



31 January 2018

ASX Code: **COY**

December 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 December 2017 and to the date of this report.

Summary for the Quarter Ended 31 December 2017

- Exploration Activity
 - Simuku VTEM
 - Nakru next stage
- Current Exploration Portfolio
- Corporate Activity
 - \$2.87M Placement
 - Share Allotment to Directors
 - Extension of Convertible Notes' Term

Exploration Activity

Simuku (EL 2379)

During the quarter Coppermoly completed a helicopter-borne geophysical survey over the Company's EL 2379 Simuku Cu-Au exploration project (**Simuku**). Simuku hosts both a large tonnage low grade porphyry style copper mineralisation and near surface higher grade secondary copper mineralisation. Both mineralisation zones have untested extensions.

The helicopter-borne geophysical survey was undertaken by Perth based contractor UTS Geophysics and utilised UTS's Versatile Time-Domain Electromagnetic (**VTEM™**) geophysical system. The VTEM™ Plus system is ideal for locating discrete conductive anomalies as well as mapping lateral and vertical variations in resistivity. This system also collects magnetic data which can be utilised for geological interpretation of structures and buried intrusive systems.

The survey covered approximately 928 line-kilometres (line spacing at 150m) over all the current Simuku licence area. Preliminary data (magnetic and EM data) received from this VTEM™ survey has revealed significant structures and their spatial relations with known mineralised zones. Currently the data from the survey is being processed and, when completed, products will be delivered to Coppermoly in a format that allows geological interpretation for defining extended or new mineralised targets.

Mt Nakru (EL 1043)

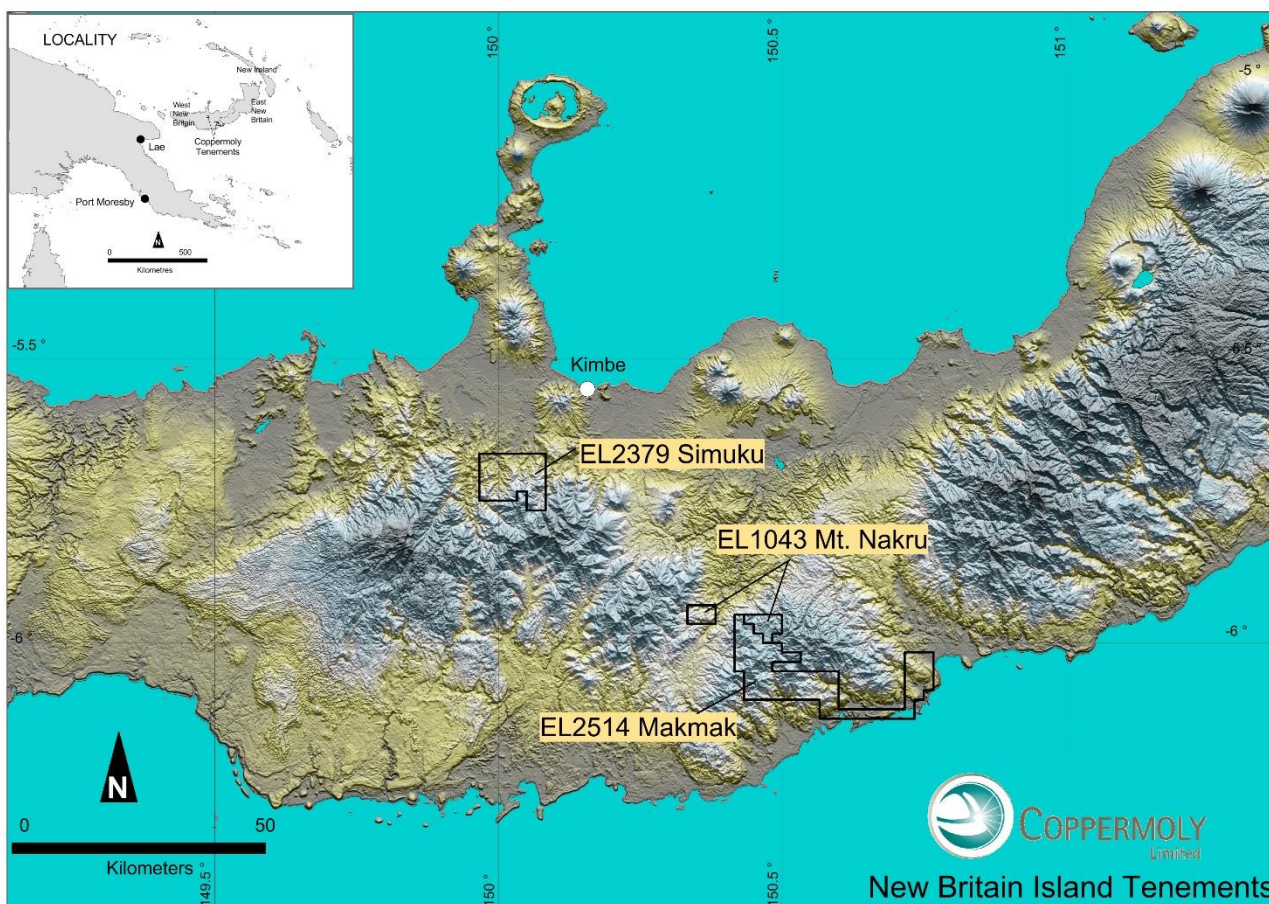
The Company is also in the planning stage for the next drilling program on the Company's Mt Nakru EL 1043 Cu-Au project (**Nakru**) where an updated JORC Inferred Mineral Resource was estimated by Mining Associates in June 2017. The Nakru Inferred resource totals 29Mt at 0.92% Cu & 0.22 g/t Au using a cut-off grade of 0.3% Cu across two Cu-Au deposits at Nakru 1 & Nakru 2 for a combined total of 267kt of Cu and 208koz of Au (2Moz of Ag). The next stage drilling program at Nakru will focus on seeking to upgrade the resource category while also defining the size of deposits at Nakru 1 and Nakru 2, funds and conditions permitting.

Since both deposits have higher grades concentrated in the upper levels, and the shallow depth (overall less than 200m), an open-pit mine with conventional copper flotation processing is a likely option.

Exploration Activity (continued)

Please refer to the ASX Announcement released on 22 June 2017 for details of the Inferred Mineral Resource Estimate update as well as ASX Announcements released 16 March, 19 April and 27 April 2017 for full details of the last drilling program at Nakru, including all relevant assay results. The Company is not aware of any new information or data that materially affects the information included in these announcements and all the material assumptions and technical parameters underpinning the Inferred Mineral Resource Estimate in the ASX Announcement released on 22 June 2017 continue to apply and have not materially changed.

Current Exploration Portfolio



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

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

PROJECT	PERIOD ACQUIRED	AREA	LOCATION
EL 1043 Mt Nakru*	Jan 2008	47km ²	West New Britain
EL 2379 Simuku*	Jan 2008	122km ²	West New Britain
EL 2514 Makmak	Sep 2017	269km ²	West 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.

Current Exploration Portfolio (continued)

The two year licence term for EL 2379 Simuku ended on 10 September 2017. Coppermoly has lodged an application to extend the term of this Exploration Licence until 10 September 2019. A successful Warden's Hearing was held on 10 October 2017. The renewal application has been assessed by the Mining Advisory Council and is currently awaiting final approval by the PNG Minister of Mining. The Exploration Licence remains in force until a determination is made regarding the renewal application.

Corporate Activity

Placement

On 30 October 2017 the Company announced that it had entered an agreement to undertake a private placement to raise approximately \$2.87M before costs at an issue price of \$0.0105 (1.05 cents) per share (**Placement**).

The Placement was made to new investor, Shenzhen Beilite Jades Limited (**Beilite**). Beilite is a diversified private investment company specialising in precious metals, metal products, and high value jades. Beilite has also invested in several gold projects in Southeast Asia.

The Placement consisted of two tranches, totalling approximately \$2,870,000 (before costs). The two tranches were:

- (a) an upfront placement of 164,072,670 new fully paid ordinary shares in Coppermoly ranking equally with existing shares on issue (**Shares**), issued at 1.05 cents per Share (**Initial Placement**). The Initial Placement was completed on 30 October 2017 and resulted in Coppermoly raising \$1,722,763 (before costs); and
- (b) a subsequent issue of 109,260,663 Shares, at an issue price of 1.05 cents per Share to raise \$1,147,237 (before costs), which was subject to Coppermoly first obtaining Shareholder approval in accordance with ASX Listing Rules (**Conditional Placement**). The Conditional Placement was approved at a general meeting of Coppermoly Shareholders held on 20 December 2017.

The Initial Placement used the Company's existing placement capacity under ASX Listing Rule 7 and resulted in Beilite acquiring a relevant interest in 13.04% of Coppermoly's Shares. Following approval by Shareholders at the 20 December 2017 meeting the issue of the Shares pursuant to the Conditional Placement resulted in Beilite having a relevant interest in 19.99% of Coppermoly's Shares. The Company's placement capacity under ASX Listing Rule 7.1 was also refreshed at the same meeting.

The funds raised from the Placement will be used to fund planned exploration activity on the Company's tenements, as well as working capital requirements.

Share Allotment to Directors

On 11 December 2017 the Company announced that, following approval by Coppermoly Shareholders at the Company's 2017 AGM held on 24 November 2017, Shares had been issued to Coppermoly Directors for their accrued, but previously unpaid, Directors' fees to 31 March 2017.

The Directors resolved on 10 April 2017 that, in order to preserve the Company's funds, Directors' fees accrued to 31 March 2017 would not be taken in cash but paid in Shares, subject to obtaining the prior approval of shareholders at an agreed issue price of \$0.025 (2.5 cents), which was the ASX closing price of the Coppermoly shares on 31 March 2017 and a 8.7% premium to the ASX closing price of Coppermoly shares on 10 April 2017.

The issue price of \$0.025 is also significantly higher than the average market price of Coppermoly Shares over the period the Directors' fees accrued (see the 2017 AGM Notice released to the market on 26 October 2017 for full details).

Corporate Activity (continued)**Extension of Convertible Notes' Term**

On 15 December 2017 Coppermoly announced that it has obtained agreement from Jade Triumph International Ltd to further extend the maturity date for the Convertible Notes held by them for an additional twelve months, extending their term so that the new maturity date is now 19 December 2018. The Convertible Notes were originally issued in December 2014 for a two year term. The term was extended last year for twelve months to 19 December 2017.

Each Convertible Note is convertible, at the option of the holder, into one 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.

<u>Corporate Directory</u>	
Coppermoly Limited (ABN 54 126 490 855)	
Non-Executive Directors	Registered office
Dr Wanfu Huang	Suite 1B, 91 Upton Street,
Mr Jincheng Yao	Bundall, Queensland 4217
Mr Kevin Grice	Telephone: +61 7 5510 3994
Mr Zule Lin	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 head office is located on the Gold Coast, Australia and mineral exploration activities are focused entirely on the island of New Britain in PNG where it is exploring for copper, gold, silver, zinc, and molybdenum.