

28 April 2017

ASX Code: **COY**

March 2017 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 31 March 2017 and to the date of this report.

Summary for the Quarter Ended 31 March 2017

- Exploration Activity
 - Drilling at Mt Nakru Copper-Gold project
 - Drilling has identified high grade copper and gold mineralisation extending over significant intersections
 - Drilling to date has yet to close off the area of mineralisation at either the Nakru 1 or the Nakru 2 prospect
- Current Exploration Portfolio
- Corporate Activity

Exploration Activity

Drilling at Mt Nakru Copper-Gold project

During March and April 2017 Coppermoly announced the results from its recent drilling campaign at the Company's most advanced project, EL 1043 Mt Nakru Copper-Gold project. The project area hosts two known mineralisation zones: Nakru 1 and adjacent Nakru 2 prospects where all previous drilling, including the most recent drill holes, has intersected high grade near-surface copper mineralisation. Nakru 2 is located only 1,500m west of the Nakru 1 prospect.

All assay results from the most recent drilling campaign at Mt Nakru have now been received. These results are currently being assessed by technical experts, and further announcements will follow as the modelling progresses.

Highlights from these results include:

Nakru 1:

- NAK11606 intersected 56.00m @ 1.95% Cu from 60.00m
- NAK11607 intersected 49.66m @ 1.84% Cu and 2.66/t Au from 74.00m
- NAK11604 intersected 50.40m @ 1.45% Cu from 114.00m excluding 3.6m mafic intrusives
- NAK11611 intersected 19.10m @ 3.64% Cu and 0.2 g/t Au from 30.00m
- NAK11602 intersected 55.20m @ 1.11% Cu from 54.00m including 4.00m @ 1.99g/t Au excluding 14.8m mafic intrusives

Nakru 2:

- NAK21603 intersected 32.00m @ 2.58% Cu from 82.00m
- NAK21605 intersected 10.37m @ 3.75% Cu from 15.63m
- NAK21602 intersected 38.00m @ 0.87% Cu from 92.00m including 8.00m @ 1.58% Cu

A total of nine diamond core holes were drilled at Nakru 1 and five diamond core holes at Nakru 2 during the campaign for a total of 2,900.2 metres over the 14 drill holes. The drilling campaign was part of an infill drilling program aimed at upgrading the resource at Nakru 1 and testing the extension of mineralisation at Nakru 2.

The Nakru 1 drilling has identified high grade copper and gold mineralisation extending over significant intersections only being interrupted by later stage mafic dykes and sills. These intrusives are easily identified and will not dilute the mineralised material during extraction.

The geometry of the mineralisation, and relatively flat geological contacts intersected in the drilling, indicate that this deposit may be associated with a volcanogenic hosted massive sulphide style. The breadth and depth of this mineralised envelope is yet to be defined and will be tested with further drilling.

The Nakru 1 deposit also contains a supergene enrichment blanket adjacent to the base of oxidation where secondary enrichment of the sulphides, particularly copper in the form of chalcocite has taken place. This varies in thickness from a metre to over 10 metres in some parts. This zone is relatively close to the surface, is higher in grade and is relatively soft.

In addition to this, later stage quartz sulphide veins have possibly cut through the previously mineralised zones adding more grade, and gold credits to the prospect.

The Nakru 1 prospect remains open, and further exploration is required to uncover the potential tonnage and grade of this deposit.

The recent Nakru 2 drilling has identified mineralised downhole intervals of over 30 metres at greater than 2.5% copper. The style and shape of this mineralisation tends to indicate that this is related to a volcanogenic massive sulphide style deposit, and is backed up by the level of sulphur in the assays received. As previously observed, the mineralisation in the primary zone at the Nakru 2 prospect is dominated by disseminated pyrite and chalcopyrite hosted in a silicified pumice and breccia unit.

This deposit also contains a subtle supergene enrichment blanket similar to Nakru 1 where secondary enrichment of the sulphides, particularly copper in the form of chalcocite occurs. Previous drilling also identified this layer.

The drill holes also intersected bands of elevated zinc and silver within in the massive sulphide unit. This adds credence to the possibility that Nakru 2 is a style related to volcanogenic massive sulphide mineralisation.

The prospect remains open, and further exploration is required to uncover the potential tonnage and grade of this deposit.

Figure 1 is a plan of Nakru 1 indicating the location of all the drill holes completed on that prospect to date. Sections through the completed holes can be seen on Figures 2, 3 and 4. These highlight elevated concentrations of copper and gold including the supergene enriched blanket intersected in the drilling.

Figure 5 is a plan of Nakru 2 indicating the location of all the drill holes completed there to date. Sections through the completed holes can be seen on Figures 6, 7 and 8. These highlight elevated concentrations of copper intersected in the drilling.

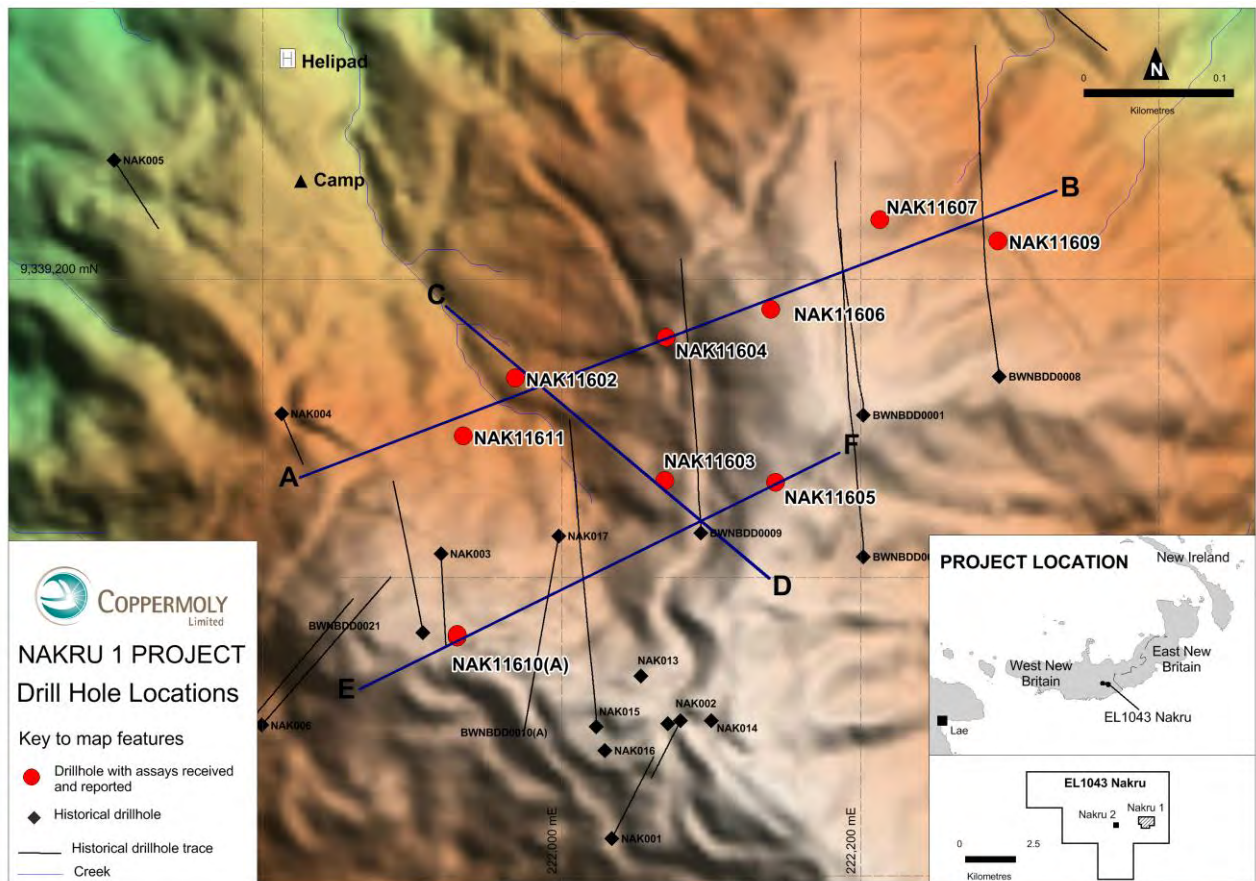


Figure 1- Drill plan Nakru 1 showing location of all drill holes.

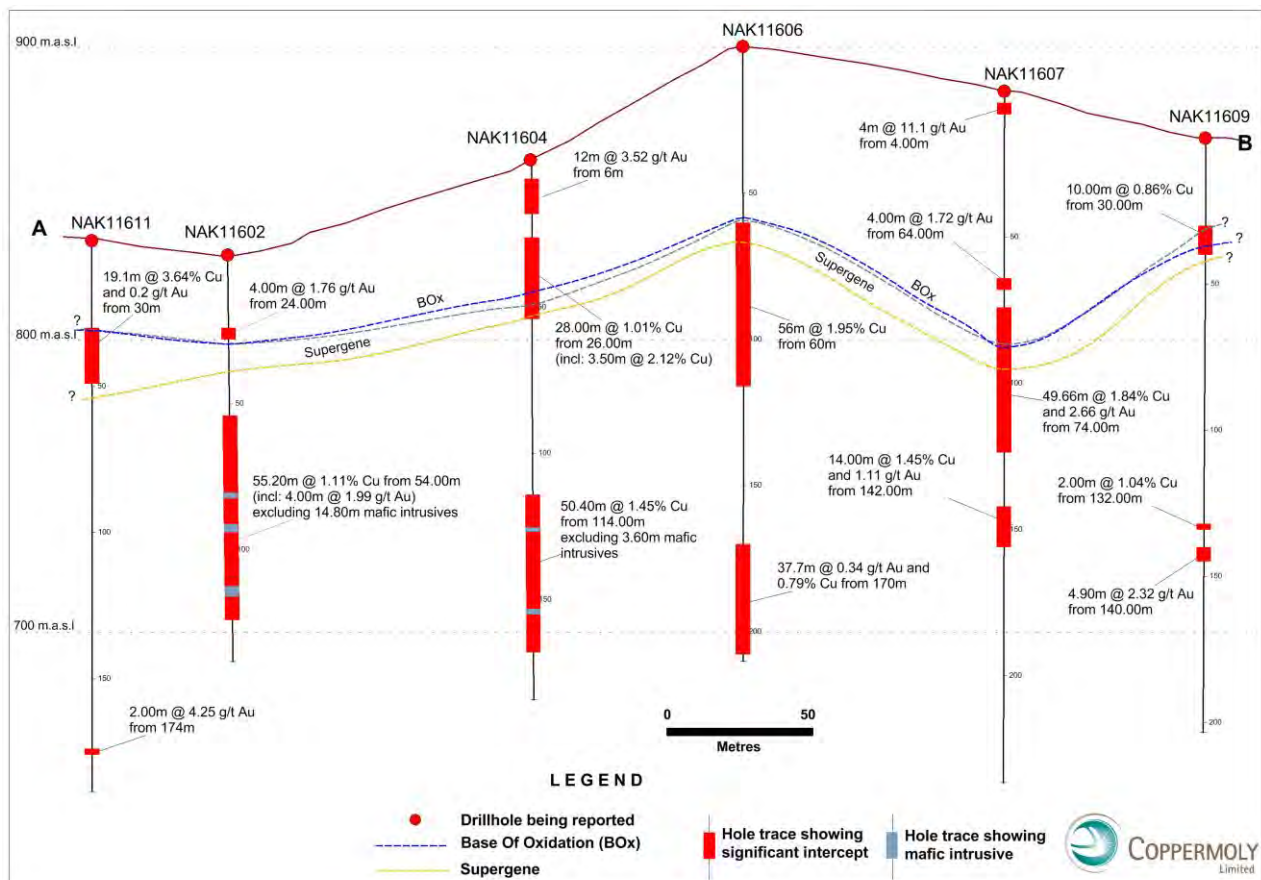


Figure 2 - Section through NAK11602, NAK11604, NAK11606, NAK11607, NAK11609 and NAK11611

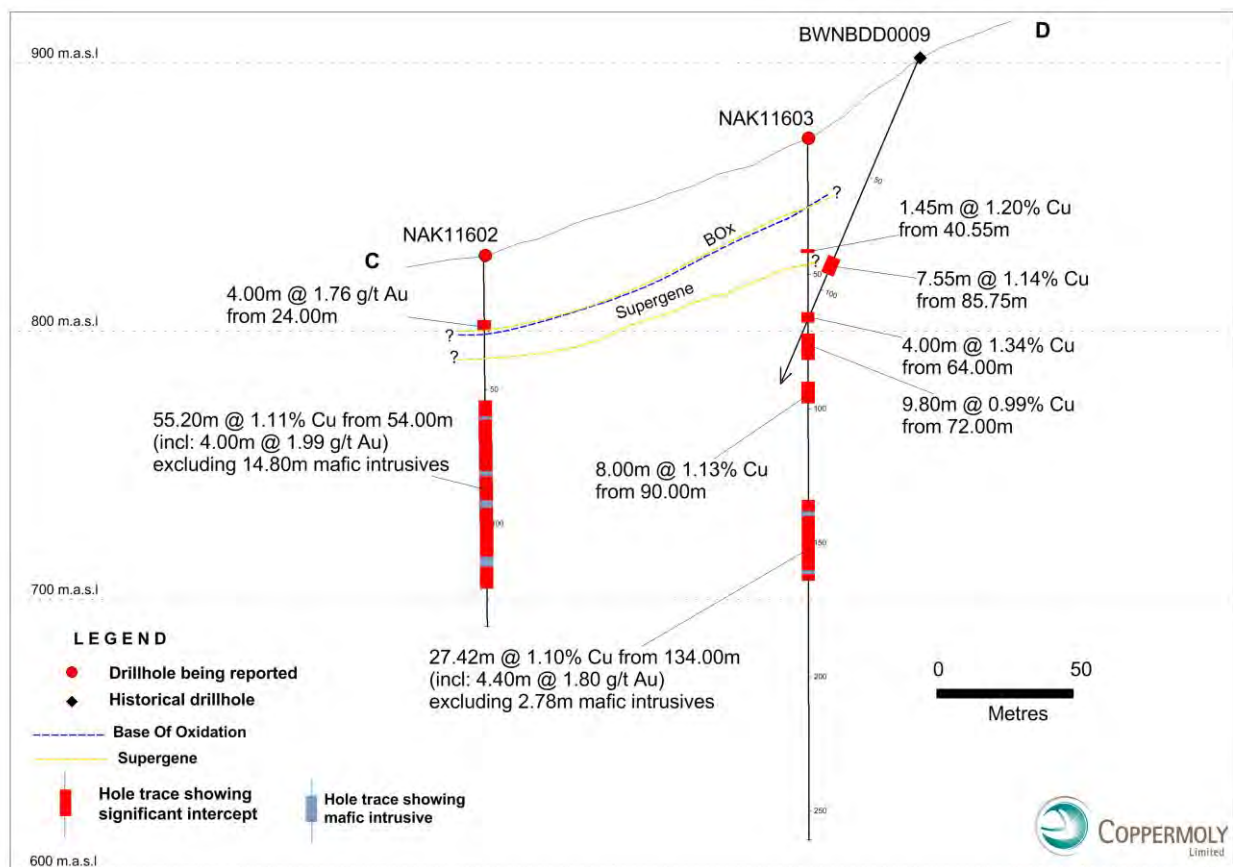


Figure 3 - Section through NAK11602, NAK11603 and BWNBDD0009

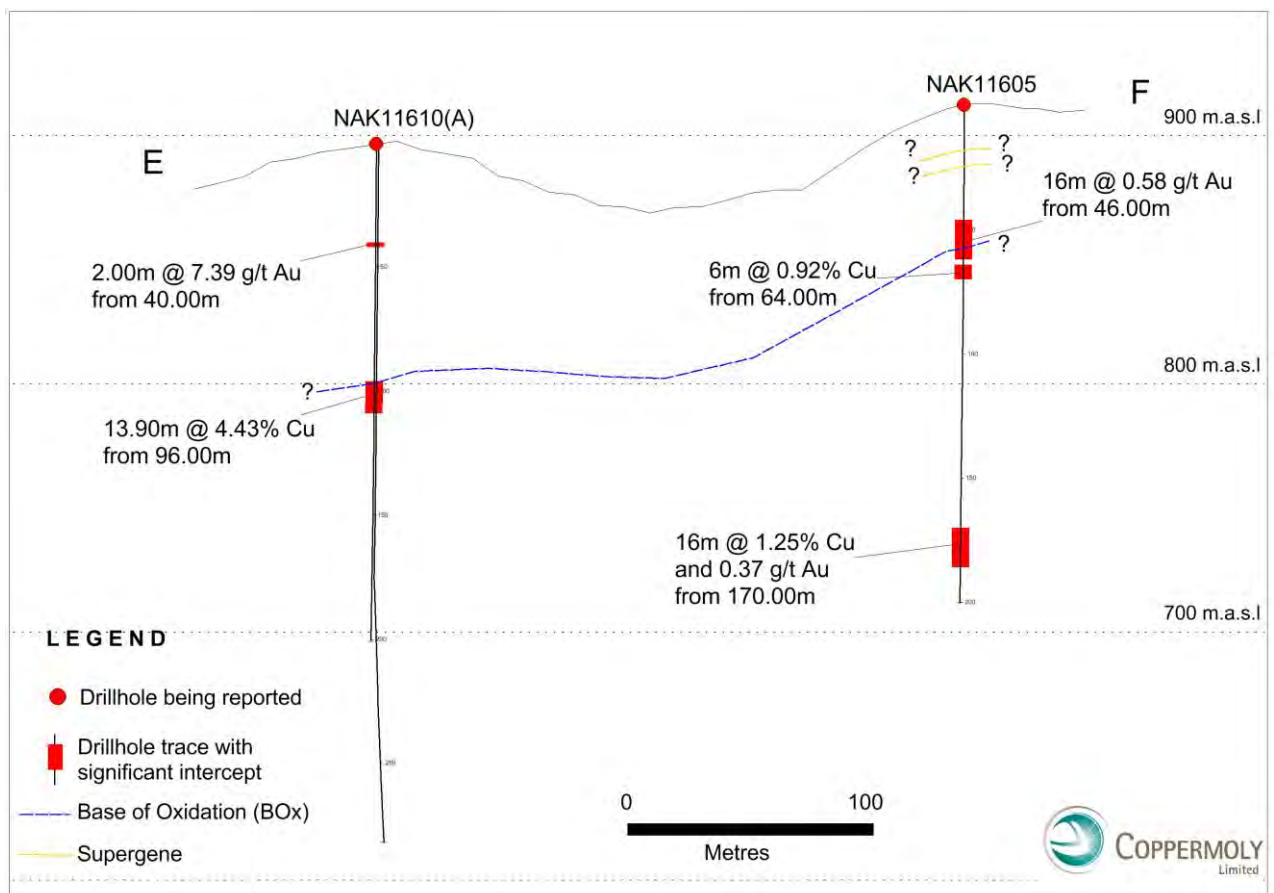


Figure 4 - Section through NAK11605 and NAK11610(A)

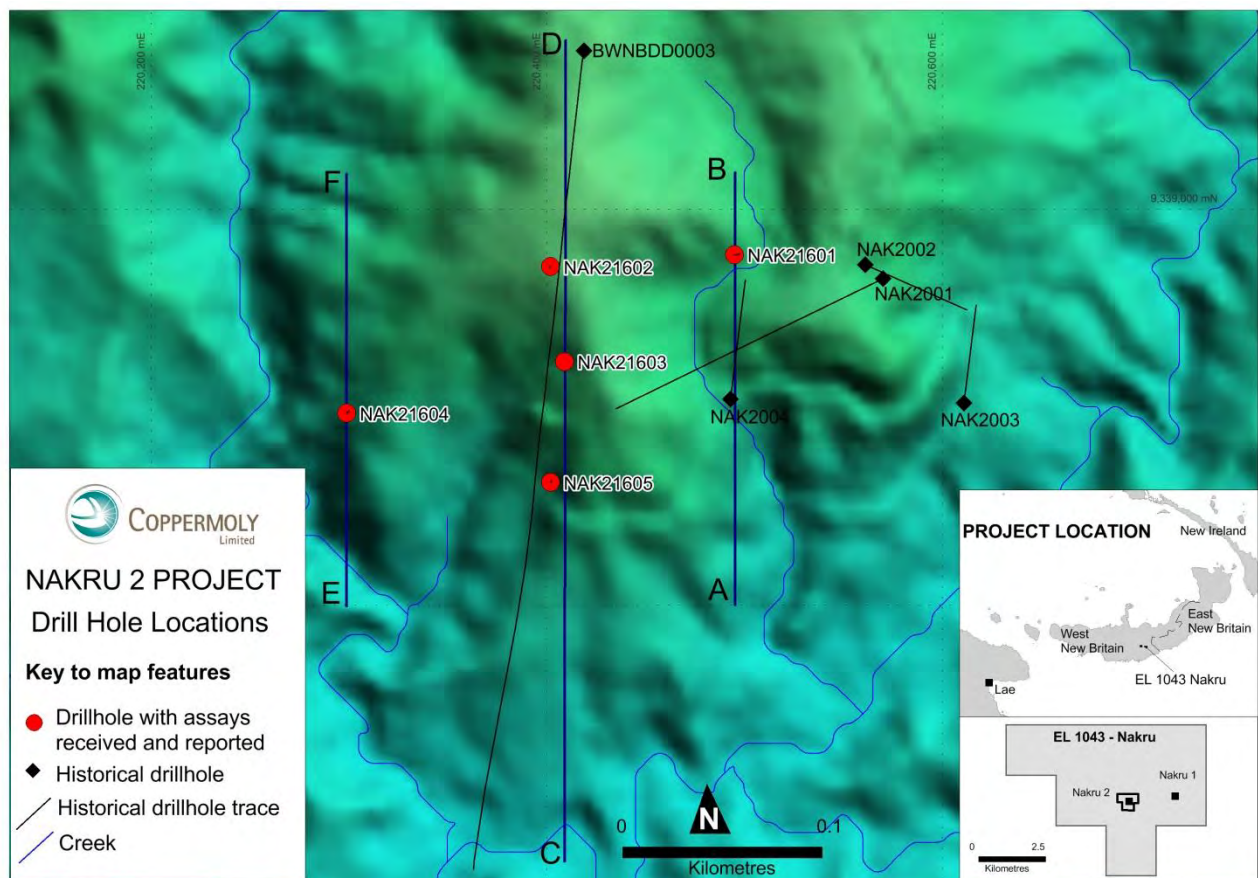


Figure 5- Drill plan Nakru 2 showing location of all drill holes.

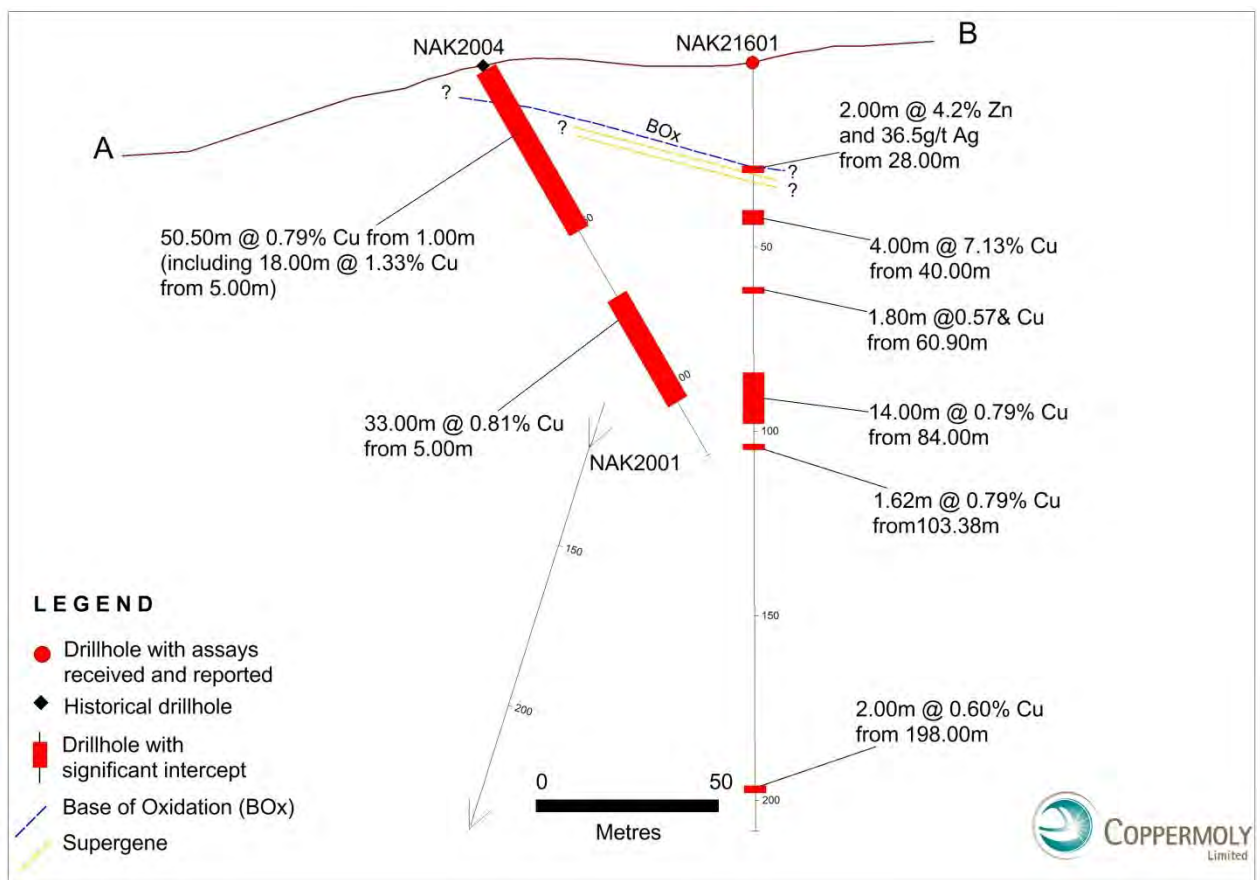


Figure 6 - Section through NAK21601 and NAK2004

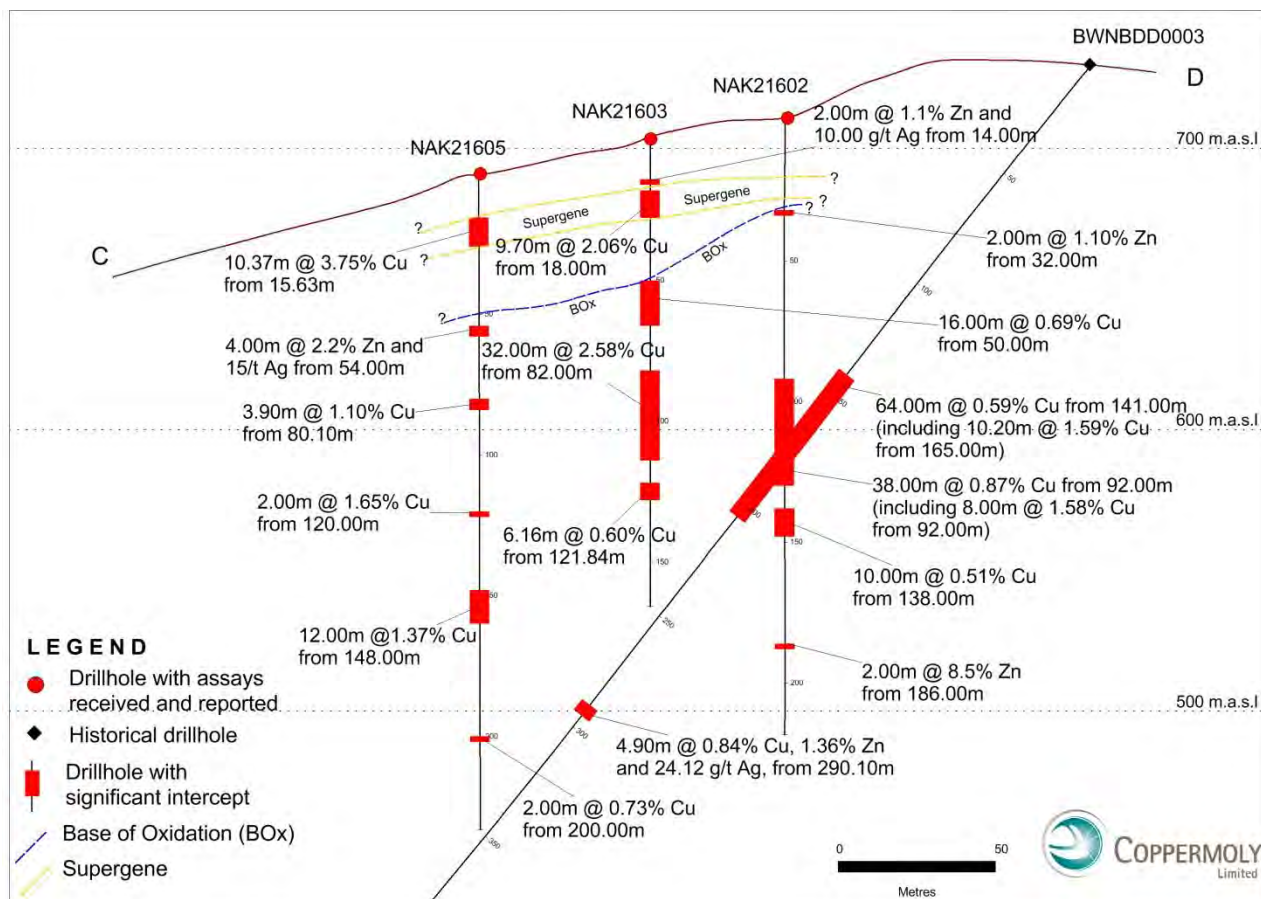


Figure 7 - Section through NAK21602, NAK21603 NAK21605 and BWNBDD0003

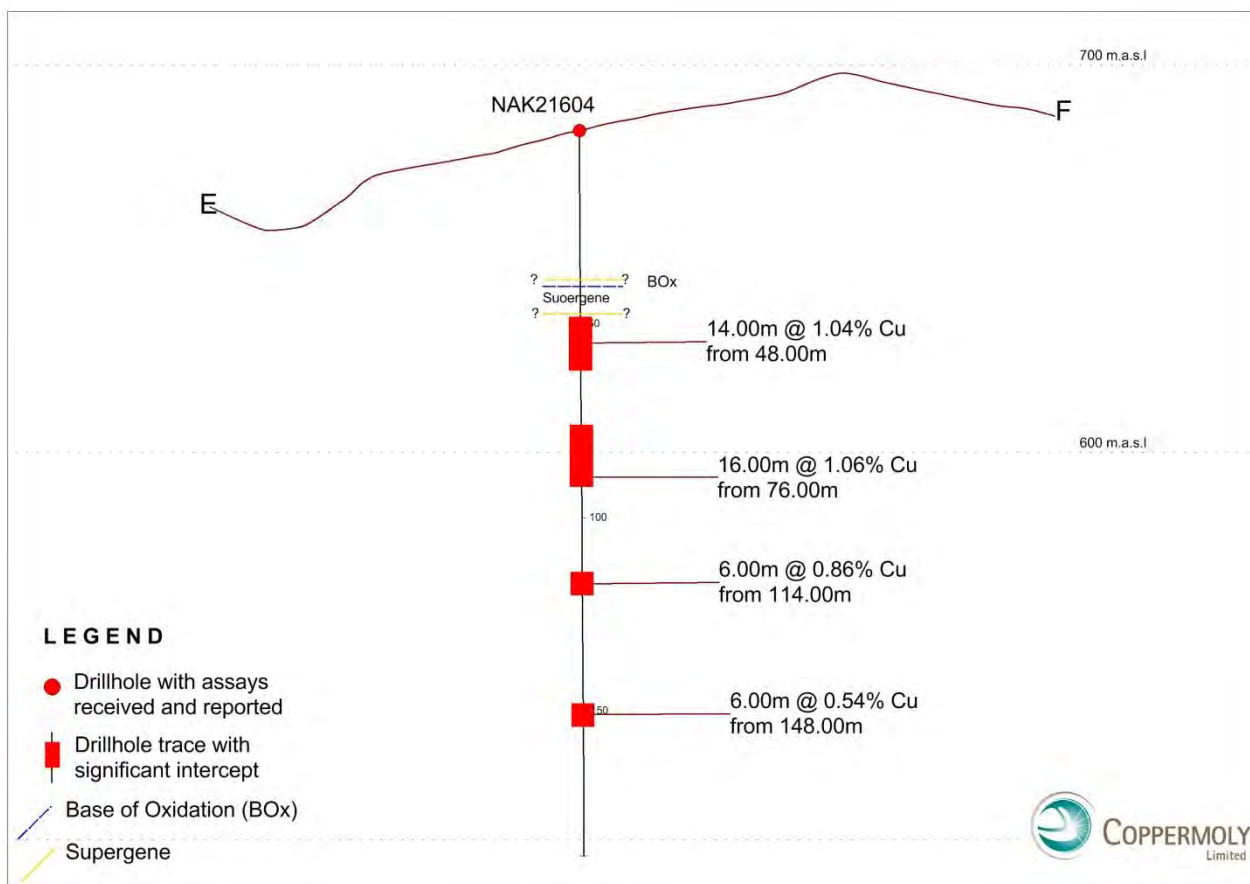


Figure 8 - Section through NAK21604

All significant intercepts previously reported from the recent results include:**Nakru 1:**

- NAK11602 intersected 4.0m @ 1.76 g/t Au from 24m
- NAK11602 intersected 55.20 m @ 1.11% Cu from 54.00m including 4.00m @ 1.99g/t Au excluding 14.8m mafic intrusives
- NAK11603 intersected 1.45m @ 1.2% Cu from 40.55m
- NAK11603 intersected 4.0m @ 1.34% Cu from 64.0m
- NAK11603 intersected 9.8m @ 0.99% Cu from 72.0m
- NAK11603 intersected 8.0m @ 1.13% Cu from 90.0m
- NAK11603 intersected 27.42m @ 1.10% Cu from 134.00m including 4.40m @ 1.8g/t Au excluding 2.78m mafic intrusives
- NAK11604 intersected 12.00m @ 3.52g/t Au from 6.00m
- NAK11604 intersected 28.00m @ 1.01% Cu from 26.00m including 3.5 m @ 2.12% Cu
- NAK11604 intersected 50.40m @ 1.45% Cu from 114.00m excluding 3.6m mafic intrusives
- NAK11605 intersected 16.00m @ 0.58g/t Au from 46.00m
- NAK11605 intersected 6.00m @ 0.92% Cu from 64.00m
- NAK11605 intersected 16.00m @ 1.25% Cu and 0.37g/t Au from 170.00m
- NAK11606 intersected 56.00m @ 1.95% Cu from 60.00m
- NAK11606 intersected 37.70m @ 0.79% Cu and 0.34g/t Au from 170m
- NAK11607 intersected 4.00m @ 11.10g/t Au from 4.00m
- NAK11607 intersected 4.00m @ 1.72g/t Au from 64.00m
- NAK11607 intersected 49.66m @ 1.84% Cu and 2.66/t Au from 74.00m
- NAK11607 intersected 14.00m @ 1.45% Cu and 1.11g/t Au from 142.00m
- NAK11609 intersected 10.00m @ 0.86% Cu from 30.00m
- NAK11609 intersected 2.00m @ 1.04% Cu from 132.00m
- NAK11609 intersected 4.90m @ 2.32g/t Au from 140.00m
- NAK11610 intersected 2.00m @ 7.39g/t Au from 40.00m
- NAK11610 intersected 13.90m @ 4.43%Cu from 96.00m
- NAK11611 intersected 19.10m @ 3.64% Cu and 0.2 g/t Au from 30.00m
- NAK11611 intersected 2.00m @ 4.25g/t Au from 174.00m

Nakru 2:

- NAK21601 intersected 2.00m @ 4.2% Zn and 36.5g/t Ag from 28.00m
- NAK21601 intersected 4.00m @ 7.13% Cu from 40.00m
- NAK21601 intersected 1.80m @ 0.57% Cu from 60.90m
- NAK21601 intersected 14.00m @ 0.79% Cu from 84.00m
- NAK21601 intersected 1.62m @ 0.79% Cu from 103.38m
- NAK21601 intersected 2.00m @ 0.60% Cu from 198.00m
- NAK21602 intersected 2.00m @ 1.1% Zn from 32.00m
- NAK21602 intersected 38.00m @ 0.87% Cu from 92.00m including 8.00m @ 1.58% Cu
- NAK21602 intersected 10.00m @ 0.51% Cu from 138.00m
- NAK21602 intersected 2.00m @ 8.5% Zn from 186.00m
- NAK21603 intersected 2.00m @ 1.1% Zn and 10g/t Ag from 14.00m
- NAK21603 intersected 9.70m @ 2.06% Cu from 18.00m
- NAK21603 intersected 16.00m @ 0.69% Cu from 50.00m
- NAK21603 intersected 32.00m @ 2.58% Cu from 82.00m

- NAK21603 intersected 6.16m @ 0.60% Cu from 121.84m
- NAK21604 intersected 14.00m @ 1.04% Cu from 48.00m
- NAK21604 intersected 16.00m @ 1.06% Cu from 76.00m
- NAK21604 intersected 6.00m @ 0.86% Cu from 114.00m
- NAK21604 intersected 6.00m @ 0.54% Cu from 148.00m
- NAK21605 intersected 10.37m @ 3.75% Cu from 15.63m
- NAK21605 intersected 4.00m @ 2.2% Zn and 15/t Ag from 54.00m
- NAK21605 intersected 3.90m @ 1.10% Cu from 80.10m
- NAK21605 intersected 2.00m @ 1.65% Cu from 120.00m
- NAK21605 intersected 12.00m @ 1.37% Cu from 148.00m
- NAK21605 intersected 2.00m @ 0.87% Cu from 184.00m
- NAK21605 intersected 2.00m @ 0.73% Cu from 200.00m

Please refer to ASX Announcements released on 16 March, 19 April and 27 April 2017 for full details, including all relevant assay results.

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.

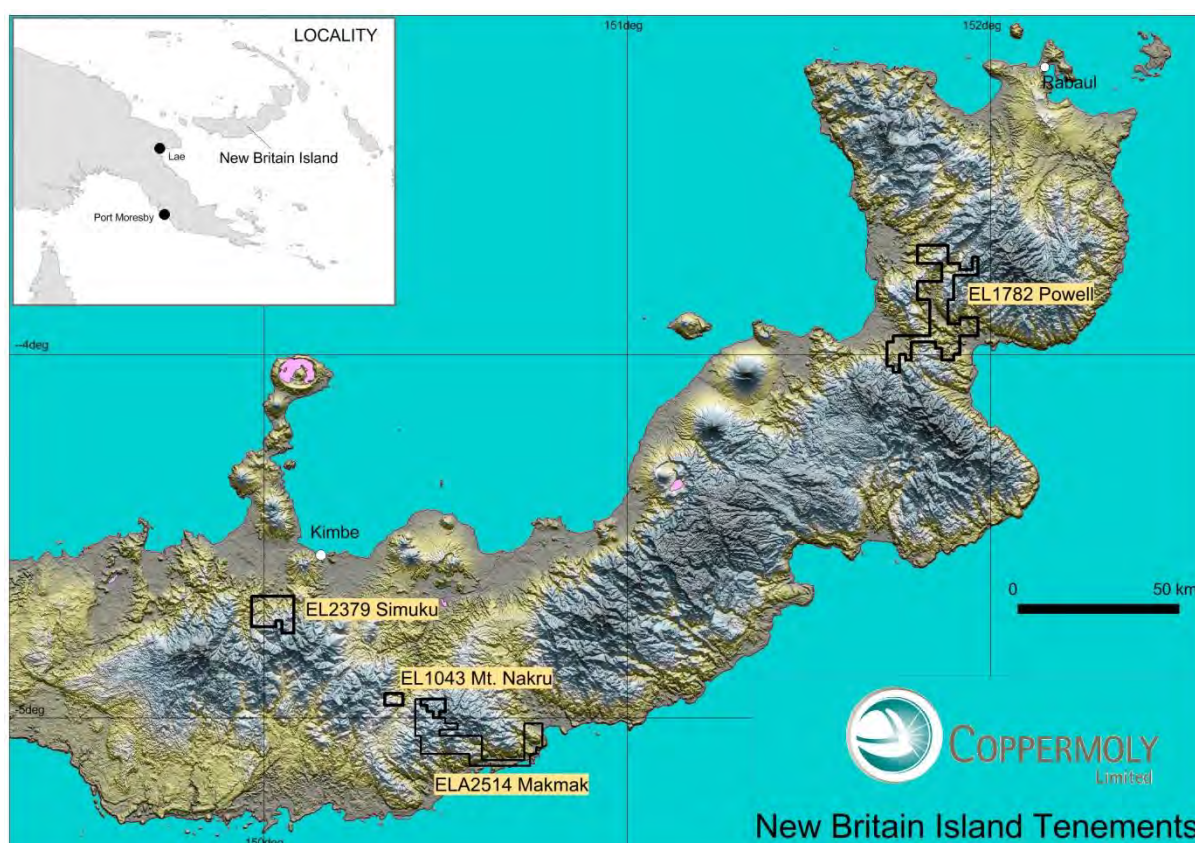
Current Exploration Portfolio

The Company's current exploration licences, all located on New Britain Island, PNG:

PROJECT	PERIOD ACQUIRED	EXPIRY	AREA	LOCATION
EL 1043 Mt Nakru*	Jan 2008	Dec 2016 [†]	47km ²	West New Britain
EL 2379 Simuku*	Jan 2008	Sep 2017	122km ²	West New Britain
EL 1782 Powell	Sep 2013	Sep 2017	378km ²	East New Britain
ELA 2514 Makmak	Pending	NA	269km ²	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.

[†] An application to renew EL 1043 has been submitted and all legal and other requirements have been met for the renewal. The Company is not aware of any reason why the exploration licence will not be renewed.



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

Corporate Activity

Exercise of Unlisted Options

On 30 March 2017 Coppermoly announced that Ever Leap Services Limited (**Ever Leap**) had elected to exercise all the outstanding unlisted options that they held at the time.

A total of 333,333,333 new fully paid ordinary shares in Coppermoly (**Shares**), raising \$666,667 before costs, were issued pursuant to the exercise of all unlisted options held by Ever Leap. All unlisted options held by Ever Leap were issued in April 2016 and were exercisable at any time between 1 February 2017 and 31 January 2020. The unlisted options included 250,000,000 COYOR options issued for \$0.004 per option with no exercise price and 83,333,333 COYOS options issued at no issue price and with a \$0.008 (0.8 cents) exercise price.

At the time, Coppermoly Non-executive Director, Dr Wanfu Huang, said:

“The decision by Ever Leap to exercise all of their unlisted options is another welcomed endorsement for the Company’s strategy, particularly since the options had almost 3 more years before they expired. These funds will allow us to continue our exploration efforts, including planning the next phase of exploration to define economic resources on the Mt Nakru project.”

Expiration of unlisted options

21,963,933 unlisted options held by Barrick expired unexercised on 25 March 2017. The unlisted options were issued in return for Barrick agreeing to waive a condition precedent to amending the Reacquisition Agreement which required a successful raising of a minimum of \$1.2M by 9 January 2015. The options were issued for no consideration in March 2015. Each option was exercisable into one Share at any time prior to 25 March 2017 at an exercise price of \$0.03.

<u>Corporate Directory</u>	
Coppermoly Limited (ABN 54 126 490 855)	
Directors	Registered office
Dr Wanfu Huang (Non-Executive Director)	Suite 1B, 91 Upton Street,
Mr Jincheng Yao (Non-Executive Director)	Bundall, Queensland 4217
Mr Kevin Grice (Non-Executive Director)	Telephone: +61 7 5510 3994
Mr Zule Lin (Non-Executive Director)	Facsimile: +61 7 5510 3997
Company Secretary	Email: info@coppermoly.com.au
Mr Paul Schultz CPA	Website: www.coppermoly.com.au

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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(977)	(1,556)
(b) development	-	-
(c) production	-	-
(d) staff costs	(47)	(142)
(e) administration and corporate costs	(36)	(167)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	18
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	4
1.9 Net cash from / (used in) operating activities	(1,058)	(1,844)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(13)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	2
2.6 Net cash from / (used in) investing activities	(2)	(11)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	667	667
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issue of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	23
3.6 Repayment of borrowings	(5)	(17)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	662	673

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,335	2,117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,058)	(1,844)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2)	(11)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	662	673
4.5 Effect of movement in exchange rates on cash held	(5)	(3)
4.6 Cash and cash equivalents at end of period	932	932

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	932	733
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) - fixed term deposit	-	602
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	932	1,335

6. Payments to directors of the entity and their associates

Current quarter \$A'000
1
-

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' fees

7. Payments to related entities of the entity and their associates

Current quarter \$A'000
-
-

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	350
9.2	Development	-
9.3	Production	-
9.4	Staff costs	62
9.5	Administration and corporate costs	50
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	462

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date:

April 28, 2017

.....
(Director/Company secretary)

Print name:

Paul Schultz
.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.