

31 October 2018

ASX Code: **COY**

### September 2018 Quarterly Activity Report

The following report details the operating and corporate activities of Coppermoly Ltd (**Coppermoly or the Company**) for the quarter ended 30 September 2018 and to the date of this report.

#### HIGHLIGHTS

- *Exploration Activity – Mt Nakru*
  - **Drilling of the first 12 drill holes totalling approximately 1,630 metres designed to upgrade the existing Mt Nakru JORC Resource commenced during the quarter and is now complete.**
  - **Mining Associates have been engaged to prepare an updated JORC Resource for Mt Nakru which remains on track to be available by 31 December.**
  - **After the quarter end, the Company commenced drilling of up to four additional step out holes to test the extension of the Nakru 1 deposit.**
  
- *Corporate Activity*
  - **Cash balance of \$1.015 million as at 30 September 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)<sup>1</sup>. Since both deposits have higher grades concentrated in the upper levels, and shallow depth (overall less than 200m), an open-pit mine with conventional copper flotation processing is a likely option.

Previous drilling at Mt Nakru has identified high grade, near surface, copper and gold mineralisation at both the Nakru 1 and Nakru 2 prospects.

In September the Company commenced drilling operations for the next phase of exploration at Nakru1. The program comprises in-fill and 50m step out extension drilling at Nakru 1 and has been designed in consultation with Mining Associates to upgrade the resource category of the existing JORC resource from

---

<sup>1</sup> 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 inferred category to the indicated category and to advance the Company's knowledge of the economic potential of the ore bodies at Nakru 1.

Drilling is being undertaken using a combination of RC and diamond drilling. The planned program provided for a minimum of 12 drill holes for up to 1,600 metres (refer Figure 1). The drill program is being conducted by international drilling contractor, Quest Exploration Drilling (QED).

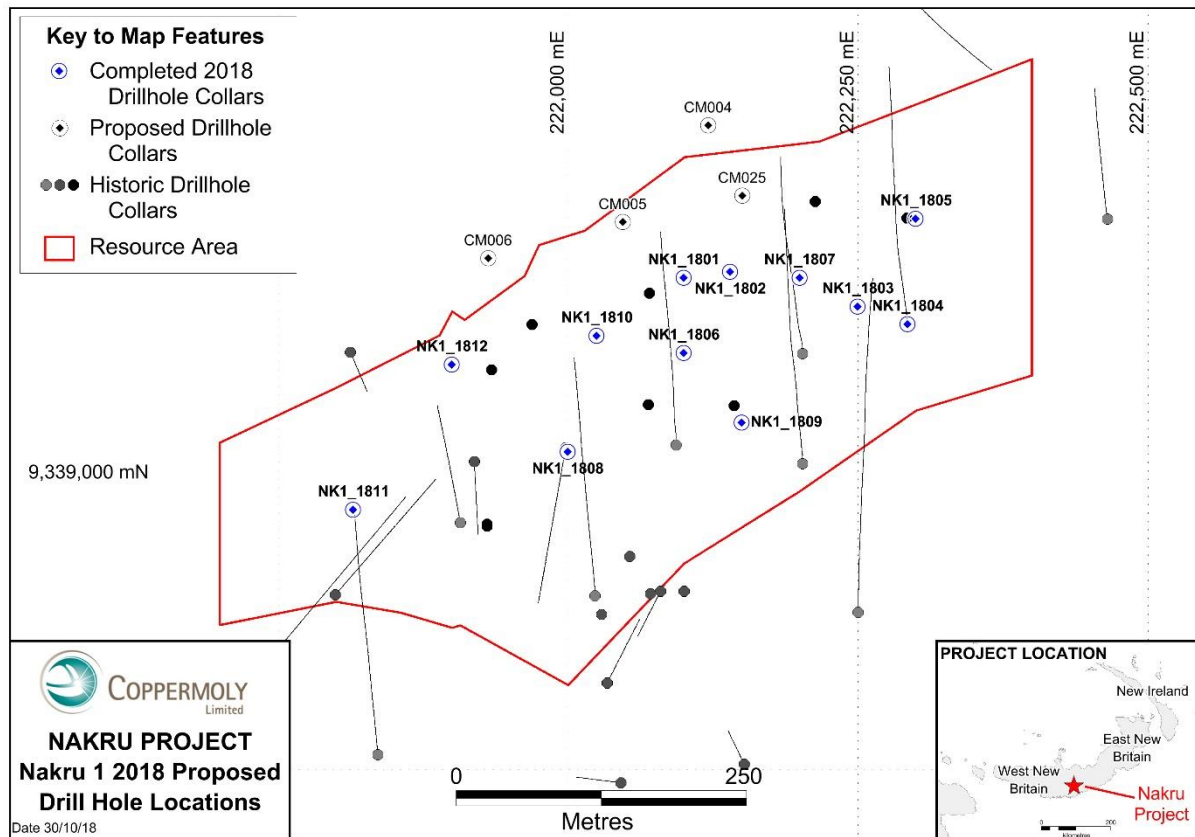


Figure 1 – Location of actual and proposed drillholes for Mt Nakru exploration drilling program.

Five drill holes had been completed by the end of September. As at 30 October 2018, 12 holes had been completed for a total of 1630 metres comprising 929 metres RC drilling and 701 metres of diamond drilling. The drilling has proceeded slower than expected due principally to delays in establishing and maintaining suitable access roads into the drill site due to weather and ground conditions.

During the quarter, representatives of Mining Associates visited the Nakru 1 site to observe the drilling operations in preparation for completing the JORC Resource update in the December quarter.

To date more than 500 samples had been sent for assaying with results pending. Note that sampling is at 2m intervals.

Drilling of the infill holes designed to update the current JORC Mineral Resource Statement has been completed in October. The Company anticipates that an updated JORC statement will be completed by 31 December consistent with the previously announced timeframes.

Subsequent to the end of the quarter, the Company commenced drilling additional step out holes to test the extension of the deposit. The objective of the additional drilling is to provide further data to enhance the understanding of the mineralised systems in Nakru 1 and to advance the knowledge of the economic potential of the Nakru 1 ore body through expansion of the current JORC resource. The Company plans to drill up to an additional four drill holes for approximately 400 metres subject to ground and weather conditions remaining favourable.

During the quarter, the Company submitted its application for the renewal of the Mt Nakru tenements which are due for renewal in December 2018. A Warden's Hearing has been scheduled for 6 November 2018. The Company is not aware of any reason that the renewal application would not be granted.

### **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.

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.

During the quarter, a follow up sampling program around the best results from the rock chip and stream sediment samples was undertaken to delineate the extent of potential mineralisation and possibly find define a source zone. Assay results from that sampling program are pending.

### **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.

### **Current Exploration Portfolio**

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 <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
ELA 2578 Kori River	Pending	396km <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 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.

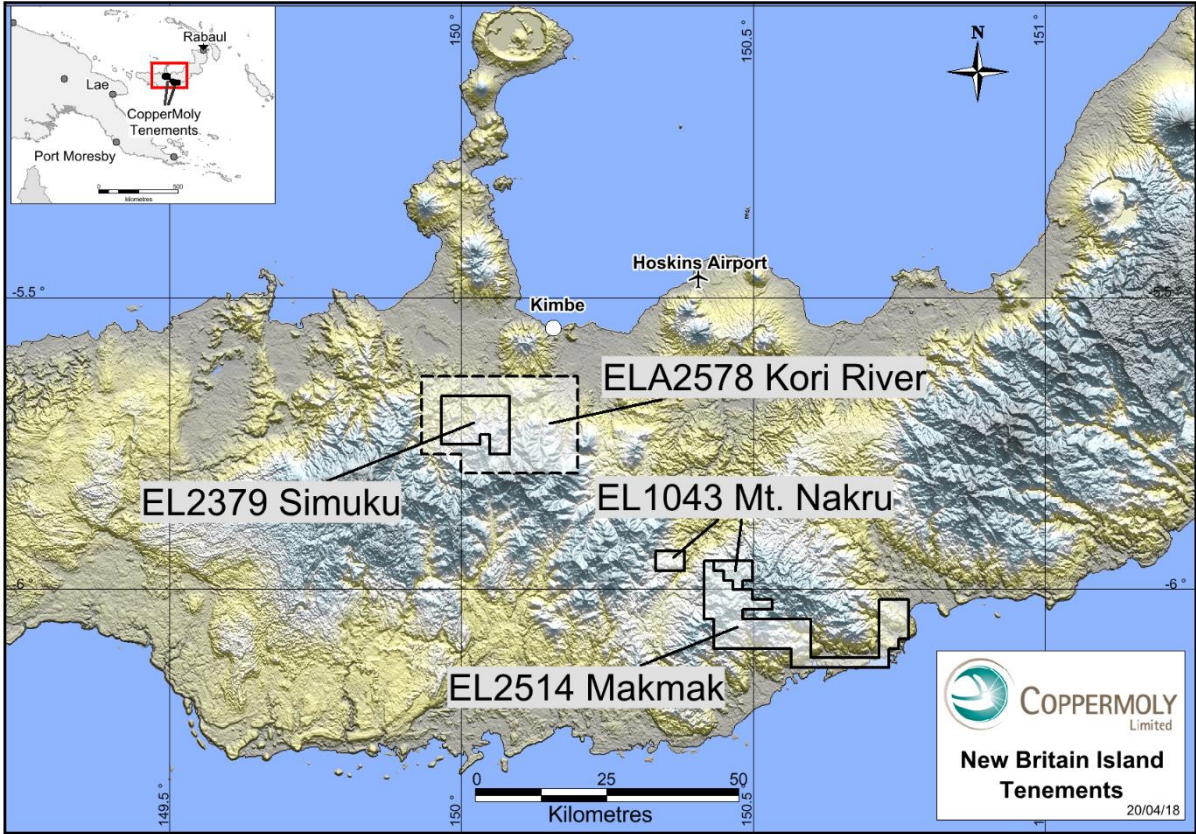


Figure 2: Coppermoly’s current exploration licences on New Britain Island

**Corporate Activity**

**Cash at 30 September 2018**

As at 30 September 2018, the Company had cash and cash equivalents totalling \$A1.015M.

<b>Corporate Directory</b>	
<b>Coppermoly Limited</b> (ABN 54 126 490 855)	
<b>Non-Executive Directors</b>	<b>Registered office</b>
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
<b>Company Secretary</b>	Email: <a href="mailto:info@coppermoly.com.au">info@coppermoly.com.au</a>
Mr Stephen Kelly	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 September 2018**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(504)	(504)
(b) development	-	-
(c) production	-	-
(d) staff costs	(45)	(45)
(e) administration and corporate costs	(54)	(54)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
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>(601)</b>	<b>(601)</b>

## 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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	
(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>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-

## 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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 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>-</b>	<b>-</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	1,616	1,616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(601)	(601)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,015</b>	<b>1,015</b>



## 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

	<b>5. 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	1,015	1,616
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>1,015</b>	<b>1,616</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		Nil
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		
<b>7.</b>	<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			

## 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

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

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	524
9.2	Development	-
9.3	Production	-
9.4	Staff costs	31
9.5	Administration and corporate costs	128
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>683</b>

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			

## 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

### 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 October 2018

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.