


Figure 4: Pulding prospect with rock sample locations on SRTM topography image

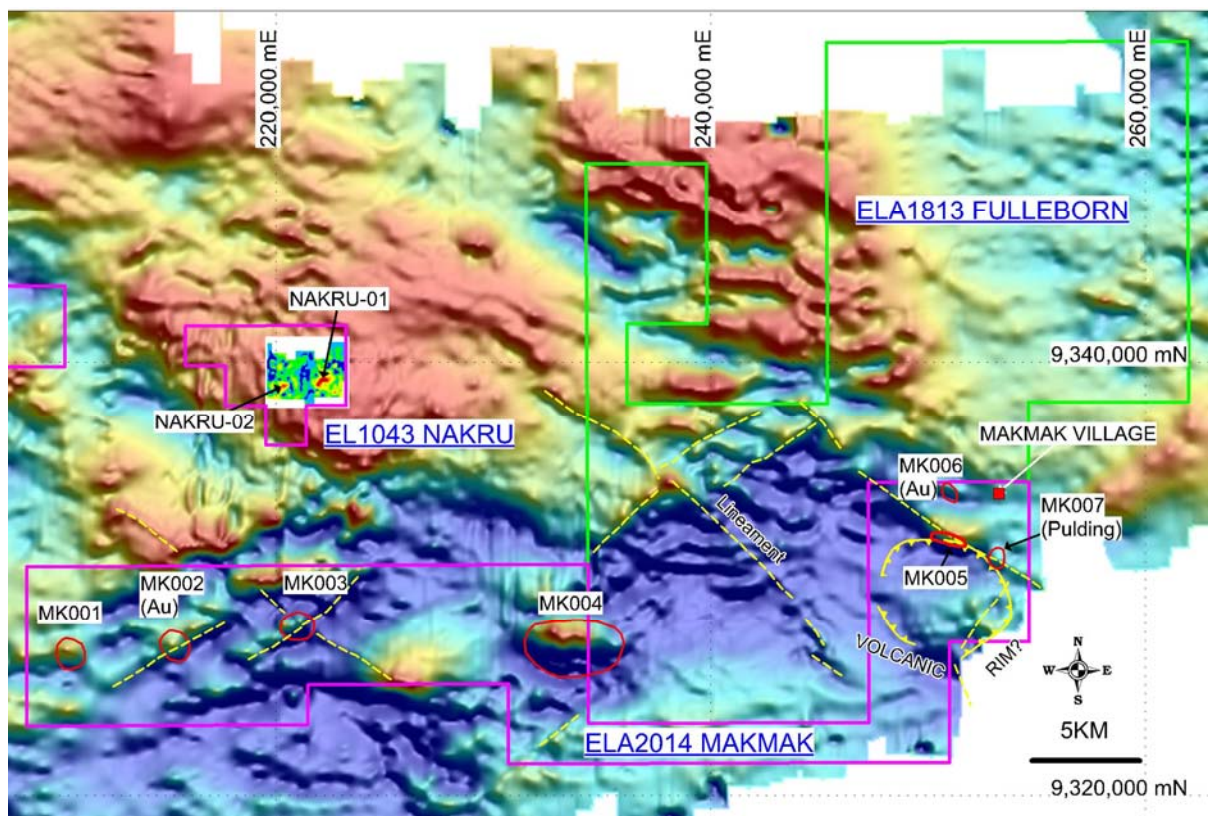


Figure 5: Makmak targets on airborne geophysical magnetics image (TMI)

Esk Trough Project, Queensland:

In July the results of the drilling performed at the Kakapo and Sefton Prospects were received.

The reverse circulation (RC) drilling program was completed in July at the Kakapo and Sefton prospects as part of the Esk Trough Project in South East Queensland.

The Esk Trough Project was part of a farm-in agreement with ActivEx Limited (ASX: AIV). The project consisted of five exploration permits in South East Queensland, four hours north-west of Brisbane.

Drilling results from the five-hole (953 metre) RC drill program at the Kakapo prospect included:

- 8 metres @ 0.20% copper, 0.04g/t gold from 40 metres
- 2 metres @ 0.12% copper, 1.02g/t gold from 53 metres including 0.48% zinc
- 10 metres @ 0.23% copper, 0.20g/t gold from 20 metres
- 16 metres @ 0.32% copper, 0.40g/t gold from 105 metres

The Coppermoly drilling was focused on determining geometry of mineralisation zones intersected in historical drilling.

At the Sefton molybdenum prospect, a single drill hole tested a significant geophysical Induced Polarisation anomaly and intersected slightly elevated silver 2.85g/t and zinc 562ppm over 2m from 87m depth. Elevated levels of iron sulphide (pyrite) throughout the drillhole explain the presence of the IP anomaly, which may form part of an overall larger mineralising system.

The results concluded the drilling program at the Esk Trough project with the aim of testing for economic mineral potential in the area.

The board resolved not to proceed with the farm-in to the Esk Trough Project and notified ActivEX Limited accordingly. Coppermoly Limited instead renewed its focus upon the exploration of the Company's assets on New Britain Island in Papua New Guinea.

Corporate:

Mr Shawn Anson Uldridge was appointed as a Non-Executive Director in July. Mr. Uldridge holds a Bachelor of Business (Management) from the University of Queensland and has twelve years' financial markets experience, eight of which have been in the financial advisory and investment management industry. Shawn co-founded William Shaw Securities in 2006, prior to which he worked with a boutique stock broking firm based in Sydney.

Throughout the quarter, Mr. Uldridge acquired 1,500,000 shares.

Major shareholder New Guinea Gold Corporation sold all 20,973,684 shares.

Non-Executive Director Ben Faulkner acquired 1,103,000 shares.

Coppermoly signed an agreement with Odyssey Capital Partners to act as its advisor with a view to restoring its 100% ownership of the West New Britain Project tenements (EL1077 Simuku, EL1043 Nakru and EL1445 Talelumas) in Papua New Guinea.

Odyssey are managing the negotiations and any resultant transactions, with the process well underway.

On behalf of the board,



Peter Swiridiuk
MANAGING DIRECTOR

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

Notes:

- All stated intersections are weighted assay averages ($[\text{Sum of each total interval} \times \text{grade}] / \text{Total length of intersection}$).
- Quality control and quality assurance checks on sampling and assaying quality were satisfactory.
- BWNBDD (Barrick West New Britain Diamond Drillhole) Series Drill Core is PQ, HQ and NQ in size with core recovery predominantly greater than 93%.
- Co-ordinates from PNG projects are given in UTM Zone 56, AGD66 datum.
- Co-ordinates from Queensland projects are given in UTM Zone 56, AGD84 datum
- Reverse Circulation drillhole samples from the Esk Trough project were bagged and chips logged and sampled between 1m intervals. The split samples were then road freighted to ALS in Brisbane for sample preparation and analysis.
- Mineralised intersections are quoted as down hole widths.
- Mineralisation at Nakru-01 consists of copper, gold and silver.
- * Copper equivalent values have been calculated as $(\text{Cu} + (6764.1 \times \text{Au}) + (113 \times \text{Ag}))$
- * Copper Equivalent is the contained copper, gold and silver 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.
- The ASX requires a metallurgical recovery be specified for each metal. These are 87% for copper and 53% for gold.
- 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.
- Drillhole samples from drillholes in PNG were transported to the camp site then to the town of Kimbe where they were logged, orientated and sampled between 1m and 2m intervals from core split by saw. The split samples were then freighted to either Intertek in Lae (PNG) for sample preparation. Samples were dried to 106 degrees C and crushed to < 2 mm. Samples greater than 2kg were rifle split down to 1.5kg and pulverised to 75 microns. The final 300g sized pulp samples were then sent to Intertek laboratories in Jakarta for geochemical analysis. Intertek analysed for gold using a 50g Fire Assay with Atomic Absorption Spectroscopy finish. Other elements were assayed with ICPAES Finish. Copper values greater than 0.5% were re-assayed. Intertek laboratories have an ISO 17025 accreditation. Unused half core is stored in sheltered premises in the town of Kimbe.
- The resource statement for Nakru-01 has been compiled by Golder Associates in accordance with the guidelines defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves (The JORC Code). Golder Associates has verified the data disclosed. The key assumptions, parameters and methods used to estimate the minerals resources are set out in the 'Nakru Copper-Gold Deposit – Mineral Resource Statement' in a release dated 26th July 2012. The estimate of mineral resources is not materially affected by any known environmental, permitting, legal, title, taxation or political issues. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The Conceptual Mining Study was completed by Mr David Swain, FAusIMM, Principal of Swain Engineers, Consulting Mining Engineers, at the request of Coppermoly Ltd.
- The metallurgical results relate to samples and test work cited in ALS Ammtec Report A13543 and based on information compiled by Frank Trask (Member of the Australian Institute of Geoscientists No. 3325). Mr Trask is a consultant to Coppermoly Ltd and has sufficient experience relevant to the style of mineralisation, the type of deposits being considered, and the normal flotation methods being considered to qualify as a Competent Person as defined by the JORC Code, 2004 edition.