

31 January 2019

ASX Code: **COY**

December 2019 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 2018 and to the date of this report.

HIGHLIGHTS

- *Exploration Activity – Mt Nakru*
 - **Mt Nakru drilling program comprising 16 drill holes for a total of 1,997.5 metres was completed.**
 - **A total of 1,055 samples were dispatched for assaying – results received and being analysed.**
 - **An updated JORC Mineral Resource Statement is expected to be received from Mining Associates during the March Quarter.**

- *Corporate Activity*
 - **One for three entitlement offer raised \$2.4 million.**
 - **Term of Convertible Notes extended by 24 months to 19 December 2020.**
 - **Cash balance of \$2.929 million as at 31 December 2018.**

Exploration Activity

Mt Nakru (EL 1043)

The Mt Nakru Project hosts an updated JORC Inferred Mineral Resource that was estimated by Mining Associates in June 2017. The 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)¹.

In the December quarter, the Company completed an exploration drilling program comprising a combination of infill resource drilling and multiple step out exploration holes at the Mt Nakru Cu-Au project.

¹ 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.

The program comprised in-fill and 50m step out extension drilling at Nakru 1 designed to upgrade the resource category. Drilling was undertaken using a combination of Reverse Circulation (“RC”) and Diamond Drilling (“DD”), with 16 holes drilled for a total of 1,997.5 metres (refer Figure 1).

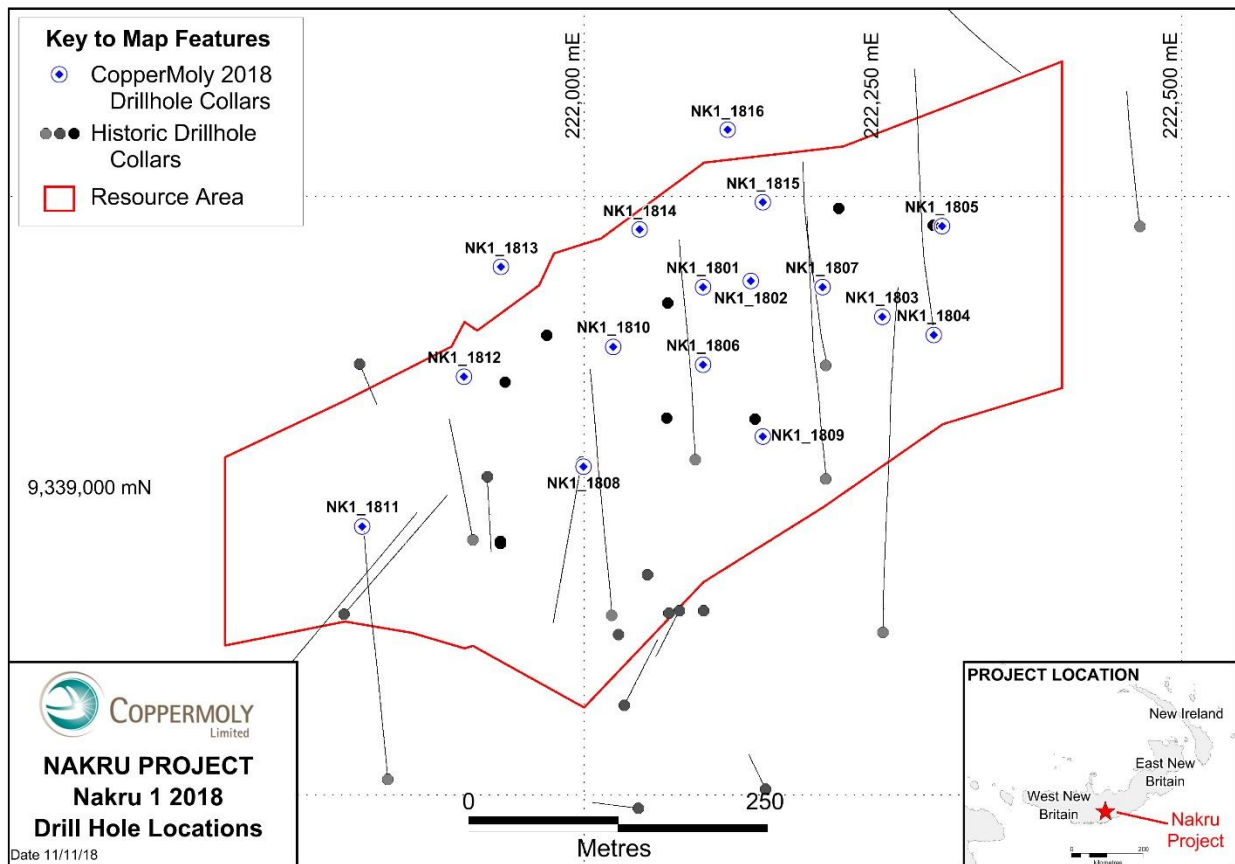


Figure 1 – Location of completed drill holes for Nakru 1 exploration drilling program

10 holes were undertaken for infill resource definition to upgrade the existing resource and 4 holes were step out exploratory holes to designed to test the extension of the existing resource area. In addition, 2 RC holes were drilled as twins of previous diamond holes to test the validity of the RC technique for resource definition work. Preliminary assessment of assay data from the 2 twinned holes by independent consultants, Mining Associates, concluded that it is valid to use RC data combined with DD data for JORC resource definition at the Mt Nakru deposit.

The Company dispatched 1,055 samples for assay during the Quarter, however due to unforeseen shipping delays and laboratory delays due to equipment breakdowns, final assay results were not received until late January and are currently being analysed.

Independent consultants, Mining Associates, have commenced preparation of an updated JORC Mineral Resource Statement for the Mt Nakru project which the Company anticipates will be finalised in the March 2019 Quarter.

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. Also, several historical geochemical and geophysical anomalies within the licence area have not yet been tested.

Due to the focus on the Mt Nakru drilling program in the December quarter, no work was undertaken on the Simuku project during the quarter. The Company is currently developing a proposal for a follow

up ground IP geophysics survey on the highest ranked VTEM targets (refer ASX Announcement dated 23 April 2018) to delineate greater detail to allow for identification of drill targets.

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.

Due to the focus on the Mt Nakru drilling program in the December quarter, no work was undertaken on the Makmak project during the quarter.

Kori River (ELA 2578)

On 23 April 2018 Coppermoly announced that it had an application for a new Exploration Licence accepted by the PNG Mineral Resources Authority. The new application, ELA 2578 Kori River, covers ground that encloses the existing EL 2379 tenement and includes areas near some of the boundaries of EL 2379 that show encouraging signs for potential conductive and resistive anomalous zones.

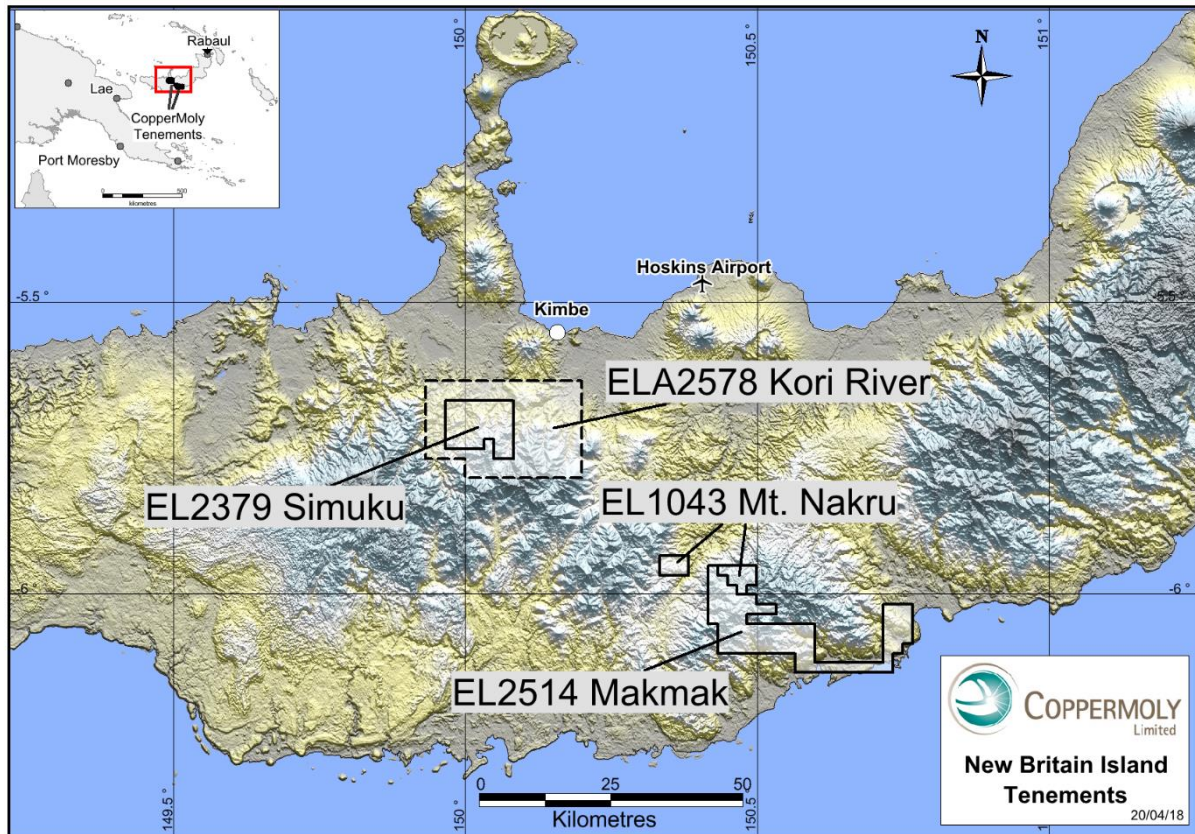
A Warden's Hearing was conducted in early July. The next steps in the application process include technical assessment of the application by the MRA and Mining Advisory Council consideration before approval by the Mining Minister.

Corporate Activity

During the Quarter the following corporate activities were undertaken:

- On 13 November 2018, the Company announced that Jade Triumph International Limited ("Jade Triumph") had agreed to further extend the maturity date for the Convertible Notes held by Jade Triumph by twenty-four months to 19 December 2020. All other terms of the Convertible Notes remain unchanged.
- The Company raised \$2.4 million pursuant to a non-renounceable pro rata entitlement offer of one (1) new fully paid ordinary share in Coppermoly for every three (3) Coppermoly shares held at \$0.007 per share. A total of 345,381,843 fully paid ordinary shares were issued pursuant to the entitlement offer.

As at 31 December 2018, the Company had cash and cash equivalents totalling \$A2.9M.

Exploration Portfolio at 31 December 2018

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
ELA 2578 Kori River	Pending	396km 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 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.

^{^^} During the Quarter the Company lodged a renewal application for the Mt Nakru tenement which expired on 7 December 2018 having reached the end of its statutory 2-year term. A Warden's Hearing was held, and the renewal process is proceeding in accordance with the established regulatory processes in PNG. The Company believes it has complied with all license conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the Company's application for renewal of the exploration licences not being granted in the ordinary course of business.

Corporate Directory	
Coppermoly Limited (ABN 54 126 490 855)	
Non-Executive Directors	Registered office
Dr Wanfu Huang	Unit 2, 42 Morrow Street,
Mr Jincheng Yao	Taringa, Queensland 4068
Mr Kevin Grice	Telephone: +61 7 5510 3994
Mr Zule Lin	Facsimile: +61 7 5510 3997
Company Secretary	Email: info@coppermoly.com.au
Mr Stephen Kelly	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 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")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(361)	(865)
(b) development	-	-
(c) production	-	-
(d) staff costs	(57)	(102)
(e) administration and corporate costs	(112)	(166)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	26	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(504)	(1,105)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(2)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(2)	(2)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,417	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)	(6)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	2,411	2,411

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,015	1,616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(504)	(1,105)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,411	2,411
4.5	Effect of movement in exchange rates on cash held	9	9
4.6	Cash and cash equivalents at end of period	2,929	2,929

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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	2,929	1,015
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,929	1,015
6.	Payments to directors of the entity and their associates		Current quarter \$A'000
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.	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	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. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	319
9.2 Development	-
9.3 Production	-
9.4 Staff costs	52
9.5 Administration and corporate costs	94
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	465

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			

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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 January 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 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.