COPPERMOLY Limited

A.B.N. 54 126 490 855

CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2019

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Corporate Directory

Coppermoly Limited (ABN 54 126 490 855)

Non-Executive Directors

Mr Jincheng Yao

Mr Kevin Grice

Mr Zule Lin

Mr Xuan Jian

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 2019.

DIRECTORS

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

Kevin Grice
Dr Wanfu Huang
Zule Lin
Jincheng Yao
Xuan Jian (appointed 28 August 2019)

REVIEW OF EXPLORATION ACTIVITIES

Mt Nakru (EL 1043)

The Mt Nakru Cu-Au project (EL 1043) comprises two known deposits, Nakru 1 and Nakru 2, which are 1.5 km apart. The Mt Nakru Project hosts JORC Mineral Resource that was estimated by Mining Associates in February 2019 as summarised in Table 1. High-grade copper-zinc mineralisation has also been exposed at surface at the Nakru 2 North-West Prospect.

A break-down of the mineral resources by category is given below:

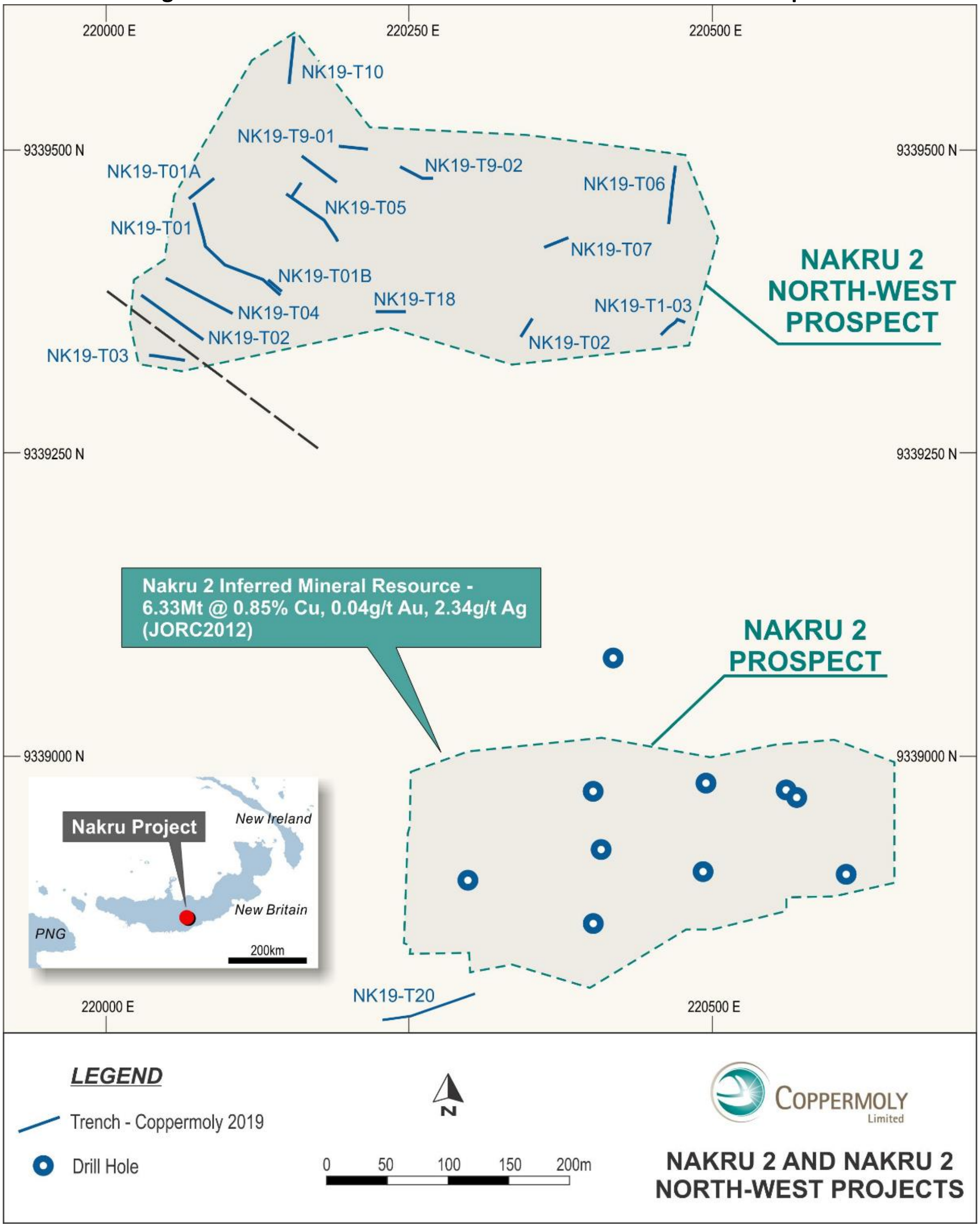
Resource	Mineralised	Grade			Metal		
Category	Tonnes (millions)	Copper	Gold	Silver	Copper (kt)	Gold (koz)	Silver (koz)
Indicated	7.03	1.00	0.28	1.81	70	64	409
Inferred	34.36	0.69	0.21	1.55	239	237	1,707
Total	41.39	0.75	0.23	1.59	309	300	2,116

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

During the reporting period, the Company announced the results from a trenching program at the Nakru 2 North-West prospect on the Mt Nakru Project (EL1043). The trenching program uncovered substantial widths of high-grade copper and zinc mineralisation with associated anomalous gold, silver and lead. The high-grade copper and zinc mineralisation was traced at surface for a minimum distance of 150m along strike, in excess of 50m down-dip and is of 10-15m variable width, within a zone of strong alteration which varies from 15-60m width.

An outcrop of high-grade copper-zinc mineralisation, approximately 500m north-west of the Nakru 2 deposit was selected for trenching operations (Figures 1, 2). Historical trenches and mapping indicated a linear zone of strong silica-clay-pyrite alteration trending north-east from a high-grade Cu-Zn outcrop. Twenty-one trenches for a total of 810m were constructed in the general area around the Nakru 2 Inferred Resource (Figure 1). Five of these trenches exposed high-grade copper and zinc mineralisation which is defined as the Nakru 2 North-West Prospect (Figure 2). The trenches expose the mineralisation over a strike length of at least 150m and over a down-dip extent of at least 50m. The mineralisation is of 10-15m variable width within a zone of strong alteration which varies in width from 15-60m.

Figure 1 – Location of Trenches at the Nakru 2 North-West Prospect

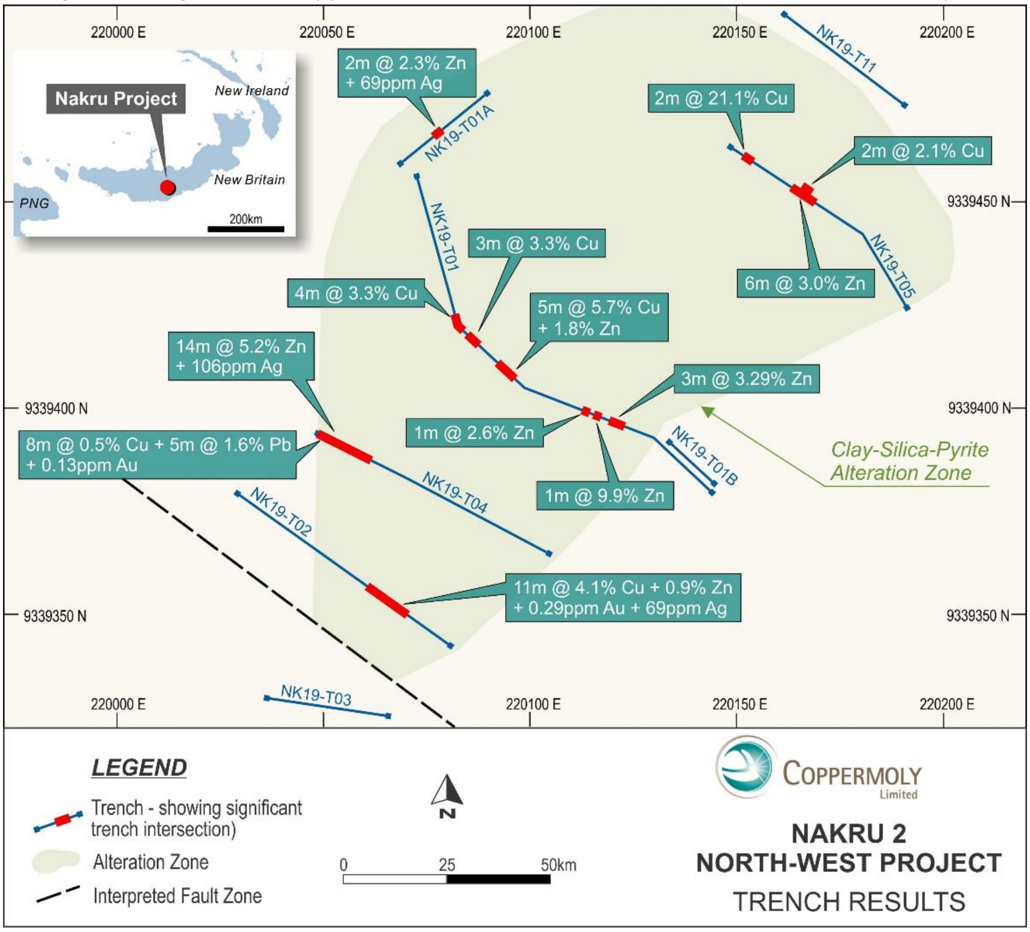


Coordinate grid is WGS84_UTM56S

During the trenching campaign completed in October-November 2019, several lenses of massive sulphide were uncovered. The massive sulphides occur within consistent zones of steeply dipping silica-rich rhyodacite breccias containing disseminated sulphides. The mineralisation located to date can be generally described as a combination of structurally controlled and 'stratabound' hydrothermal felsic breccia with polyphase quartz stockwork. Alteration is dominated by silica-clay-pyrite with commonly disseminated copper and zinc sulphides.

Due to the outstanding results obtained from the trenching, follow-up work is being expedited. A ground geophysical survey will be undertaken in the March 2020 quarter to map the strike extent and orientation of the high-grade massive sulphide mineralisation. Drilling will then be conducted as soon as possible in 2020 to define the strike length and depth extent of the currently exposed massive and disseminated sulphides.

Figure 2 – High-Grade Copper-Zinc Mineralisation at the Nakru 2 North-West Prospect



Coordinate grid is WGS84_UTM56S

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 two-year term of EL2379 expired during the period. The Company has applied to renew EL2379 for a further two years.

The follow up exploration plan for the Simuku project is to confirm and expand on historical mapping and geochemistry to delineate more precise information, especially structural orientation, that could be crucial to define drill targets.

Makmak (EL 2514)

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.

The two-year term of EL2514 expired during the period. The Company has applied to renew EL2514 for a further two years.

No work was undertaken on EL2578 during the period.

Kori River (EL 2578)

EL2578 is valid for an initial term of 2 years at which point the Company may apply for a further extension.

No work was undertaken on EL2578 during the period.

Metelen River (ELA 2638)

During the period, a Warden's Hearing was conducted in relation to the Company's application for ELA2638 which occupies an area of 246km^2 and is located adjacent to the Company's existing Mt Nakru and Mak exploration licences. The Company is awaiting the decision of the regulatory authorities regarding its application for the Metelen River Exploration Licence.

REVIEW OF RESULTS

The loss after tax for the half-year ended 31 December 2019 was $641,793 (2018: $378,760 loss).
The significant items affecting the loss after tax were:

- Employee benefits expense, including wages and director fees, of $317,139; and
- Finance costs on the convertible note of $84,746; and
- Costs of $18,698 for the investigation of new project opportunities.

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 31 July 2019, the Company received funds of $6,062,560 and issued 404,170,658 fully paid ordinary shares pursuant to the Placement Agreement entered into with SFIL on 30 May 2019.
- On 28 August 2019, the Company appointed Mr Xuan Jian as a Non-Executive Director.

DIVIDENDS

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

EVENTS AFTER THE REPORTING PERIOD

There have been no events since 31 December 2019 that impact upon the financial report.

SCHEDULE OF TENEMENTS

As at 31 December 2019 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	EL 2578	West New Britain	396	Feb 2019
Metelen River	ELA 2638	West New Britain	246	Under application

* *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 Simuku and Makmak tenements which expired during the period, having reached the end of their statutory 2-year terms. 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: 12 March 2020

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.

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 2019, 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.

T R Mann

Director

BDO Audit Pty Ltd

Brisbane, 12 March 2020

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half – year	
	2019	2018
	$	$
Other income	**3,200**	28,740
	3,200	28,740
Employee benefits expense	**(317,139)**	(196,546)
Corporate compliance and shareholder relations	**(118,033)**	(71,155)
Finance costs	**(92,585)**	(82,077)
Insurances	**(28,398)**	(11,287)
Depreciation	**(19,049)**	(3,173)
Exploration expenditure written-off	**(18,698)**	-
Office rental, communication and consumables	**(18,178)**	(40,112)
Other expenses	**(32,913)**	(3,150)
Loss before income tax	**(644,993)**	(407,500)
Income tax (expense) / benefit	**-**	-
Net Loss for the half-year	**(641,793)**	(378,760)
Other comprehensive income		
Items that will be reclassified to the profit or loss		
Exchange differences on translation of foreign operations	**(129,417)**	786,162
Income tax on items of other comprehensive income	**-**	-
Other comprehensive income for the half-year	**(129,417)**	786,162
Total comprehensive income for the half-year	**(771,210)**	407,402
	Cents	Cents
Basic and diluted loss per share	(0.03)	(0.03)

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 2019

	Notes	31-Dec-19 $	30-Jun-19 $
ASSETS			
Current Assets			
Cash and cash equivalents		**5,800,925**	1,548,536
Trade and other receivables		**125,850**	66,921
Total Current Assets		**5,926,775**	1,615,457
Non-Current Assets			
Receivables		**14,638**	14,765
Right-of-use assets	4	**89,067**	-
Property, plant and equipment		**268,240**	71,913
Mineral exploration and evaluation assets	5	**15,949,605**	15,212,895
Total Non-Current Assets		**16,321,550**	15,299,573
Total Assets		**22,248,325**	16,915,030
LIABILITIES			
Current Liabilities			
Trade and other payables		**506,977**	583,797
Lease Liabilities	6	**32,130**	-
Provisions		**34,236**	34,240
Borrowings	7	**1,528,777**	-
Total Current Liabilities		**2,102,120**	618,037
Non-Current Liabilities			
Lease Liabilities	6	**60,693**	-
Borrowings	7	**-**	1,444,051
Total Non-Current Liabilities		**60,693**	1,444,051
Total Liabilities		**2,162,813**	2,062,088
Net Assets		**20,085,512**	14,852,942
EQUITY			
Contributed equity	8	**30,292,296**	24,288,516
Reserves		**2,478,595**	2,608,012
Accumulated losses		**(12,685,379)**	(12,043,586)
Total Equity		**20,085,512**	14,852,942

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 2019

	Contributed Equity $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2019	24,288,516	(12,043,586)	2,608,012	14,852,942
Comprehensive income for the half-year				
Loss for the half-year	-	(641,793)	-	(641,793)
Foreign currency translation difference, net of tax	-	-	(129,417)	(129,417)
Total Comprehensive Income	**-**	(641,793)	(129,417)	**(771,210)**
Transactions with owners in their capacity as owners				
Contributions of equity	6,062,560	-	-	6,062,560
Costs of share issue	(58,780)	-	-	(58,780)
Total transactions with owners in their capacity as owners	**6,003,780**	-	-	**6,003,780**
Balance at 31 December 2019	**30,292,296**	**(12,685,379)**	**2,478,595**	**20,085,512**
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**

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 2019

	Half-year	
	2019	2018
	$	$
Cash Flows from Operating Activities		
Interest received	3,200	28,740
Finance costs paid	(543)	(606)
Payments to suppliers and employees (incl. GST)	(561,443)	(249,919)
Net cash outflow from operating activities	**(558,786)**	(221,785)
Cash Flows from Investing Activities		
Payments for exploration and evaluation activities	(946,211)	(858,747)
Payments for property, plant and equipment	(221,626)	(4,575)
Net cash outflow from investing activities	**(1,167,837)**	(863,332)
Cash Flows from Financing Activities		
Proceeds from issues of shares	6,062,560	2,417,673
Cost of share issues	(58,780)	(40,617)
Repayment of lease liabilities	(21,372)	-
Net cash inflow from financing activities	**5,982,408**	2,377,056
Net increase in cash and cash equivalents	**4,255,785**	1,291,849
Cash and cash equivalents at the beginning of the half-year	1,548,536	1,615,735
Exchange difference on cash	(3,396)	(1,249)
Cash and cash equivalents at the end of the half-year	**5,800,925**	2,906,435

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

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2019 has 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 2019 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 2019 Annual Financial Report for the financial year ended 30 June 2019, except as stated below.

The Group adopted all new Accounting Standards and Interpretations effective for the half-year ended 31 December 2019. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

In accordance with AASB 16 paragraph c5(b), the Group has elected to apply the new standard retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application and as such the comparatives have not been restated. The impact of the adoption on opening retained profits as at 1 July 2019 was as follows:
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	1 July 2019 **$**
Operating lease commitment as a 1 July 2019 (AASB16) ^^	132,120
Operating lease commitments discounted based on weighted average incremental borrowing cost of 15%	(25,240)
Right of Use Asset (AASB16)	106,880
Lease liabilities – current (AASB16)	39,465
Lease liabilities – non-current (AASB16)	67,415
	106,880
Change in opening accumulated losses as at 1 July 2019	-

^^ *Represents lease commitments of $37,885 for 12 months to expiry of lease term for the Company's Brisbane corporate office on 30 June 2020 plus an additional $94,235 in lease payments pursuant to a 24 month extension of the lease term that occurred after 30 June 2019.*

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

Critical accounting judgements, estimates and assumptions

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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 2019.

NOTE 3. SEGMENT INFORMATION

a) 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 based on 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. There have been no changes in the operating segments during the period.

b) Entity-wide disclosures

The Group's geographical information is as follows:

		Australia $	Papua New Guinea $
Non-current assets	31 December 2019	102,378	16,220,362
	30 June 2019	3,103	15,281,736

The Group operates primarily in mineral exploration locations in Papua New Guinea. The Group's corporate office is in Australia. The Group does not have any products/services it derives material revenue from except interest which is mainly from Australia.

NOTE 4. RIGHT-OF-USE ASSETS

	31-Dec-19	31-Dec-18
	$	$
Land and buildings - right-of-use	106,880	-
Less: Accumulated depreciation	(17,813)	-
	89,067	**-**

The Group leases land and buildings for its commercial office under an agreement of between two to six years, including two options to extend. The lease includes an annual rent review of 3% or CPI, whichever is higher. The first extension option is currently being negotiated.

Accounting policy

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group elects not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 5. MINERAL EXPLORATION AND EVALUATION ASSETS

	31-Dec-19	30-Jun-19
Papua New Guinea	**$**	$
Balance at the beginning of the half-year	15,212,895	12,744,134
Expenditure capitalised during the period	858,554	2,205,493
Foreign currency exchange differences	(121,844)	263,268
Balance at the end of the half-year	**15,949,605**	15,212,895

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.

Coppermoly's wholly owned subsidiary, Copper Quest PNG Limited, is the legal holder of four Exploration Licences:

- **EL 1043 Mt Nakru** has a two year term ending on 7 December 2020.
- **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.
- **EL 2578 Kori River** has a two-year term ending on 25 February 2021.

During the reporting period, the Company lodged a renewal application for the Simuku and Makmak tenements which expired during the period, having reached the end of their statutory 2-year terms. 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.

NOTE 5. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

In October 2009 the Group signed a Letter Agreement with Barrick (PNG Exploration) Limited (**Barrick**) to sole fund $20 million of exploration expenditure 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.

NOTE 6. LEASE LIABILITIES

	31-Dec-19 **$**	30-Jun-19 $
Opening balance	-	-
Additions	106,880	-
Interest expense	7,316	-
Lease payments	(21,373)	-
Total lease liability	**92,823**	-
Less: Current lease liability due to be settled within 12 months	(32,130)	-
Non-current lease liability	**60,693**	-

Accounting policy
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

NOTE 7. BORROWINGS

	31-Dec-19 **$**	30-Jun-19 $
Current	**1,528,777**	**-**
Non-current	**-**	**1,444,051**
Unsecured:		
Convertible notes (a)	1,113,691	1,071,311
Accrued interest	415,086	372,740
	1,528,777	**1,444,051**

NOTE 7. BORROWINGS (continued)

a. **Convertible notes**

The terms of the convertible notes are as follows:

	Convertible notes
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 at the noteholder's option into 60,000,000 ordinary shares at a conversion price of $0.02 per note.

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.

In prior financial periods, the original terms of the notes were varied 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-19	30-Jun-19
	$	$
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)	(452,097)
Cost of convertible note issue	(13,739)	(13,739)
Fair value of notes issued	**734,164**	**734,164**
Unwinding of interest expense	379,527	337,147
Convertible note liability	**1,113,691**	**1,071,311**

NOTE 8. CONTRIBUTED EQUITY

	Half-year ended 31-Dec-19 Number of Shares	Half-year ended 31-Dec-18 Number of Shares	**Half-year ended 31-Dec-19 $**	Half-year ended 31-Dec-18 $
Opening Balance	**1,723,043,311**	1,377,661,488	**24,288,516**	21,921,429
Issues of ordinary shares during the half-year				
Application monies received for shares not issued	**-**	-	**-**	2,417,673
Private Placement – Shenzhen Beilite Jades Ltd	**404,170,658**	-	**6,062,560**	-
Less costs of raising capital	**-**	-	**(58,780)**	(40,617)
Contributed Equity	**2,127,213,969**	1,377,661,488	**30,292,296**	24,298,485

On 31 July 2019 the Company raised $6.06million pursuant to a share placement in which 404,170,658 fully paid ordinary share were issued at $0.015 per share.

NOTE 9. KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

	31-Dec-19	30-Jun-19
	$	$
Key management personnel compensation:		
Short-term employee benefits:		
Cash and accrued directors' fees	73,333	178,330
Post-employment benefits	7,125	6,113
Share based payment	50,000	17,000
	130,458	201,446

As at 31 December 2019 accrued and unpaid Directors fees totalled $343,244 (30 June 2019: $336,685).

Transactions with other related parties
During the year ended 30 June 2015 the Group issued convertible notes to Jade Triumph International Limited (Jade Triumph) an entity related to Jincheng Yao. The terms and conditions of the notes are included in Note 8 including details of the amounts provided, interest accrued, and repayments made. As at 31 December 2019 the balance owed to Jade Triumph was $1,528,777 (30 June 2019: $1,572,740).

NOTE 10. CONTINGENCIES

There have been no changes in contingent liabilities since the end of the previous annual reporting period (30 June 2019).

NOTE 11. EVENTS AFTER THE REPORTING PERIOD

There have been no events since 31 December 2019 that impact upon the financial report.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the attached financial statements and notes set out on pages 10 to 19 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 2019 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: 12 March 2020

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

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 2019, 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 2019 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*.

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 2019 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*.

BDO Audit Pty Ltd

BDO

T Mann

T R Mann
Director

Brisbane, 12 March 2020