

31 July 2019

ASX Code: **COY**

### June 2019 Quarterly Activities Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly** or **the Company**) for the quarter ended 30 June 2019.

#### HIGHLIGHTS

##### *Simuku IP Survey*

- A 21km Induced Polarisation (IP) survey was completed within the Simuku tenement during the Quarter.
- Interpretation of results is expected to be released by mid-August.

##### *Kori River Exploration Licence Granted*

- The Company's application for exploration licence EL2578 Kori River (EL2578) was approved by the Mineral Resources Authority.
- EL2578 includes areas near the boundary of the Simuku exploration licence that show encouraging conductive and resistive anomalous zones potentially extending into EL2578.

##### *Renewal of Mt Nakru licence*

- Renewal of Mt Nakru licence for a two-year period expiring on 7 December 2020 was approved by the Mineral Resources Authority.

##### *Corporate Activity*

- Dr Wanfu Huang appointed Managing Director
- Shanghai Fuyuan Investment Co. Ltd (SFIL) subscribed for up to 404,170,658 shares in Coppermoly Limited at an issue price of \$0.015 per share to raise up to \$6.06 million. Completion of the placement occurred on 31 July 2019.

#### **Exploration Activity**

##### **Mt Nakru (EL 1043)**

During the Quarter, the Company received notification from the Mineral Resources Authority of Papua New Guinea that the Company's application for the renewal of exploration licence EL1043 Mt Nakru had been approved.

The renewal is for a two-year term from 8 December 2018 to 7 December 2020.

EL1043 hosts the Company's flagship Mt Nakru Cu-AU project.

The Company is currently planning the next phase of drilling and development for the Mt Nakru project which will focus on continuing the development of Nakru 1 and extensions to Nakru 2 by drilling more step out holes.

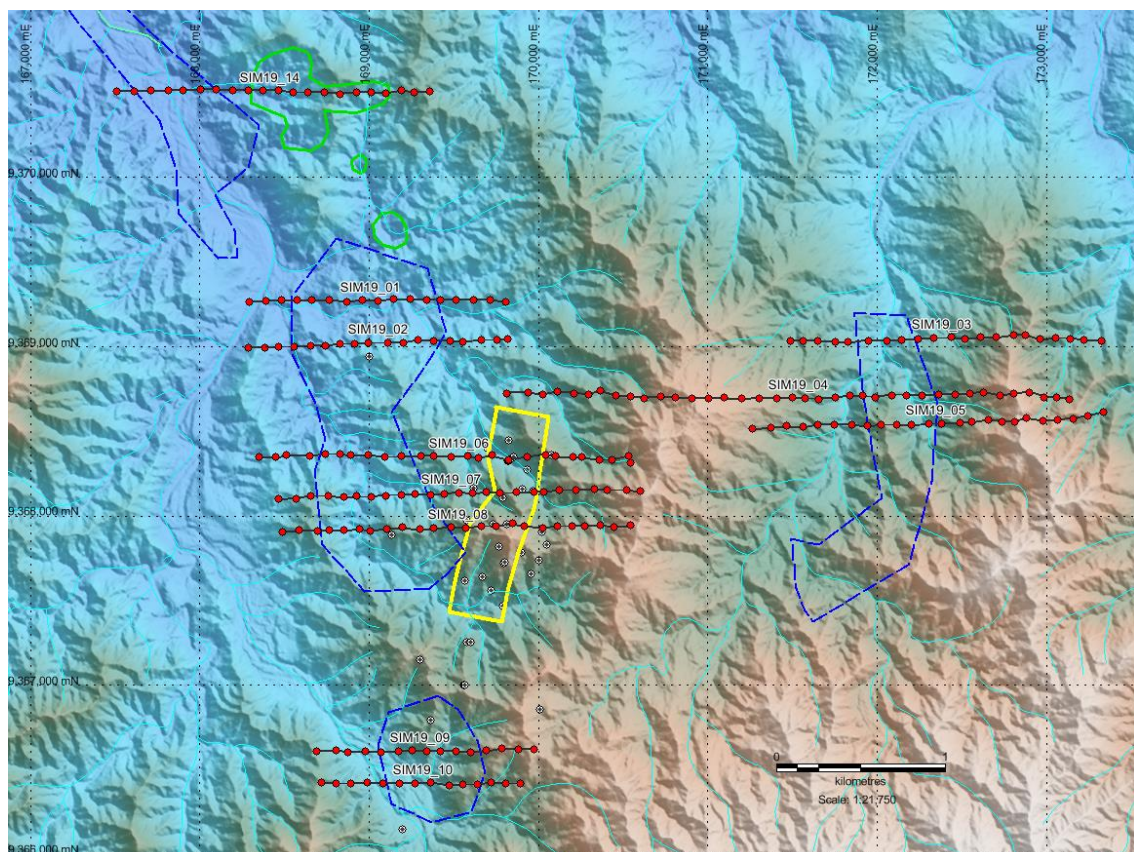
## Simuku (EL 2379)

The Simuku project area hosts both a large tonnage low grade porphyry style copper mineralisation zone and near surface higher grade secondary copper mineralisation. Both mineralisation zones have untested extensions.

In the June Quarter the Company successfully completed an Induced Polarisation (IP) survey within the Simuku tenement. Coppermoly engaged AusThai Geophysics consultants to conduct lines of 2D Pole-Dipole Ground IP (DPIP) over the highest ranked VTEM anomalies generated from modelling of heli-borne survey completed in December 2017. A total of twenty-one (21) line kilometres of ground survey were completed (Fig 1).

The objective of the Survey was to follow up the highest ranked VTEM anomalies from the December 2017 heli-borne survey to delineate greater detail to allow for identification of high priority drill targets. Geodiscovery Ltd, have been engaged to assess the data quality in the field, and to produce independent modelling of the data provided by AusThai GeoPhysics.

The company is reviewing the entire data set, in order to complete 3D modelling and geological interpretation of the data. The Company anticipates announcing the results of its analysis of the Survey data by mid-August 2019.



**Figure 1.** This figure shows the location of the completed IP lines (black lines with red dots as stations for readings) within the central zone of the Simuku tenement overlaying the LiDAR topography image (yellow outline is the current inferred resource boundary, the black circles are drill holes, the blue dashed outlines are the VTEM anomalies and the green line outline is the mapped surface occurrence of porphyry rocks).<sup>1</sup>

<sup>1</sup> Refer ASX Announcement dated 23 April 2018 for results of the 2017 VTEM Survey. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

### **Makmak (EL2514)**

Makmak is a greenfields exploration tenement that lies proximal to the Nakru tenement. There are several sites within the tenement where rock chip and stream sediment samples have returned elevated copper and gold analysis.

No work was undertaken on the Makmak project during the quarter.

### **Kori River (EL2578)**

During the quarter, Coppermoly Ltd received notification from the Mineral Resources Authority of Papua New Guinea that the Company's application for exploration licence EL2578 Kori River (EL2578) had been approved.

EL2578 is valid for an initial term of 2 years at which time the Company may apply for a further extension. The Company's minimum expenditure under the exploration is PGK50,000 per annum for the initial two-year term.

### **Metelen River (ELA2638)**

During the quarter, Coppermoly Ltd submitted an application for ELA2638 Metelen River which occupies an area of 246km<sup>2</sup> and is located adjacent to the Company's existing Mt Nakru and Mak Mak exploration licences.

### **Corporate Activity**

On 30 May 2019 the Company announced that it had entered into a Placement Agreement with Shanghai Fuyuan Investment Co Limited (**SFIL**) pursuant to which SFIL has subscribed for up to 404,170,658 fully paid ordinary shares (**Placement Shares**) in the Company to raise up to \$6.062 million. The issue price for the Placement Shares is \$0.015.

Completion of the Placement and the issuance of the Placement Shares occurred on 31 July 2019.

It is proposed that the funds will be used for the following:

- Further drilling at the Mt Nakru Cu-Au Project.
- Progressing geotechnical and environmental programs at Mt Nakru.
- Scoping / Pre-feasibility study for the Mt Nakru Cu-Au Project.
- Modelling and interpretation of newly acquired IP data at the Simuku Porphyry Cu Project.
- Test drilling new targets at Simuku Porphyry Cu Project.
- Assessment of regional targets at the Mak Mak and Kori River Projects.
- General working capital purposes.

Dr Wanfu Huang was appointed as the Company's Managing Director effective 1 May 2019. Dr Huang has served as a Non-Executive Director of the Company since 11 March 2015.

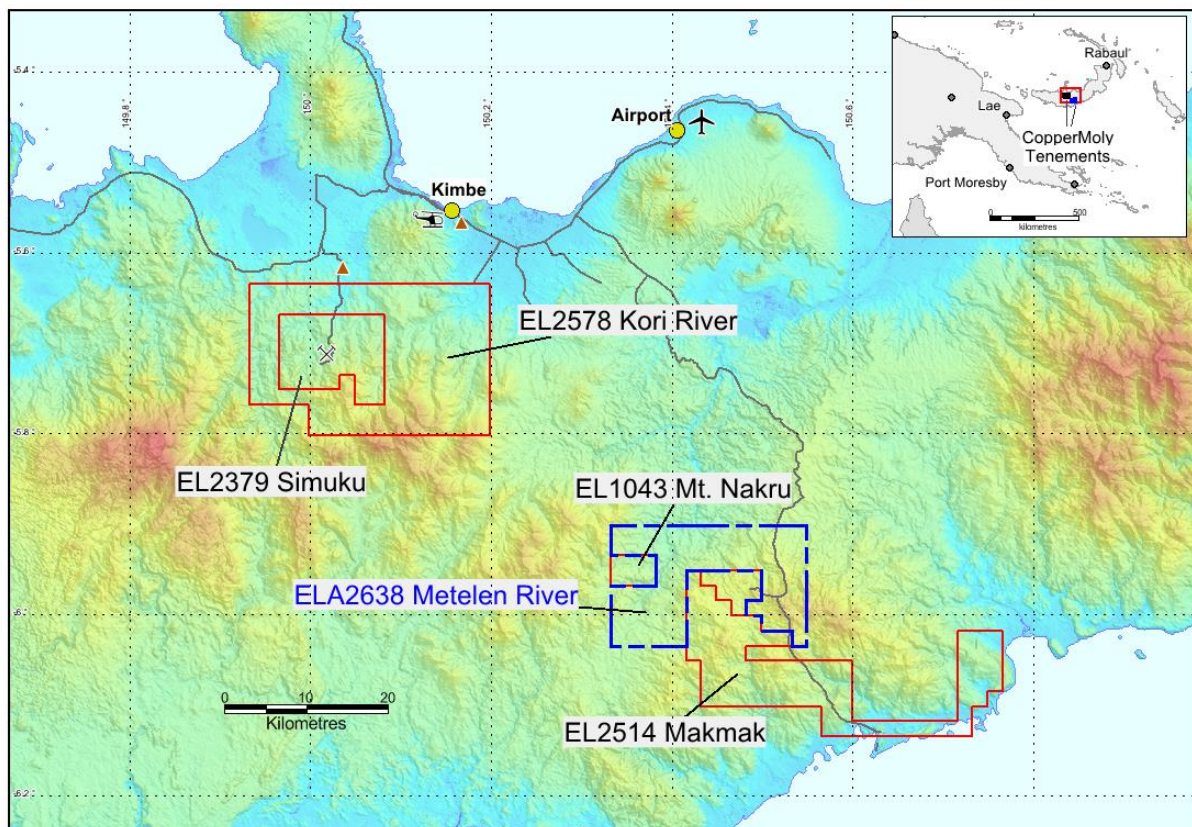


**Exploration Portfolio at 30 June 2019**

As at 30 June 2019, the Company had interests in the following mineral exploration tenements:

PROJECT	PERIOD ACQUIRED	AREA	LOCATION
EL 1043 Mt Nakru*	Jan 2008	47km <sup>2</sup>	West New Britain
EL 2379 Simuku*	Jan 2008	122km <sup>2</sup>	West New Britain
EL 2514 Makmak	Sep 2017	269km <sup>2</sup>	West New Britain
EL 2578 Kori River	March 2019	396km <sup>2</sup>	West New Britain
ELA 2638 Metelen River	June 2019	246km <sup>2</sup>	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 affected 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.



**Figure 2 – Map showing locations of the Company's exploration licences including the newly granted EL2578**

<b>Corporate Directory</b>	
<b>Coppermoly Limited</b> (ABN 54 126 490 855)	
<b>Executive Director</b> Dr Wanfu Huang	<b>Registered office</b> Unit 2, 42 Morrow Street, Taringa, Queensland 4068 Telephone: +61 7 3217 7544 Facsimile: +61 7 3876 0695
<b>Non-Executive Directors</b> Mr Kevin Grice Mr Zule Lin Mr Jincheng Yao	
<b>Company Secretary</b> Mr Stephen Kelly	
	Email: <a href="mailto:info@coppermoly.com.au">info@coppermoly.com.au</a> Website: <a href="http://www.coppermoly.com.au">www.coppermoly.com.au</a>

**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 in Brisbane, 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.

## 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")

**30 June 2019**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(505)	(1,752)
(b) development	-	-
(c) production	-	-
(d) staff costs	(94)	(360)
(e) administration and corporate costs	(53)	(332)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(649)</b>	<b>(2,402)</b>

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(49)
(b) tenements (see item 10)	-	
(c) investments	-	-
(d) other non-current assets	-	-
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(49)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	2,417
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(6)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>2,411</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,223	1,616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(649)	(2,402)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(49)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,411
4.5	Effect of movement in exchange rates on cash held	7	5
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,581</b>	<b>1,581</b>



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5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,581	2,223
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,581</b>	<b>2,223</b>
<b>6.</b>	<b>Payments to directors of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2 Payment of Director fees		5
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		Nil
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		

7.	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	Nil
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/a		

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.

N/a	
9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	350
9.2 Development	-
9.3 Production	-
9.4 Staff costs	140
9.5 Administration and corporate costs	97
9.6 Other – SFIL Placement proceeds^^	(6,006)
<b>9.7 Total estimated cash outflows</b>	<b>(5,439)</b>

^^The Company anticipates that during the September Quarter it will receive \$6.06 million pursuant to the subscription agreement entered into with Shanghai Fuyuan Investment Co. Ltd (SFIL) as announced by the Company on 30 May 2019. Completion of the placement and issue of the placement shares occurred on 31 July 2019.

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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	N/a			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/a			

#### 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: 31 July 2019

Company Secretary

Print name: Stephen Kelly

#### 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

## **Appendix 5B**

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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.