



29 April 2014

ASX Code: COY

March 2014 Quarterly Report

Queensland-based mineral explorer Coppermoly Limited is pleased to report its activities on the Company's projects on New Britain Island, Papua New Guinea (PNG) as well as corporate developments for the quarter ending 31 March 2014.

SUMMARY

- High-grade copper assays received from rock chip and float samples at Nakru-2
- Drilling commenced at Nakru-2
- Visual inspection of drill core indicates both diamond drill holes at Nakru-2 appear to have intersected copper mineralization
- Renewal of Nakru Exploration Licence
- Granting of Wowonga Exploration Licence
- \$250,000 Convertible Notes repaid
- Company Secretary appointed
- Board consolidation completed
- Resolutions passed at Extraordinary General Meeting of shareholders
- Placement raising \$258,500 completed
- \$5 million rights issue announced

JUNE QUARTER PLANS

The rights issue, detailed at the end of this report, is scheduled to be completed during the last week of May. A strategic planning meeting involving the Directors, Exploration Manager and Company Secretary will coincide with the completion of the rights issue. The meeting will define the exploration programs and corporate plans for the remainder of the 2014 calendar year as well as on-going equipment requirements *in the context of the funds available to the Company*.

The Company expects to receive the assay results from the two diamond core holes from the Nakru-2 drilling program during May and will evaluate the data in the context of geological interpretation of the Nakru system. If sufficient funds are available it is expected that a more extensive drilling program will be commenced at the Nakru-2 site, using more productive drilling equipment, during June.

Also during June, subject to funding, it is expected that a program of reconnaissance mapping and sampling focused upon reported quartz stockwork veining at the Mt Misusu site in the Talelumas Exploration Licence will be commenced.

On the agenda for the second half of 2014 are the medium-term components of the Company's regional program in the central and southern parts of West New Britain:

- further work on the Makmak Exploration Licence, including geophysics and drilling and further exploration to follow-up and to evaluate the potential significance of previously obtained high grade hematite assays. The Puldung prospect on the Makmak Exploration Licence is considered a very likely copper drill target;
- further exploration of the Plesyumi prospect, which is a separate part of the Nakru Exploration Licence; and
- preliminary reconnaissance of the Wowonga Exploration Licences.

The Company also intends to evaluate the potential for higher-grade targets within the Simuku Exploration Licence and to conduct the preliminary mapping and sampling of the Powell Exploration Licence.

In summary,

- During June it is expected that drilling will be recommenced on Nakru and a reconnaissance mapping and sampling program will be commenced at Mt Misusu (Talelumas). The Nakru program is likely to also include mapping and sampling of other areas of interest (DIGHEM anomaly, extensive surface geochemistry anomalies and Plesyumi). The programs of evaluation of these broader targets on the Nakru Exploration Licence will most likely carry-over into subsequent quarters, as will the drilling program.
- In subsequent quarters it is anticipated that drilling at Puldung and further sampling and geophysics, after careful assessment of the most appropriate techniques, will be undertaken on the Makmak Exploration Licence. Preliminary reconnaissance of the recently granted Exploration Licences (Wowonga and Powell) will also be undertaken in subsequent quarters as will the reevaluation of the database for the Simuku Exploration Licence with a view to delineation of higher grade and / or additional resources and exploration prospects.

EXPLORATION ACTIVITIES

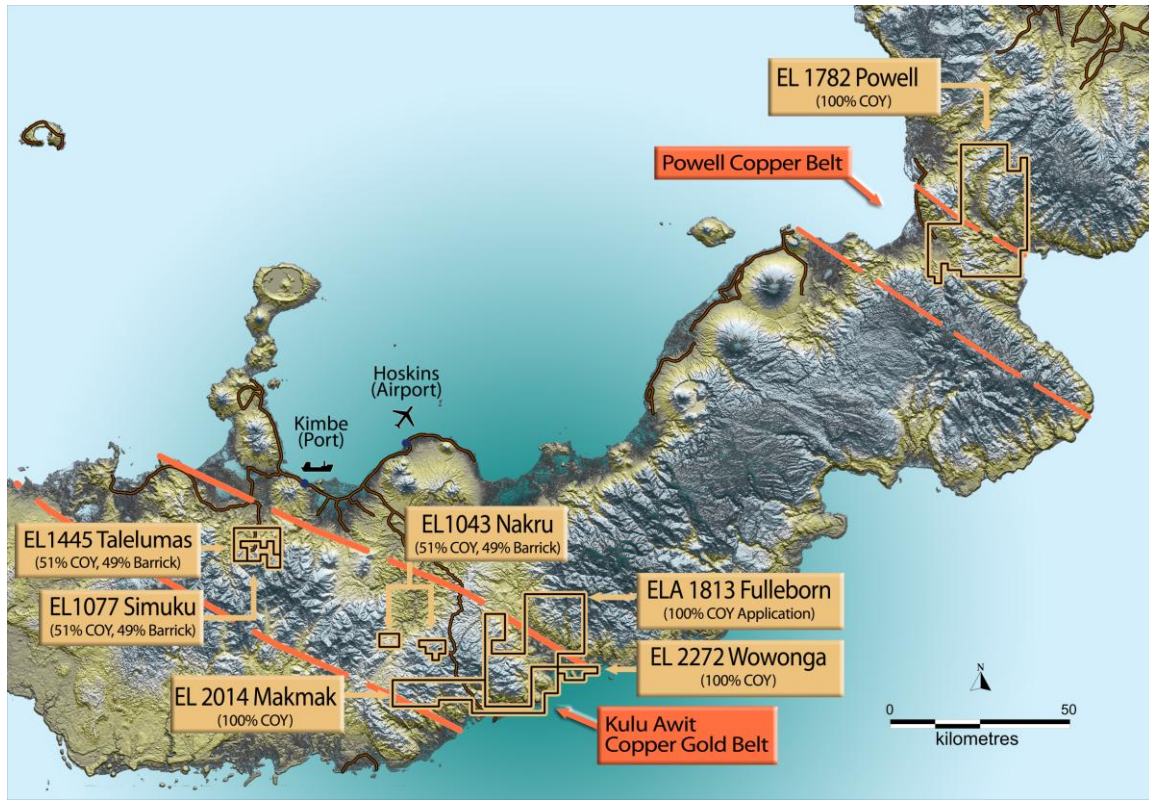


Figure 1: Coppermoly's Exploration Licences on New Britain Island

Mt Nakru tenement (51% Coppermoly, 49% Barrick)

The Nakru-2 prospect is located 1km west of Coppermoly's Nakru-1 prospect, which has a reported JORC 2004 Inferred Resource of 38 million tonnes @ 0.61% Cu and 0.28g/t Au.

(Refer to Coppermoly Limited ASX Announcement dated 26 July 2012. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not been materially changed since it was last reported. This mineral resource statement was compiled by Golder Associates Pty Ltd in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). Stephen Godfrey was, at the time, Associate – Principal Resource Geologist for Golder Associates Pty Ltd, and is a member of the Australasian Institute of Mining and Metallurgy. Stephen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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 (The JORC Code, 2004 Edition).

A surface rock chip sampling programme at Nakru-2 in late 2013 indicated that high-grade mineralisation, up to 24% copper, occurred over an extensive area with a likely strike length in excess of 800m. This area coincides with a broad Induced Polarisation (IP) chargeability anomaly.

Coppermoly collected 125 rock chip and float samples, which were dispatched for preparation and assaying at SGS (PNG) and further assaying by SGS (Australia).

Nine samples yielded between **1.88% – 24% copper**; 12 graded between 0.5% – 1.0% copper and molybdenum highs of between 200ppm to 750ppm were also recorded. All the samples with elevated copper are sulphidic with little or no oxidation. The dominant sulphides are pyrite and chalcopyrite with some secondary chalcocite. These characteristics are indicative of primary mineralisation.

Exceptionally high-grade copper assays from rock chip and float samples were collected over Nakru-2 prior to the current drill campaign, with results including:

Table 1: Rock chip samples collected in late 2013 from mineralised outcrops at Nakru-2:

Sample Number	Copper (%)	Northing	Easting
NK2-1028	24	9338946	220605
NK2-1013	5.15	9338897	220680
NK2-1023	3.4	9338870	220513
Nk2-1027	1.88	9338923	220618

Rock chip samples were taken at 3 to 5 metre intervals from outcrops

Float samples:

Sample Number	Copper (%)	Northing	Easting
NK2-1120	20.6	9339125	219942
NK2-1121	11.2	9339155	220009
NK2-1009	6.68	9338944	220638
NK2-1010	5.9	9338939	220630
NK2-1003	2.31	9338905	220567

Float samples are, by definition, not in-situ but are considered strongly representative when there is similar rock type in nearby outcrop.

Sample Number	Gold (g/t)	Northing	Easting
NK2-1032	2.69	9339381	221149
NK2-1031	2.62	9339381	221149
NK2-1025	1.08	9338900	220606

A drill program was devised and commenced at Nakru-2 in March. While assay results from the drill core samples are yet to be received, drilling appears to have intersected copper mineralisation in both diamond core drill holes. This is based upon visual inspection by experienced geologists. Assay results are expected during May.

The two new diamond core holes (NAK2003 and NAK2004) (**Figures 2 and 3**) were located 100m apart and drilled from the south, testing for a gently south-dipping pumice breccia unit. A similarly orientated pumice breccia unit is the preferential host to mineralisation at Nakru-1.

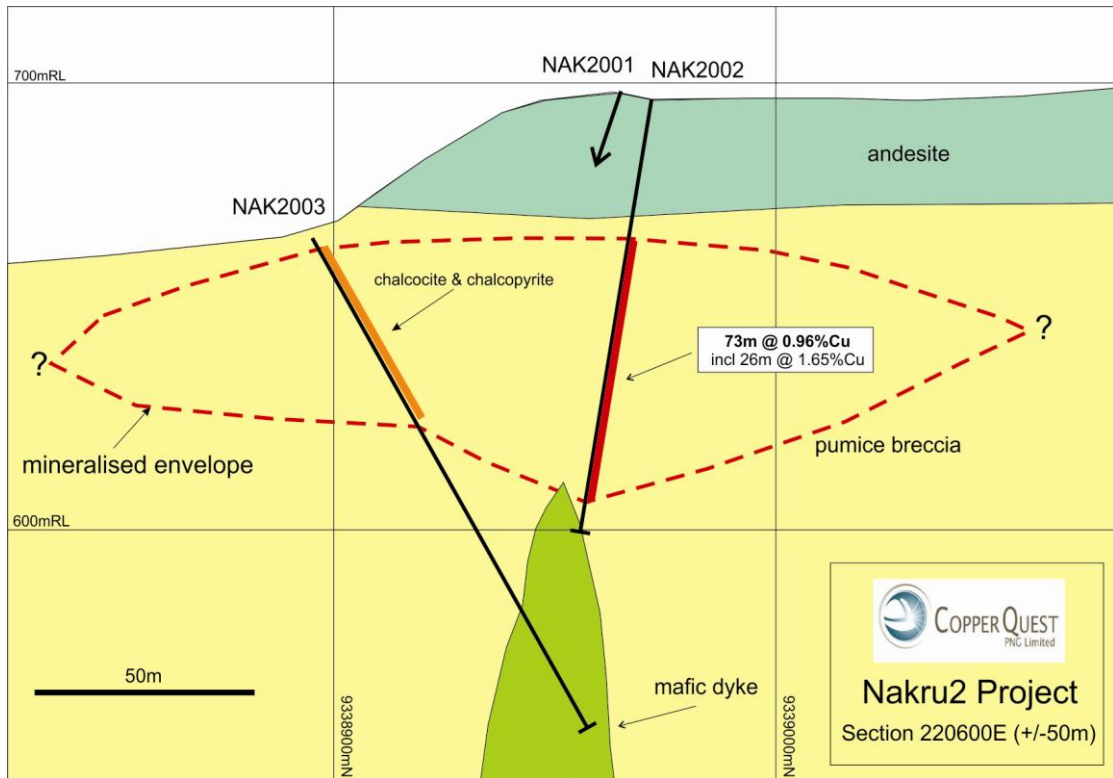


Figure 2: New drillhole NAK2003

collar coordinates 220602mE 9338896mN 665RL (AGD66) azimuth: 353M, dip -60°, total depth 90.5m

Drill section 220600E (and NAK2002 drilled in 2008)

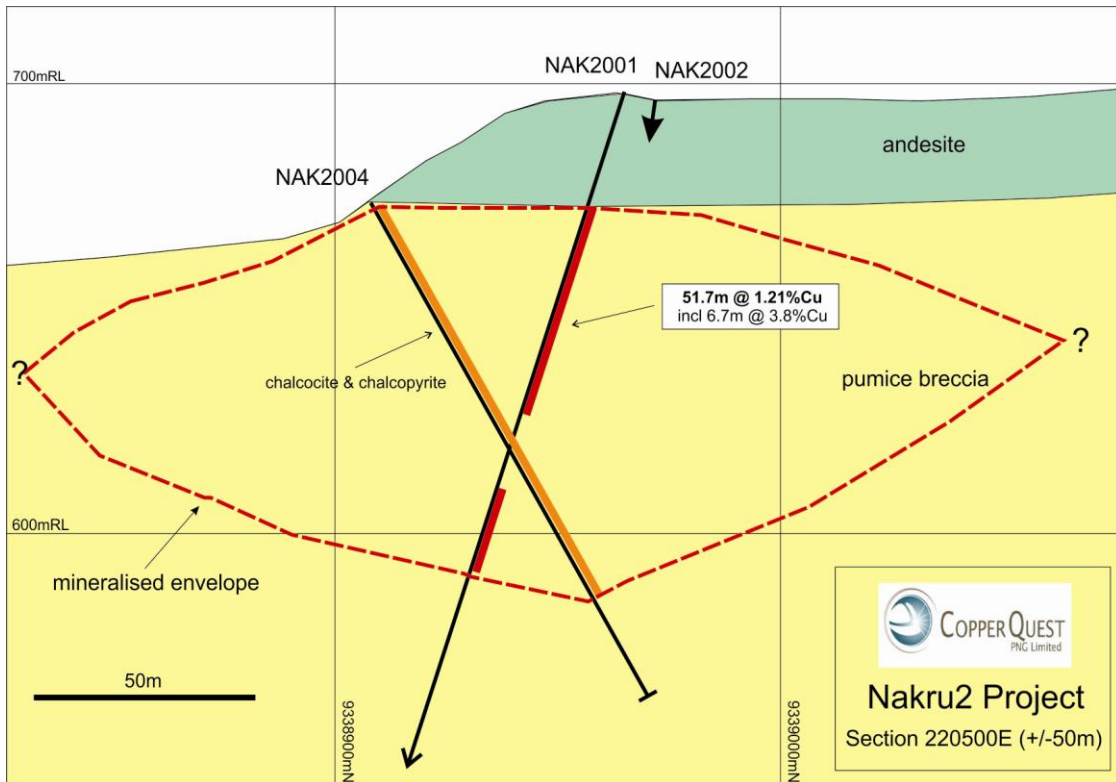


Figure 3: New drillhole NAK2004

collar coordinates 220502mE 9338913mN 684RL (AGD66), azimuth: 353M, dip -60°, total depth 123.6m

Drill section 220500E (and NAK2001 drilled in 2008)

Both of the diamond core holes drilled at Nakru-2 during March 2014 have intersected coarse disseminated copper mineralisation as secondary chalcocite and primary chalcopyrite from near surface to depths in excess of 100m. The mineralisation is hosted within the targeted pumice breccia unit which is strongly quartz-sericite-pyrite altered (**Photo 1**).

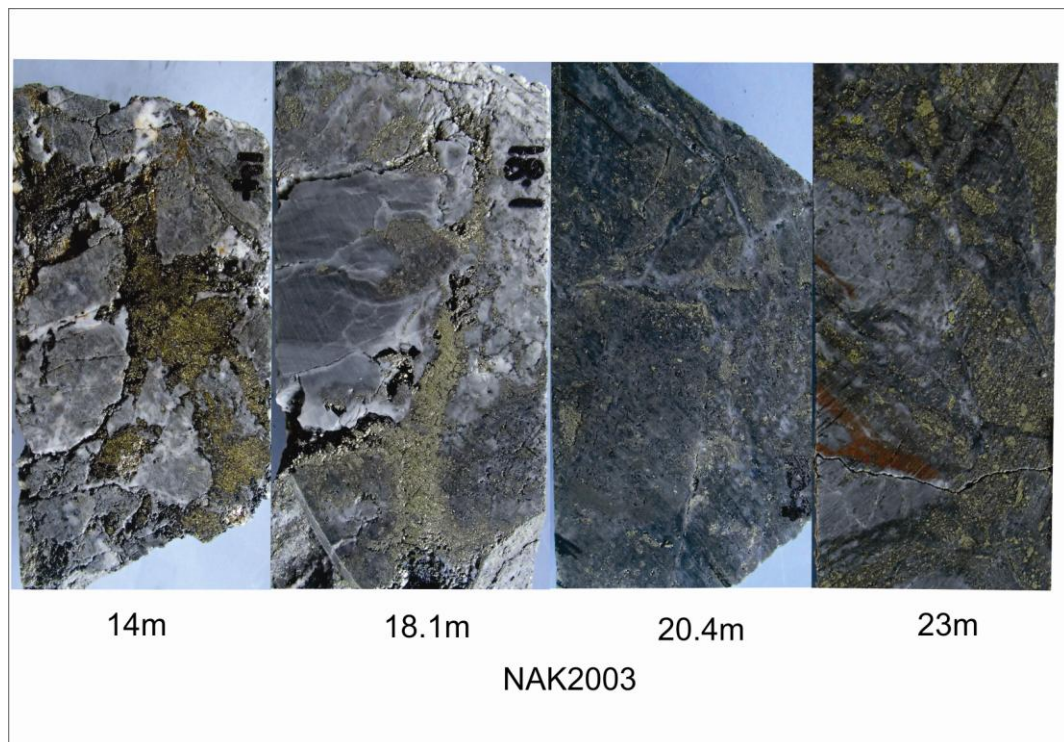


Photo 1: Strongly mineralised drill core from NAK2003

showing chalcocite (black), chalcopyrite (yellow) and pyrite (pale yellow)

Drill core samples were transported to Coppermoly's compound in Kimbe, West New Britain, logged and sampled, and samples despatched to SGS Laboratories in Lae for preparation and analysis, the results of which are expected to be available in May.

The surface sampling results combined with the preliminary observations from the current drilling support the potential for a large zone of high-grade copper mineralisation at Nakru-2.

The Company decided to curtail the current reconnaissance drilling programme with a view to the relocation of the drill camp from Nakru-1 to Nakru-2, upgrading the camp and commencing a programme that will focus upon resource definition using faster and more suitable drilling equipment.

The Mt Nakru tenement was renewed during the quarter, for two years to 7 December 2014. (*Note: The PNG Mineral Resources Authority is clearing a backlog of renewal applications. It is not unusual for renewals to be approved mid-term.*)

Wowonga tenement, Papua New Guinea (100% Coppermoly)

Post Quarter end, Coppermoly was granted the Wowonga tenement **Figure 1** in Papua New Guinea, for two years.

Wowonga is a small, greenfield Exploration Licence located on the south coast of West New Britain which adjoins Coppermoly's Makmak exploration licence. The Company applied for the ground when evaluating the aeromagnetics for Makmak after noticing an unusually pronounced anomaly on this coastal promontory.

Coppermoly believes that it warrants closer examination given the exceptional results we have obtained on our other tenements on the same regional trend.

CORPORATE

Board changes

Following a strategic review and in light of current market conditions, it was determined that the company will focus on advanced exploration for the foreseeable future. A smaller board with a different skill set was therefore considered more appropriate at this time.

As a result, Non-Executive Chairman Mr Tom Revy volunteered to step down, having recently been appointed Managing Director for ASX/AIM and JSE-listed Ferrum Crescent Limited. Managing Director Maurice Gannon is currently acting as Coppermoly Ltd's interim Chairman.

Dr Natalia Streltsova also elected to resign as a Non-Executive Director.

Mr Paul Schultz was appointed Company Secretary with effect from 3 February 2014. Paul is a CPA and holds a Bachelor of Business degree. He has more than 20 years' experience in business administration and statutory reporting. He has a professional background in commercial accounting and public practice. He is also a graduate and associate member of the Governance Institute of Australia. Paul has been Chief Financial Officer of Coppermoly Ltd since July 2013.

Extraordinary General Meeting of Shareholders

An Extraordinary General Meeting of shareholders was held on 19 March 2014 to seek shareholders' ratification of the previous issue of securities and approval for an increase in the aggregate pool for remuneration of Non-Executive Directors. Both resolutions were passed with substantial majorities.

The effects of these shareholder approvals are:

- (i) to renew the Company's capacities to issue new securities under Listing Rule 7.1 and 7.1 (A); and
- (ii) to raise the aggregate ceiling available for remuneration of Non-Executive Directors under the Company's Constitution. *(Note: The Company's Non-Executive Directors have not been provided with remuneration increases as a result of the latter resolution. Aggregate fees payable to Non-Executive Directors were, in fact, reduced during the March 2014 quarter and the Company has accrued (i.e.; not paid) Non-Executive Director's fees for some time past).*

Entitlement Offer and Placement

Post Quarter end on 8 April 2014, Coppermoly announced a non-renounceable pro-rata entitlement offer to raise up to \$5,275,870 (before costs).

Eligible Shareholders will be offered the opportunity to acquire one new fully paid ordinary share in Coppermoly (New Share) for every one Share held as at the Record Date at an issue price of \$0.02 per New Share, with no minimum subscription (Offer).

The offer also includes one option to acquire a further Share for every three New Shares issued for no additional consideration (Attaching Options). The Attaching Options will have an exercise price of \$0.05 and will be exercisable at any time prior to 5pm AEST on 1 July 2015.

The issue price for the New Shares, of \$0.02 per New Share, represented a 9.1% discount to the closing price of Coppermoly's shares on the ASX on 7 April 2014, being the last trading day prior to the announcement of the Offer. The VWAP of Coppermoly's Shares over 30 calendar days up to and including 7 April 2014 was \$0.021.

Eligible Shareholders will also be entitled to subscribe for any New Shares that are not taken up by other Eligible Shareholders in accordance with the Offer (Shortfall Offer).

On April 15, Coppermoly completed a placement of 12,925,000 fully paid ordinary shares (Shares), at an issue price of \$0.02 per share, to various sophisticated and professional investors to raise approximately \$258,500 before costs (Placement).

Shares issued pursuant to the Placement will be entitled to participate in the Offer and the proceeds will be used to provide interim funding to Coppermoly pending completion of the Offer.

Coppermoly released a prospectus in relation to its non-renounceable 1 for 1 entitlement offer on Tuesday 22 April.

On behalf of the board,



Maurice Gannon

MANAGING DIRECTOR

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About Coppermoly

Coppermoly's mineral exploration activities are focused entirely on the island of New Britain in PNG where it holds six exploration licences and an additional one under application. These licences cover copper, gold, silver, zinc, molybdenum and iron mineralisation. The six current tenements are Simuku, Talelumas, Nakru, Makmak and Powell. The one tenement application is Fulleborn.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Mike Erceg, who is a Member of the Australasian Institute of Geoscientists. Mr Erceg 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 Erceg consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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, 01/05/2013

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(351)	(718)
(b) development	-	-
(c) production	-	-
(d) administration	(206)	(591)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(554)	(1,300)
Cash flows related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	(680)
(b) equity investments	-	-
(c) other fixed assets	(3)	(5)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	3	(5)
Net Investing Cash Flows	-	(690)
1.13 Total operating and investing cash flows (carried forward)	(554)	(1,990)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(554)	(1,990)
Cash flows related to financing activities			
1.14	Proceeds from issue of shares, options, etc.	13	2,463
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	25	25
1.17	Repayment of borrowings	(8)	(8)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	Repayment of Convertible Notes	(250)	(250)
	Capital raising costs	(46)	(390)
	Net financing cash flows	(266)	1,840
	Net increase (decrease) in cash held	(820)	(150)
1.20	Cash at beginning of quarter/year to date	912	242
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	92	92

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	114
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and executive salaries.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

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+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	92	912
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	92	912

Changes in interests in mining tenements and petroleum tenements

	Tenement Reference	Nature of Interest (note(2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report
Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs redemptions				
7.3 +Ordinary securities	263,793,571	263,793,571		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	(250,000) 3.3c, 21 Jan 14	Nil	\$1.00	\$1.00
7.7 Options (description and conversion factor)	2,000,000	Nil	Exercise price 5 cents	Expiry date 04-Feb-16
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.1 Expired/cancelled during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does / ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: April 28, 2014
 (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. Any entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.