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ASX Announcement

28th October 2010

ASX Code: COY

TECHNICAL REPORT – QUARTER ENDED 30 SEPTEMBER 2010

HIGHLIGHTS

- **The first drill hole by Barrick (PNG) Exploration Ltd (“Barrick”) at the Nakru-1 Prospect intersected 213.75m grading 0.92% copper and 0.33 g/t gold, from 74.45m depth.**
- **The first drill hole by Barrick at the Nakru-2 Prospect intersected two zones of visible copper mineralisation at 142m depth and 268.5m depth.**
- **Barrick are currently operating two diamond drill rigs at the Nakru Exploration Licence and one on the Simuku Exploration Licence.**
- **Barrick are continuing exploration and drilling of the Simuku porphyry system. The first hole will be reported in the near future and the second drill hole is currently underway.**

1.0 NAKRU PROJECT

The Mt. Nakru property is owned 100% by Copper Quest (PNG) Ltd and is accessible by a four hour drive from the provincial capital and deep water port of Kimbe. The tenement (EL 1043) contains three discrete Volcanic Hosted Massive Sulphide (VHMS) and/or breccia related copper-gold-molybdenum systems.

Four first order geochemical copper-gold anomalies have been identified within the interpreted Nakru volcanic rim. Only two anomalies (Nakru-1 and Nakru-2) have been drill tested, with significant copper mineralisation coincident with Three Dimensional Induced Polarisation (3DIP) geophysical anomalies. Nakru-3 and Nakru-4 Prospects are yet to be drill tested and additional prospects are likely to occur clustered within the volcanic rim (Refer to Figure 1).

The **Nakru-1 Prospect** possesses a large and strong 3DIP anomaly associated with anomalous copper in drilling and bulldozer trenching results. Four historical drill holes tested what became the south-western portion of the 3DIP anomaly, and produced the initial association of the geophysics with copper mineralisation (Refer to Figure 2).

The first Barrick drill hole BWNBDD0001 was designed to test the more intense central part of the 3DIP geophysical anomaly and intersected 213.75m grading 0.92% copper and 0.33 g/t gold from 74.45m depth downhole. This mineralised intercept included two zones of secondary copper enrichment of 13.55m grading 2.8% copper and 0.23 g/t gold (from 74.45m depth) and 22.25m grading 1.47% copper and 0.13 g/t gold (from 98.75m depth) (Refer to Table 1).

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

COPPERMOLY LIMITED

ABN

54 126 490 855

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year To Date* (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	32	32
1.2 Payments for (a) exploration and evaluation	(52)	(52)
(b) development	-	-
(c) production	-	-
(d) administration	(206)	(206)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(2)	(2)
Net Operating Cash Flows	(202)	(202)
Cash flows related to investing activities		
1.8 Payment for purchase of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(66)	(66)
1.11 Loans repaid by other entities	57	57
1.12 Other (provide details if material)	-	-
Net Investing Cash Flows	(9)	(9)
1.13 Total operating and investing cash flows (carried forward)	(211)	(211)

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(211)	(211)
Cash flows related to financing activities			
1.14	Proceeds from issue of shares, options, etc.	241	241
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		241	241
Net increase (decrease) in cash held		30	30
1.20	Cash at beginning of quarter/year to date	2,168	2,168
1.21	Exchange rate adjustments to item 1.20	(4)	(4)
1.22	Cash at end of quarter	\$2,194	\$2,194

Payments to directors of the entity and associates of the directors
Payments to 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	71
1.24	Aggregate amount of loans to the parties included in item 1.10	23

1.25 Explanation necessary for an understanding of the transactions

Directors: salaries and consulting fees

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.

Barrick (PNG Exploration) Limited has spent \$A2,892 ('000) during the September 2010 quarter in relation to exploration of the three tenements in West New Britain, Papua New Guinea. Total expenditure by Barrick (PNG Exploration) Limited, since the commencement of the agreement, is \$A5,425 ('000).

+ See chapter 19 for defined terms.

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Appendix 5B
Mining 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	100
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	250

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	436	235
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) - fixed term deposits	1,758	1,933
Total: cash at end of quarter (item 1.22)	2,194	2,168

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

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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

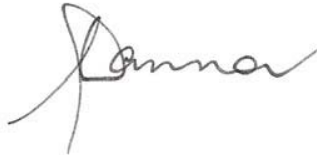
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs redemptions				
7.3 +Ordinary securities	139,090,650	139,090,650		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,893,599	1,893,599		
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,000,000 1,700,000 22,504,777 23,651,257 1,325,000 3,500,000 3,500,000	22,504,777 23,651,257	<i>Exercise price</i> 30 cents 25 cents 30 cents 7 cents 10 cents 19 cents 23 cents	<i>Expiry date</i> 22-Oct-10 13-Mar-11 30-Apr-11 01-Dec-11 05-Oct-12 01-Dec-12 01-Dec-12
7.8 Issued during quarter				
7.9 Exercised during quarter	22,000	22,000		
7.10 Expired/cancelled during quarter				
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	Nil	Nil		

+ See chapter 19 for defined terms.

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4)
- 2 This statement does / ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed



Sign here: Date: October 28, 2010
(Director/Company Secretary)

Print name: Maurice Gannon

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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