

31 January 2017

ASX Code: **COY**

## December 2016 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 31 December 2016 and to the date of this report.

### Summary for the Quarter Ended 31 December 2016

- Exploration Activity
  - Drilling commenced at Nakru 1 and is continuing at Nakru 2
  - Visual inspection of drill core indicates diamond drill holes at Nakru 1 appear to have intersected copper mineralisation.
  - Surface channel sampling along drill tracks and drill pad walls has been undertaken.
  - Application for ELA 2514 Makmak
  - Current Exploration Portfolio
- Corporate Activity
  - Extension of Convertible Notes' Term
  - Expired options

### Exploration Activity

#### Drilling at Mt Nakru Copper-Gold project

During the quarter an exploration drilling program commenced at the Company's most advanced project, the Mt Nakru Copper-Gold project. The project area hosts two known mineralisation zones: Nakru 1 and adjacent Nakru 2 prospects where drilling in 2014 intersected high grade near-surface copper mineralisation.

The Company began drilling at Nakru 1 in November 2016. A total of 972m of diamond drilling had been completed by the 31 December 2016. Six holes were either completed or being drilled by the end of the quarter. As of 24 January 2017, a total of 1,782.3m were drilled and ten holes were either completed or are currently being drilled. All the holes drilled to date have portions of visible copper mineralisation in the drill core. There are three zones of mineralisation of varying thickness present in all holes drilled so far at Nakru 1. They are all comprised of a blanket of oxidised material, followed by a supergene band and finally into the primary sulphide zone.

The following table shows examples of the different zones of mineralisation at Nakru 1 and their varying thicknesses.

Hole ID	Description			
	Zone A: Oxidation	Zone B: Supergene enrichment	Zone C: Intermediate	Zone D: Primary mineralisation
NAK11610/10A 280.7m (EOH)	95m (0 – 95)	15m (95 – 110)	30m (110 – 140)	140.7m (140 – 280.7)
NAK11605 200.2 (EOH)	65m (0 – 65)	27m (65 – 92)	11m (92 – 103)	97m (103 – 200.2)
NAK11606 208.8(EOH)	57m (0 – 57)	15m (57 – 72)	47m (72 – 119)	89.8m (119 – 208.8)

**Table 1. Examples from current drilling indicating the various zone thickness.**

The drilling had a slower than expected start due to the wet season arriving earlier than anticipated. Drilling is now moving at an acceptable rate. The drilling at Nakru 1 is almost complete. The locations of the drillhole collars are shown in the figure below.

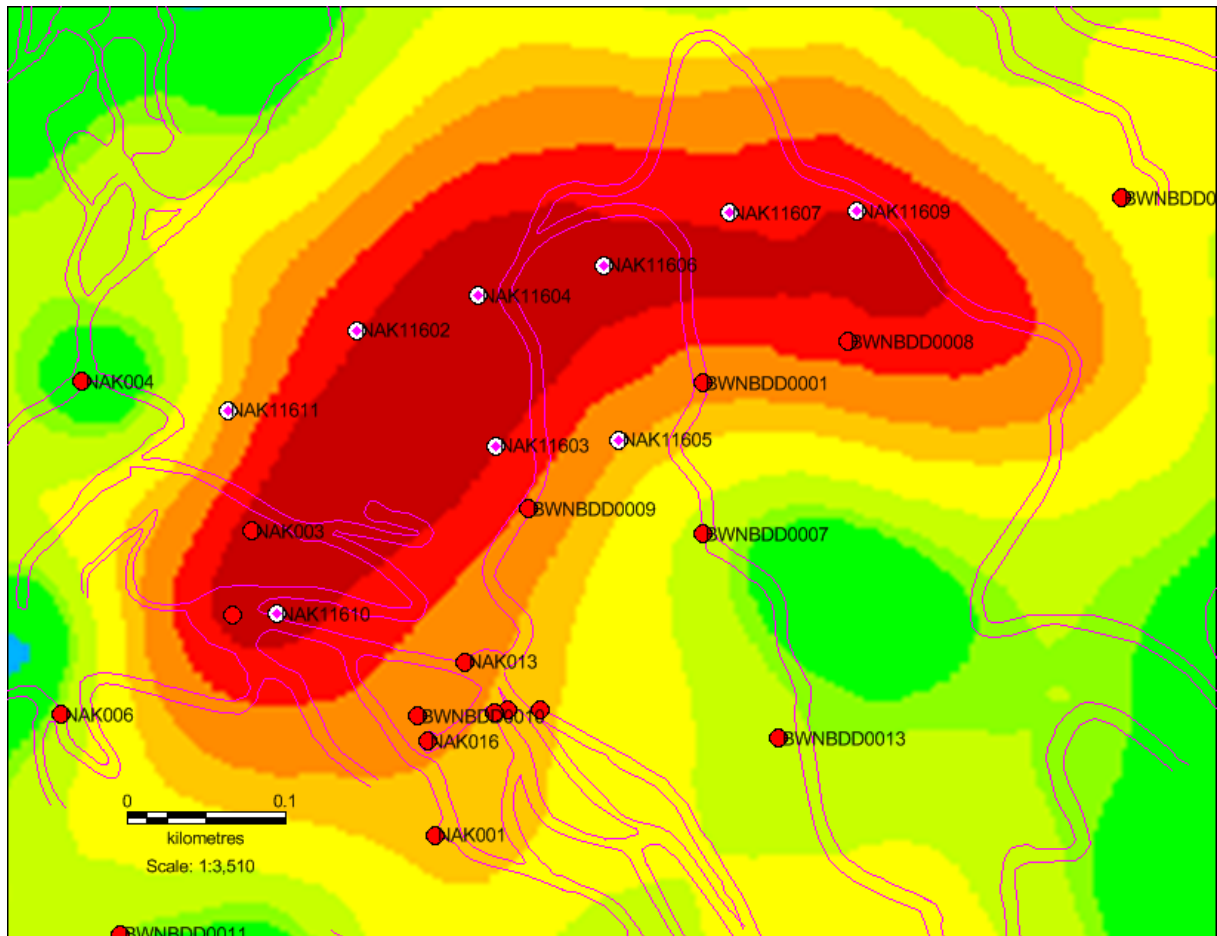


Figure 1: Nakru 1 drill hole locations over ground magnetics

Once Nakru 1 drilling is completed work will concentrate on the Nakru 2 area. One drill rig has been moved to Nakru 2 and commenced drilling on 24 January 2017. All road and drill pad earthworks have been completed at Nakru 2.

Samples collected to date are currently being assayed at laboratories in PNG and Australia with results expected during the coming March 2017 quarter. When all results are received, a further evaluation of the resource will be made.

Channel samples have been collected along all of the new drill access tracks at Nakru 1. Drill pads with significant vertical walls were also channel sampled.

### Tenement application

On 29 November 2016 the Company announced that it had received notification from the PNG Mineral Resources Authority (**MRA**) that renewal applications for exploration licences EL 2014 and EL 2272 had been refused. While the Company is disappointed with that decision those tenements have not been a focus for exploration efforts of the Company. The Company was surprised by the refusals to renew the licences as it had no prior indications from the MRA that the exploration licences wouldn't be renewed, particularly after holding very successful Warden's Hearings for both licences with full support of each group of landowners from Makmak & Wowonga to renew the respective licenses for another two years.

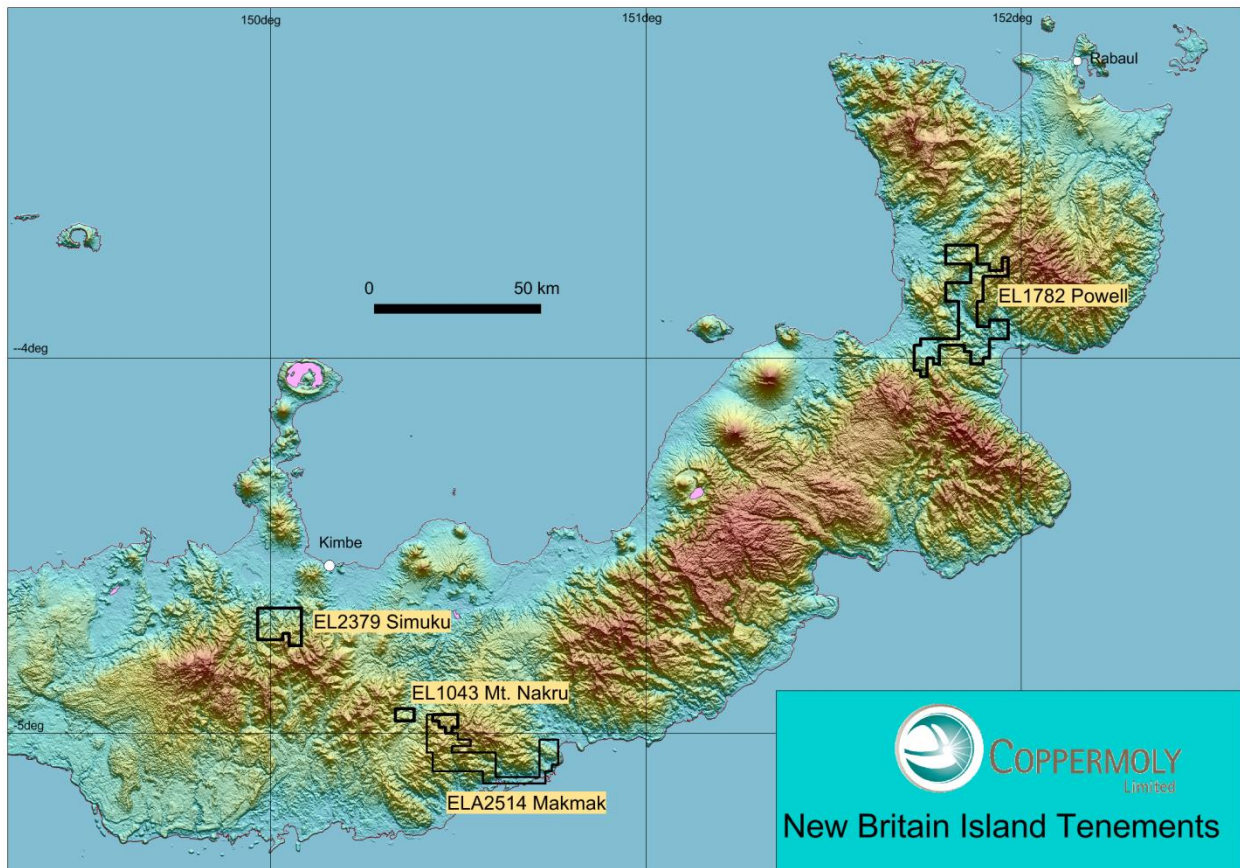
Coppermoly has reapplied for most of the ground covered by EL 2014 and some additional ground that adjoins EL 1043. Coppermoly was the only applicant. Planning is under way for the required Warden's Hearing.

## Current Exploration Portfolio

The Company's current exploration portfolio, all on New Britain Island, Papua New Guinea (PNG), consists of the following tenements:

PROJECT	PERIOD ACQUIRED	LOCATION
EL 1043 Mt Nakru (47km <sup>2</sup> )*	Jan 2008	West New Britain
EL 2379 Simuku (122km <sup>2</sup> )*	Jan 2008	West New Britain
EL 1782 Powell (378km <sup>2</sup> )	Sep 2013	East New Britain
ELA 2514 Makmak (269km <sup>2</sup> )	Pending	West and East New Britain

\* Two of the Company's exploration licences, EL 1043 Mt Nakru and EL 2379 Simuku, together known as the West New Britain Projects (**WNB Projects**), were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. Barrick earned a 72% interest in the WNB Projects by spending more than \$20 million on exploration. In July 2013 Coppermoly entered into an agreement with Barrick to reacquire 100% ownership of the WNB Projects' licences on a staged basis. Barrick still holds a nominal 28% interest in the WNB Projects, which the Company has a binding agreement to acquire, completion of which will be effected on the payment of a further \$4.5 million to Barrick within 6 months following the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs for exploration or development of the WNB Projects nor are they entitled to any profits from the projects.



Map 1: Coppermoly's exploration licences on New Britain Island

## Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr John Donald Macansh, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Macansh has sufficient experience which is relevant to the style of mineralisation under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Macansh is a contracted consultant to Coppermoly and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Corporate Activity****Extension of Convertible Notes' Term**

On 19 October 2016 Coppermoly announced that it has obtained agreement from Jade Triumph International Ltd (**Jade Triumph**) to extend the maturity date for the Convertible Notes held by them for twelve months, extending their term so that the new maturity date is now 19 December 2017.

Each Convertible Note is convertible, at the option of the holder, into one new fully paid ordinary share on or before the maturity date, unless repaid earlier, subject to such conversion not resulting in the holder breaching the Corporations Act 2001. There have been no other changes to the Convertible Notes other than the extension of the maturity date.

Coppermoly Non-executive Director, Dr Wanfu Huang, said:

“This extension to the maturity date of the Jade Triumph Convertible Notes is a welcome vote of confidence in the Company’s strategy and will allow us to concentrate our efforts and resources on the upcoming drilling program at Mt Nakru.”

**Expiration of unlisted options**

19,999,999 unlisted options held by Jade Triumph expired unexercised on 19 December 2016. The unlisted options were issued at the same time as the Convertible Notes issued to Jade Triumph in December 2014 & March 2015 and had an exercise price of \$0.03.

<b><u>Corporate Directory</u></b>	
<b>Coppermoly Limited</b> (ABN 54 126 490 855)	
<b>Directors</b>	<b>Registered office</b>
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**About Coppermoly**

Coppermoly (COY) is an ASX listed junior exploration company which has been listed on the ASX since 2008. Coppermoly’s mineral exploration activities are focused entirely on the island of New Britain in PNG where it is exploring primarily for copper, gold, silver, zinc, and molybdenum.