



COPPERMOLY Limited

A.B.N. 54 126 490 855

CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2018

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES

A.B.N. 54 126 490 855

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Corporate Directory

Coppermoly Limited (ABN 54 126 490 855)

Non-Executive Directors

Dr Wanfu Huang

Mr Jincheng Yao

Mr Kevin Grice

Mr Zule Lin

Company Secretary

Mr Stephen Kelly

Registered office

Unit 2, 42 Morrow Street, TARINGA,
QLD, AUSTRALIA, 4068

Telephone: +61 7 3217 7544

Facsimile: +61 7 3876 0695

Email: info@coppermoly.com.au

Website: www.coppermoly.com.au

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Coppermoly Limited and the entity it controlled at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

The following persons were directors of Coppermoly Limited during the half-year and up to the date of this report:

Kevin Grice
Wanfu Huang
Zule Lin
Jincheng Yao

REVIEW OF EXPLORATION ACTIVITIES

Mt Nakru (EL 1043)

During the reporting period, 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.

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).

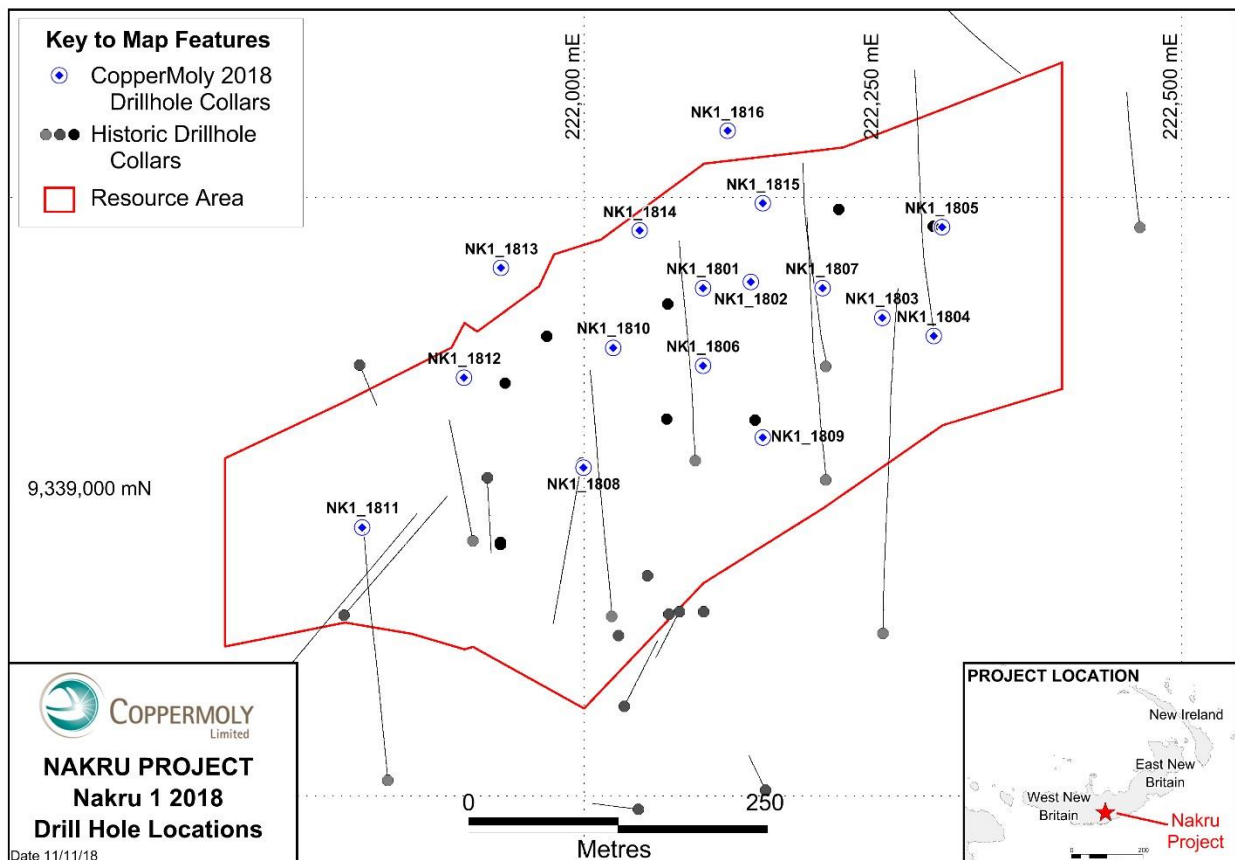


Figure 1 – Location of completed drill holes for Nakru 1 exploration drilling program

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.

DIRECTORS' REPORT (continued)

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.

On 28 February 2019, the Company announced a maiden Indicated Resource for the Mt Nakru project. The maiden Indicated Resource totals 7.03 Mt grading 1.00% Cu, 0.28 g/t Au and 1.81 g/t Ag for 70kt contained Cu, 64 koz Au and 409 Koz Ag¹.

The total Inferred plus Indicated Resource has been expanded to 41.39 Mt grading 0.75% Cu, 0.23 g/t Au and 1.59 g/t Ag for 309 kt Cu, 300 koz Au and 2,116 Koz Ag at a cut-off grade of 0.3% Cu.

The previous 2017 resource totalled 29.1 Mt with a grade of 0.92% Cu, 0.22 g/t Au and 2.25 g/t Ag for 267 Kt contained Cu, 208 Koz Au and 2,100 Koz Ag.

The updated Mineral Resource was estimated by independent mining consultancy Mining Associates Pty Ltd.

A break-down of the mineral resources by category is given in Table 1.

Resource	Mineralised	Grade			Metal		
		Category	Tonnes (millions)	Copper	Gold	Silver	Copper (kt)
Indicated	7.03	1.00	0.28	1.81	70	64	409
Inferred	34.36	0.69	0.21	1.55	239	237	1,707
Total	41.39	0.75	0.23	1.59	309	300	2,116

Table 1. Nakru Project Indicated and Inferred Mineral Resource Estimate, Feb 2019 (> 0.3% cu)

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 reporting period, no significant work was undertaken on the Simuku project. The Company is currently developing a proposal for a follow up ground IP geophysics survey on the highest ranked VTEM targets 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 significant 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.

¹ Refer ASX Announcement dated 28 February 2019. The Company is not aware of any new information or data that materially affects the information included in that announcement and all the material assumptions and technical parameters underpinning the Mineral Resource Estimate in the ASX Announcement released on 28 February 2019 continue to apply and have not materially changed.

DIRECTORS' REPORT (continued)

REVIEW OF RESULTS

The loss after tax for the half-year ended 31 December 2018 was \$378,760(2017: \$236,969 loss). The significant items affecting the loss after tax were:

- Employee benefits expense, including wages and director fees, of \$196,546
- Corporate and compliance fees of \$71,155, including audit fees, ASX listing fees, legal fees and share registry costs.

During the half-year, the Group funded ongoing exploration and evaluation work on its exploration tenements in Papua New Guinea.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period the following significant changes in the state of affairs of the Company occurred:

- On 13 November 2018 Jade Triumph International Limited agreed to further extend the maturity date for the convertible notes by twenty-four months to 19 December 2020. All other terms of the convertible notes remained unchanged.
- The Company raised \$2.4 million pursuant to a non-renounceable pro rata entitlement offer of one new fully paid ordinary share for every three shares held at \$0.007 per share. A total of 345,381,843 fully paid ordinary shares were issued on 2 January 2019.

DIVIDENDS

No dividends were paid during the half-year and no recommendation is made as to payment of dividends.

EVENTS AFTER THE REPORTING PERIOD

Except for the matters noted below, there have been no events since 31 December 2018 that impact upon the financial report.

- On 2 January 2019, the Company issued 345,381,843 fully paid ordinary shares pursuant to the non-renounceable pro rata entitlement offer of one new fully paid ordinary share for every three shares that closed on 21 December 2018 ("Entitlement Offer"). Funds of \$2.4 million were received by the Company prior to 31 December 2018 in relation to the Entitlement Offer.
- On 28 February 2019, the Company announced a maiden Indicated Resource of 70kt contained Cu (grading 1%) and 64koz Au (grading 0.28g/t) from 7.03 Mt for the Mt Nakru Project. The Inferred plus Indicated Resource for contained Cu increased by 16% from the 2017 estimate to 309kt grading 0.75% from 41.4 Mt and contained Au increased by 44% from the 2017 estimate to 300koz grading 0.23 g/t.

DIRECTORS' REPORT (continued)

SCHEDULE OF TENEMENTS

As at 31 December 2018 the Group had interests in the following mineral exploration licences:

Project	Tenement	Location	Area (km ²)	Period Acquired
Mt Nakru ^{^^}	EL 1043	West New Britain	47	Jan 2008
Simuku	EL 2379	West New Britain	122	Jan 2008
Makmak	EL 2514	West New Britain	269	Sep 2017
Kori River	ELA 2578	West New Britain	396	Pending

* 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 reporting period, 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* immediately follows this report.

This report is made in accordance with a resolution of the directors.



Kevin Grice
Director
Brisbane, Qld
Dated: 15 March 2019

DIRECTORS' REPORT (continued)

Competent Person Statement

The information in this report relating to the Indicated and Inferred Resource Estimates for the Mt Nakru Project is based on, and fairly represents, a Report compiled by Mr Ian Taylor. Mr Taylor is a Member of The Australasian Institute of Mining and Metallurgy and is employed by Mining Associates Pty Ltd. Mr Taylor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Dr Peter Victor Crowhurst, who is a Member and Registered Professional Geologist with the Australian Institute of Geoscientists. Dr Crowhurst 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'. Dr Crowhurst is the full time Exploration Manager at Coppermoly and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF COPPERMOLY LIMITED

As lead auditor for the review of Coppermoly Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Coppermoly Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 15 March 2019

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Half – year	
		2018	2017
		\$	\$
Other income	4	28,740	119,359
		28,740	119,359
Depreciation		(3,173)	(2,915)
Employee benefits expense		(196,546)	(186,901)
Insurances		(11,287)	(17,454)
Corporate compliance and shareholder relations		(71,155)	(55,424)
Office rental, communication and consumables		(40,112)	(20,361)
Finance costs		(82,077)	(70,124)
Other expenses		(3,150)	(3,149)
Loss before income tax		(407,500)	(236,969)
Income tax (expense) / benefit		-	-
Net Loss for the half-year		(378,760)	(236,969)
Other comprehensive income			
Items that will be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		786,162	(349,307)
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the half-year		786,162	(349,307)
Total comprehensive income for the half-year		407,402	(586,276)
		Cents	Cents
Basic and diluted loss per share		(0.03)	(0.02)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31-Dec-18 \$	30-Jun-18 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,906,435	1,615,735
Trade and other receivables		107,911	235,228
Total Current Assets		3,014,346	1,850,963
Non-Current Assets			
Receivables		18,465	17,777
Property, plant and equipment		39,435	48,633
Mineral exploration and evaluation assets	5	14,874,404	12,744,134
Total Non-Current Assets		14,932,304	12,810,544
Total Assets		17,946,650	14,661,507
LIABILITIES			
Current Liabilities			
Trade and other payables		728,108	289,537
Provisions		10,734	29,500
Borrowings	6	-	1,446,853
Total Current Liabilities		738,842	1,765,890
Non-Current Liabilities			
Borrowings	6	1,359,330	-
Provisions		-	591
Total Non-Current Liabilities		1,359,330	591
Total Liabilities		2,098,172	1,766,481
Net Assets		15,848,478	12,895,026
EQUITY			
Contributed equity	7	24,298,485	21,921,429
Reserves		3,096,359	2,141,203
Accumulated losses		(11,546,366)	(11,167,606)
Total Equity		15,848,478	12,895,026

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2018	21,921,429	(11,167,606)	2,141,203	12,895,026
Comprehensive income for the half-year				
Loss for the half-year	-	(378,760)	-	(378,760)
Foreign currency translation difference, net of tax	-	-	786,162	786,162
Total Comprehensive Income	-	(378,760)	786,162	407,402
Transactions with owners in their capacity as owners				
Contributions of equity	2,417,673	-	-	2,417,673
Costs of share issue	(40,617)	-	-	(40,617)
Value of conversion rights on convertible notes	-	-	168,994	168,994
Total transactions with owners in their capacity as owners	2,377,056	-	168,994	2,546,050
Balance at 31 December 2018	24,298,485	(11,546,366)	3,096,359	15,848,478
Balance at 1 July 2017	19,065,353	(10,539,640)	1,927,032	10,452,745
Comprehensive income for the half-year				
Loss for the half-year	-	(236,969)	-	(236,969)
Foreign currency translation difference, net of tax	-	-	(349,307)	(349,307)
Total Comprehensive Income	-	(236,969)	(349,307)	(586,276)
Transactions with owners in their capacity as owners				
Contributions of equity	3,017,145	-	-	3,017,145
Costs of share issue	(161,069)	-	-	(161,069)
Value of conversion rights on convertible notes	-	-	88,889	88,889
Total transactions with owners in their capacity as owners	2,856,076	-	88,889	2,944,965
Balance at 31 December 2017	21,921,429	(10,776,609)	1,666,614	12,811,434

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year	
	2018	2017
	\$	\$
Cash Flows from Operating Activities		
Cash receipts in the course of operations (incl. GST)	-	17,033
Interest received	28,740	4,021
Finance costs paid	(606)	(376)
Payments to suppliers and employees (incl. GST)	(249,919)	(253,788)
Net cash outflow from operating activities	(221,785)	(233,110)
Cash Flows from Investing Activities		
Payments for exploration and evaluation activities	(858,747)	(610,927)
Security deposits recovered / (paid)	-	(2,396)
Payments for property, plant and equipment	(4,575)	-
Net cash outflow from investing activities	(863,332)	(613,323)
Cash Flows from Financing Activities		
Proceeds from issues of shares	2,417,673	2,870,000
Cost of share issues	(40,617)	(162,281)
Repayment of borrowings	-	(5,764)
Net cash inflow from financing activities	2,377,056	2,701,955
Net increase in cash and cash equivalents	1,291,849	1,855,522
Cash and cash equivalents at the beginning of the half-year	1,615,735	554,633
Exchange difference on cash	(1,249)	(580)
Cash and cash equivalents at the end of the half-year	2,906,435	2,409,575

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Coppermoly Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2018 Annual Financial Report for the financial year ended 30 June 2018, except as stated below.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period including AASB9 *Financial Instruments* and AASB15 *Revenue Contracts with Customers*. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Group for the current or prior periods.

Going concern

The Group incurred a net loss of \$378,760 for the half-year ended 31 December 2018. As at 31 December 2018 the Group had cash reserves of \$2,906,435; net current assets of \$2,275,504 and net assets of \$15,848,478.

The Group's projects are in the exploration and evaluation phase and the Group has not generated revenues from operations. During the reporting period, the Group had net cash outflows from operations of \$221,785 and net cash outflows from investing activities of \$858,747.

The Group has a non-current liability of \$1,359,330 for convertible notes as at 31 December 2018. The Group has also committed to re-acquire Barrick (PNG Exploration) Limited's ("Barrick") interest in the tenements EL1043 and EL2379 for a final payment of \$4,500,000 to be paid no later than six months after the commencement of commercial production at the West New Britain Projects, in addition to its exploration commitments under its other licences. Refer to note 5 for further details on the required payment to re-acquire the tenements from Barrick.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the company's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Group has funded its activities through issuance of equity securities and it is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

NOTE 2. FAIR VALUE MEASUREMENTS

The carrying values of the Group's financial assets and financial liabilities approximate their fair values as at 31 December 2018.

NOTE 3. SEGMENT INFORMATION

Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level. Accordingly, the consolidated entity is treated as one operating segment.

Therefore, management identifies the Group as having only one reportable segment. The financial results from this reportable segment are equivalent to the financial statements of the consolidated entity as a whole. There have been no changes in the operating segments during the period.

NOTE 4. REVENUE

	31-Dec-18	31-Dec-17
	\$	\$
Interest income	28,740	3,745
Gain on settlement of accrued Directors' fees	-	115,614
	28,740	119,359

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 5. MINERAL EXPLORATION AND EVALUATION ASSETS

	31-Dec-18	30-Jun-18
	\$	\$
Papua New Guinea		
Balance at the beginning of the half-year	12,744,134	11,652,157
Expenditure capitalised during the period	1,397,195	1,006,878
Capitalised expenditure written-off during the period	-	(3,603)
Foreign currency exchange differences	733,075	88,702
Balance at the end of the half-year	<u>14,874,404</u>	<u>12,744,134</u>

Exploration Licences:

- **EL 1043 Mt Nakru** has a two year term that expired on 7 December 2018. 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.
- **EL 2379 Simuku** has a two year term ending on 10 September 2019.
- **EL 2514 Makmak** has a two year term ending on 11 September 2019.

The ultimate recoupment of the costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest.

In October 2009 the Group signed a Letter Agreement with Barrick (PNG Exploration) Limited (**Barrick**) to sole fund \$20 million to earn up to 72% interest in Coppermoly Limited's tenements (Mt Nakru and Simuku) (**WNB Projects**) on the island of New Britain in Papua New Guinea. Barrick earned 72% equity in January 2012. In May 2012 Barrick advised Coppermoly of its intention to divest its interest in the WNB Projects.

The remaining key term of the renegotiated Reacquisition Deed with Barrick is as follows:

- The Group may acquire the remaining nominal 28% interest in the WNB Projects, which the Company has a binding agreement to acquire, by making a payment of AUD \$4,500,000, payable no later than the date that is 6 months after the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs to exploration or development of the projects nor are they entitled to any profits from the projects.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 6. BORROWINGS

	31-Dec-18	30-Jun-18
	\$	\$
Current	-	1,446,853
Non-current	1,359,330	-
Unsecured:		
Convertible notes (a)	1,031,006	1,158,113
Accrued interest	328,324	288,740
	1,359,330	1,446,853

a. **Convertible notes**

The terms of the convertible notes are as follows:

	<u>Convertible notes</u>
Re-issue Date:	19 December 2018
Maturity Date:	19 December 2020
Number of Notes:	60,000,000
Note Face Value:	\$1,200,000
Conversion Price:	Convertible into ordinary shares \$0.02 at the note holders' option being 60,000,000 shares.

Repayment upon maturity: The outstanding principle amounts of the convertible notes (being the outstanding issue price of the convertible notes to the extent that they have not been converted) will be repaid by the Company. The terms of the notes were first varied on 19 October 2016 to extend the Maturity Date to 19 December 2017. The terms of the notes were again varied on 31 October 2017 to further extend the Maturity Date to 19 December 2018 and again on 14 November 2018 to extend the Maturity Date to 19 December 2020.

The notes may be repaid by Coppermoly any time prior to the Maturity Date subject to Coppermoly paying the note holder a break fee equal to 5% of the repayment amount.

Interest: The convertible notes bear interest at 7%. The effective interest rate is 15%.

	31-Dec-18	30-Jun-18
	\$	\$
The convertible notes are presented in the consolidated statement of financial position as follows:		
Face value of notes issued	1,200,000	1,200,000
Equity portion	(452,097)	(283,103)
Cost of convertible note issue	(13,739)	(13,739)
Fair value of notes issued	734,164	903,158
Unwinding of interest expense	296,842	254,955
Convertible note liability	1,031,006	1,158,113

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 7. CONTRIBUTED EQUITY

	Half-year ended 31-Dec-18 Number of Shares	Half-year ended 31-Dec-17 Number of Shares	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Opening Balance	1,377,661,488	1,093,817,806	21,921,429	19,065,353
Issues of ordinary shares during the half-year				
Application monies received for shares not issued	-	-	2,417,673	-
Private Placement – Shenzhen Beilite Jades Ltd	-	273,333,333	-	2,870,000
Shares issued in lieu of accrued directors fees	-	10,510,349	-	147,145
Less costs of raising capital	-	-	(40,617)	(161,069)
Contributed Equity	1,377,661,488	1,377,661,488	24,298,485	21,921,429

On 21 December 2018 the Company raised \$2.4million pursuant to a non-renounceable pro rate entitlement offer of one new fully paid ordinary share for every three shares held at \$0.007 per share. A total of 345,381,843 fully paid ordinary shares were issued on 3 January 2019 (refer Note 9).

NOTE 8. CONTINGENCIES

(i) West New Britain Projects

Refer to Note 5. The Group has completed an agreement to re-acquire Barrick's interests in the West New Britain Projects.

The Group may acquire Barrick's remaining nominal 28% interest in the West New Britain Projects by making a payment of AUD \$4,500,000, payable no later than the date that is 6 months after the commencement of commercial production at the West New Britain Projects.

(ii) There have been no further changes in contingent liabilities since the end of the previous annual reporting period (30 June 2018).

NOTE 9. EVENTS AFTER THE REPORTING PERIOD

Except for the matters noted below, there have been no events since 31 December 2018 that impact upon the financial report.

- On 2 January 2019, the Company issued 345,381,843 fully paid ordinary shares pursuant to the non-renounceable pro rata entitlement offer of one new fully paid ordinary share for every three shares that closed on 21 December 2018 ("Entitlement Offer"). Funds of \$2.4 million were received by the Company prior to 31 December 2018 in relation to the Entitlement Offer.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the attached financial statements and notes set out on pages 9 to 17 are in accordance with the *Corporations Act 2001*, and:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Coppermoly Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Kevin Grice
Director
Brisbane Qld
Dated: 15 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Coppermoly Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Coppermoly Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



T R Mann
Director

Brisbane, 15 March 2019