



COPPERMOLY
A.B.N. 54 126 490 855 **Limited**

CONSOLIDATED INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2022

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Corporate Directory	
Coppermoly Limited (ABN 54 126 490 855)	
Executive Director Dr Wanfu Huang	Registered office Unit 2, 42 Morrow Street, Taringa, Queensland 4068 Telephone: +61 7 3217 7544 Facsimile: +61 7 3876 0695 Email: info@coppermoly.com.au Website: www.coppermoly.com.au
Non-Executive Directors Mr Kevin Grice Mr Xuan Jian	
Company Secretary Mr Craig McPherson	

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Coppermoly Limited ("**Coppermoly**" or the "**Company**") and the entities it controlled (the "**Group**") at the end of, or during, the half-year ended 31 December 2022.

DIRECTORS

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

Kevin Grice
Dr Wanfu Huang
Xuan Jian
Zule Lin (ceased to be a director on 22 November 2022)
Jincheng Yao (ceased to be a director on 22 November 2022)

REVIEW OF EXPLORATION ACTIVITIES

Papua New Guinea Exploration Projects

The Company advised in December that it has entered into a legally binding share purchase deed (**SPA**) for the sale of all of the shares in its wholly owned subsidiary, Copper Quest PNG Limited (**Sale Shares**) (**Copper Quest**), the holder of the Company's exploration licences in West New Britain in the Independent State of Papua New Guinea (**PNG**), to Ever Leap Services Limited (**Buyer**) (the Company's largest shareholder) (**Proposed Sale**).

The Proposed Sale follows the outbreak of COVID-19 and resulting restrictions on travel and disruption to exploration activities over the last few years and will enable the Company to focus on its highly prospective grounds for copper gold and critical minerals in the Eastern Successions of Mt Isa, Northwest Queensland where management can more effectively progress exploration activities.

The consideration for the Proposed Sale comprises the buy-back and cancellation by the Company of approximately 1,955,024,388 fully paid ordinary shares in the Company (**Shares**) held (or to be held) by the Buyer and certain other major Shareholders and directors (**Buyback**), together with a cash payment to the Company of \$500,000.

As such, the Proposed Sale will also help to address any perceived concentration of voting power in the Company, with the hope that this will facilitate greater interest and financial support of the Company from the Australian financial community, reducing financial reliance on a few key shareholders.

The Proposed Sale is subject to, among, other things, Shareholder approval and other usual regulatory approvals, further details of which are contained in the Key Term Summary set out below and will be further documented in a notice of meeting seeking Shareholder approval for the Proposed Sale.

DIRECTORS' REPORT (continued)

The Company currently has an interest in the following mineral exploration licenses in PNG:

Papua New Guinea

EL 1043 Mt Nakru ¹	7 December 2022 ²	47km ²	West New Britain
EL 2379 Simuku ¹	10 September 2021 ²	122km ²	West New Britain
EL 2514 Mak Mak	11 September 2021 ²	61km ²	West New Britain
EL 2578 Kori River	24 February 2023	396km ²	West New Britain
EL 2638 Metelen River	17 May 2022 ²	246km ²	West New Britain

The Company's exploration territory in PNG is highly prospective for large, porphyry style and shallow felsic dome hosted, copper-molybdenum-gold deposits with substantial mineral resources already defined at Mt Nakru and Simuku, which are two of the Company's most advanced projects.

Key Terms of Proposed Sale

The SPA is between, among others, the Company, the Buyer and a number of the Company's major shareholders (**Major Shareholders**) and several directors of the Company (**Directors**), and contains the following terms:

- (a) **Consideration:** The purchase price comprises:
- i. \$500,000 payable to the Company on Completion (**Cash Amount**);
 - ii. the Buyer, the Major Shareholders and the Company buying back and cancelling their Shares.
- (b) **Conditions Precedent:** Completion is subject to various conditions precedent being satisfied before 30 April 2023 (or such later date as the parties agree in writing), including:
- i. the Company having obtained shareholder approval for:
 - A. the acquisition and cancellation of all of the Shares held by the Major Shareholders and the Directors (**Buy-back Shares**);
 - B. the transfer of the Sale Shares to the Buyer, including for the purpose of Listing Rule 10.1; and
 - C. the variation to the number of Shares to be issued to Jade Triumph International Limited (**Jade Triumph**) under the terms of the convertible note held by it **Jade Convertible Note Agreement**) (from 60,000,000 to 170,000,000) (the **Jade Triumph Conversion Shares**);
 - ii. various regulatory approvals, including:
 - A. Copper Quest having obtained shareholder approval for the transaction under section 110 of the Companies Act (PNG);
 - B. the Deed and this transaction being approved by the Minister for Mining in PNG for the purposes of the Mining Act (PNG);
 - C. the Company being satisfied that ASIC and ASX have issued or provided consents or approvals, or have done other acts or things, which have not been withdrawn or revoked before Completion, that the Company considers necessary or desirable to give effect to this transaction and the Deed;

1 As at the date of this Notice, Coppermoly has a 72% interest in EL 1043 Mt Nakru and EL 2379 Simuku, together known as the West New Britain Projects (**WNB Projects**), which were previously subject to a farm-in agreement with Barrick, and for which Barrick still holds a nominal 28% interest, which Coppermoly 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.

2 As at the date of this Notice, Coppermoly has submitted renewal applications for these tenements in accordance with the regulatory processes prescribed by the PNG Mining Act.

DIRECTORS' REPORT (continued)

- D. such other consents and approvals from government agencies that the Company and Buyer agree are desirable; and
- iii. the Company, the Buyer and Barrick (PNG Exploration) Limited (**Barrick**) entering into a deed of novation to novate the Company's obligations and interest in the re-acquisition deed between the Company, Copper Quest and Barrick, to the Buyer, pursuant to which the Company guaranteed Copper Quest's obligation to pay Barrick \$4,500,000 on the commencement of production.
- (c) **Resignation:** As part of the Completion obligations, Mr Jian Xuan is expected to resign as a Director of the Company.

The SPA also contains various representations, warranties and negative covenants usual for a transaction of this sort. To facilitate implementation of the Proposed Sale, Jade Triumph has agreed to a six (6) month extension of the Jade Triumph Convertible Note, to facilitate the calling of the necessary meeting to convert the Jade Triumph Convertible Notes into Shares.

Effect on Capital Structure

The number of Shares to be bought back include approximately 1,769,570,023 Shares on issue as at the date of the announcement, together with the 170,000,000 Jade Triumph Shares to be issued as part of the conversion of the Jade Triumph Convertible Note and any further Shares to be issued to the Directors (expected to be 5,151,455 in lieu of Directors fees per Director, subject to Shareholder approval) which are held as follows:

Shareholder Name	Buy-back Shares (Pre-Conversion)	% Pre Conversion	Buy-back Shares (Post-Conversion)	% Post Conversion
Ever Leap Services Limited	924,742,508	42.15%	924,742,508	38.86%
Shanghai Fuyuan Investments Limited	404,170,658	18.42%	404,170,658	16.99%
Shenzhen Beilite Jades Limited	364,444,444	16.61%	364,444,444	15.32%
Jade Triumph International Ltd	40,000,000	1.82%	210,000,000	8.83%
Mr Jincheng Yao	16,109,075	0.73%	21,260,530 ³	0.89%
Mr Zule Lin	14,345,057	0.65%	19,496,512 ³	0.82%
Mr Jian Xuan	5,758,281	0.26%	10,909,736 ³	0.56%

The primary effect of the Proposed Sale is to reduce the number of Shares on issue and to increase the proportionate interest of Coppermoly's remaining Shareholders.

³ Includes 5,151,455 Shares expected to be issued in lieu of Directors fees, subject to Shareholder approval.

DIRECTORS' REPORT (continued)

The below table sets out the effect of the Proposed Sale on Coppermoly's capital structure if Completion of the Proposed Sale occurs, including the number and percentage of Shares on issue as at the date of the announcement and in the event that Completion occurs.

Description	As at 12 December 2022	Post Proposed Sale
Coppermoly Shares Total	2,193,956,929	424,386,906
Coppermoly Shares (excluding Buyback Shares)	424,386,906 (19.34%)	424,386,906 (100%)
Coppermoly Options	Nil.	Nil.
Coppermoly Convertible Notes	170,000,000 ⁴	Nil.

Substantial Shareholders of Coppermoly

As at the date of the announcement, the Major Shareholders hold the following fully paid ordinary shares in Coppermoly (**Shares**):

Major Shareholder	Coppermoly Shares Held	%
Ever Leap Services Limited	924,742,508	42.15%
Shanghai Fuyuan Investments Limited	404,170,658	18.42%
Shenzhen Beilite Jades Limited	364,444,444	16.61%
Jade Triumph ⁵	40,000,000	1.82%
Total securities held	1,733,357,610	79.00%

As noted above, the consideration payable for the Proposed Sale is the cancellation of Shares held by the Buyer and certain other major shareholders and directors by the Company, and a payment to Company of the Cash Amount.

As a result, immediately following Completion, it is believed that the following Shareholders will have Voting Power in the Company of five percent (5%) or more in the Company:

Holder of Voting Power	Coppermoly Shares Held	%
Dr Wanfu Huang	108,580,702	25.59%
Barrick Australia Pty Ltd	73,201,447	17.25%
Mr Ma Piwu	52,737,609	12.43%
Mr Joseph Tullio	33,417,627	7.87%

Other

The ASX has previously advised the Company that, based solely on the information provided to it, and on the basis that Shareholder approval will be required pursuant to Listing Rule 10.1 and the relevant provisions of the Corporations Act, which, in turn, requires the preparation and provision of an Independent Expert's Report opining as to whether the Proposed Sale is fair and reasonable to the shareholders whose votes are not to be disregarded, Listing Rules 11.1.2, 11.1.3 and 11.2 do not apply to the Proposed Sale.

⁴ The Jade Convertible Notes have a face value of \$1,200,000 and have accrued interest of approximately \$625,000 as at 30 June 2022, which convertible notes are proposed to be converted to 170,000,000 Shares (and bought-back) as a condition of the SPA.

⁵ As per footnote 4 above.

Exploration Projects in Australia

During the March quarter, the Queensland Department of Natural Resources, Mines and Energy ("DNR"). granted exploration license EPM 27836 (Mount Tracey Project) to the Company. Thus the Company holds substantial prospective ground for copper gold mineralisation in the Eastern Succession, Mount Isa Inlier, northwest Queensland. Ongoing data reviewing and modelling on geophysical anomalies are planned to be completed in the first quarter of 2023.

EPM 27836 (Mount Tracey Project)

EPM27836 covers an area of approximately 294 km², and lies immediately to the south of the previously granted EPM27835 (Fox Creek Project), which comprises an area of approximately 320 km².

The Queensland Mineral database records numerous Cu-Au occurrences within the Eastern Succession. The most significant occurrences include Ernest Henry (167 Mt @ 1.1% Cu; 0.54 g/t Au), Eloise (3.2 Mt @ 5.8% Cu; 1.5g/t Au; 19g.t Ag), Osborne (11.2 Mt @ 3.51% Cu; 1.49 g/t Au), Mt Elliot (3.3 Mt @ 3.6% Cu; 1.8 g/t Au), Starra (6.9 Mt @ 1.65% Cu; 4.8 g/t Au) (Figure 1).

Extensive research on mineralisation model and implication in exploring for those Cu-Au deposits highlighted several key elements: (1) contact zones across major stratigraphic packages such as the Corella/Staveley Formation and Soldiers Cap Group; (2) the district scale basement structure such as the Cloncurry Fault; (3) presence of mafic intrusives / extrusives; (4) spatial proximity to significant granitoids such as the Williams-Naraku Granite.

The Cloncurry Fault is a significant structural zone in the Eastern Succession, striking north-westerly over 150 km in length and extending continuously to at least 20km depth. This fault is broadly associated with a major lithological contact, separating cover sequence units in the Soldiers Cap and Corella/Staveley Formation. It is spatially associated with a series of plutons such as the Saxby Granite and Squirrel Hills Granite. It is recognised to have been a major fluid channel over a significant period of time. Numerous Cu-Au occurrences occur along this fault zone (Figure 2).

EPM27835, contains a significant portion of the Cloncurry Fault (Figure 2).

The tenement area is deemed highly prospective for base metal and gold mineralisation with geological resemblances to the Eloise Cu-Au and Starra Cu-Au deposits.

There are numerous historic copper workings in the tenement area. Three of those areas, are Mount Kalkadoon Cu-Au Zone, Lorna Miss Hit Cu-Au Zone and Fox Extension Cu-Au Zone. Preliminary modelling of historic data warrants further exploration on those zones (Figure 2).

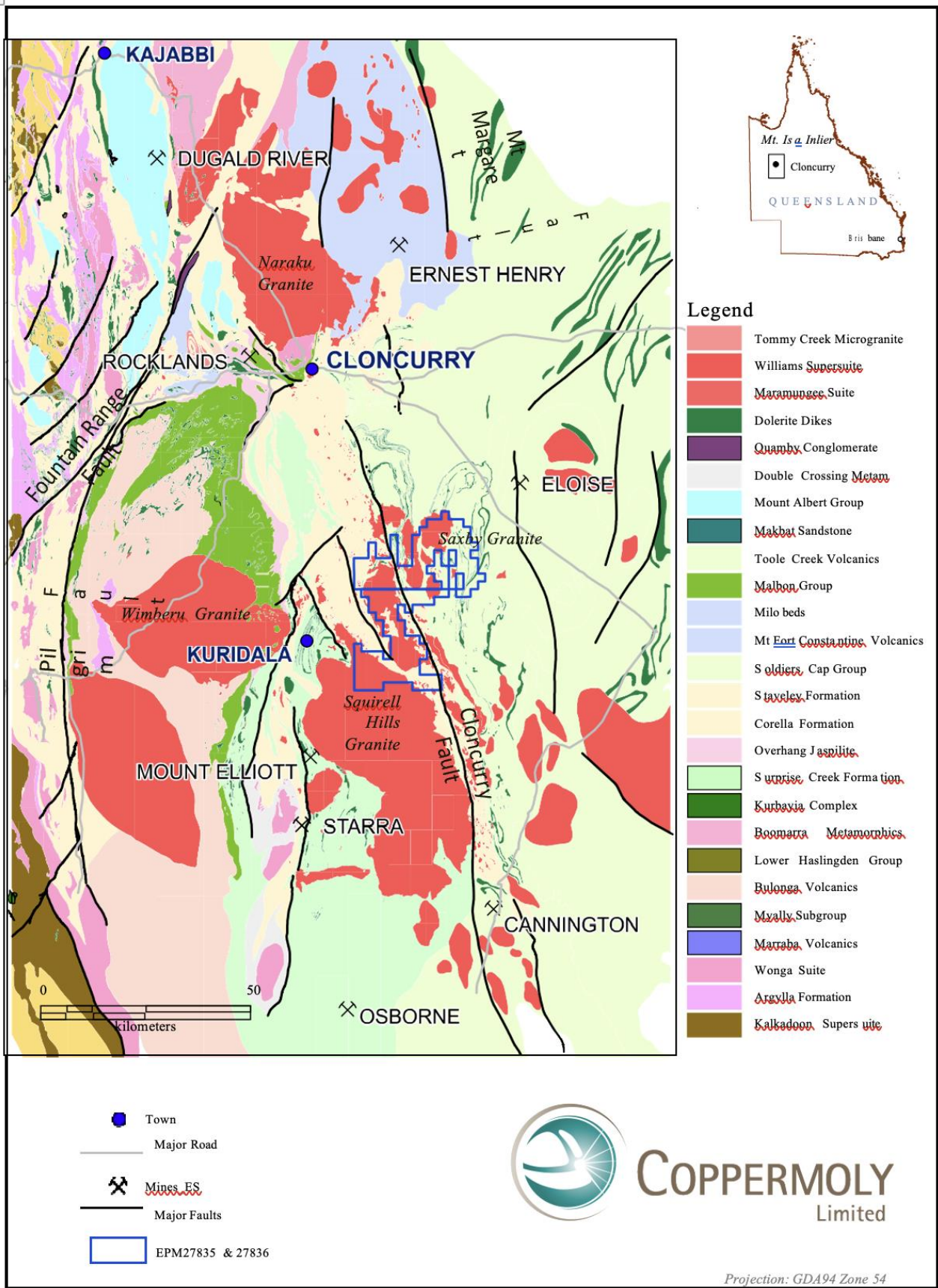


Figure 1 - Tenement location in the Eastern Succession, Mt Isa Inlier, Northwest Queensland showing significant copper, gold and zinc deposits in the region. (Map compiled after Qld's Mines Department database - NWQ Geology 2011)

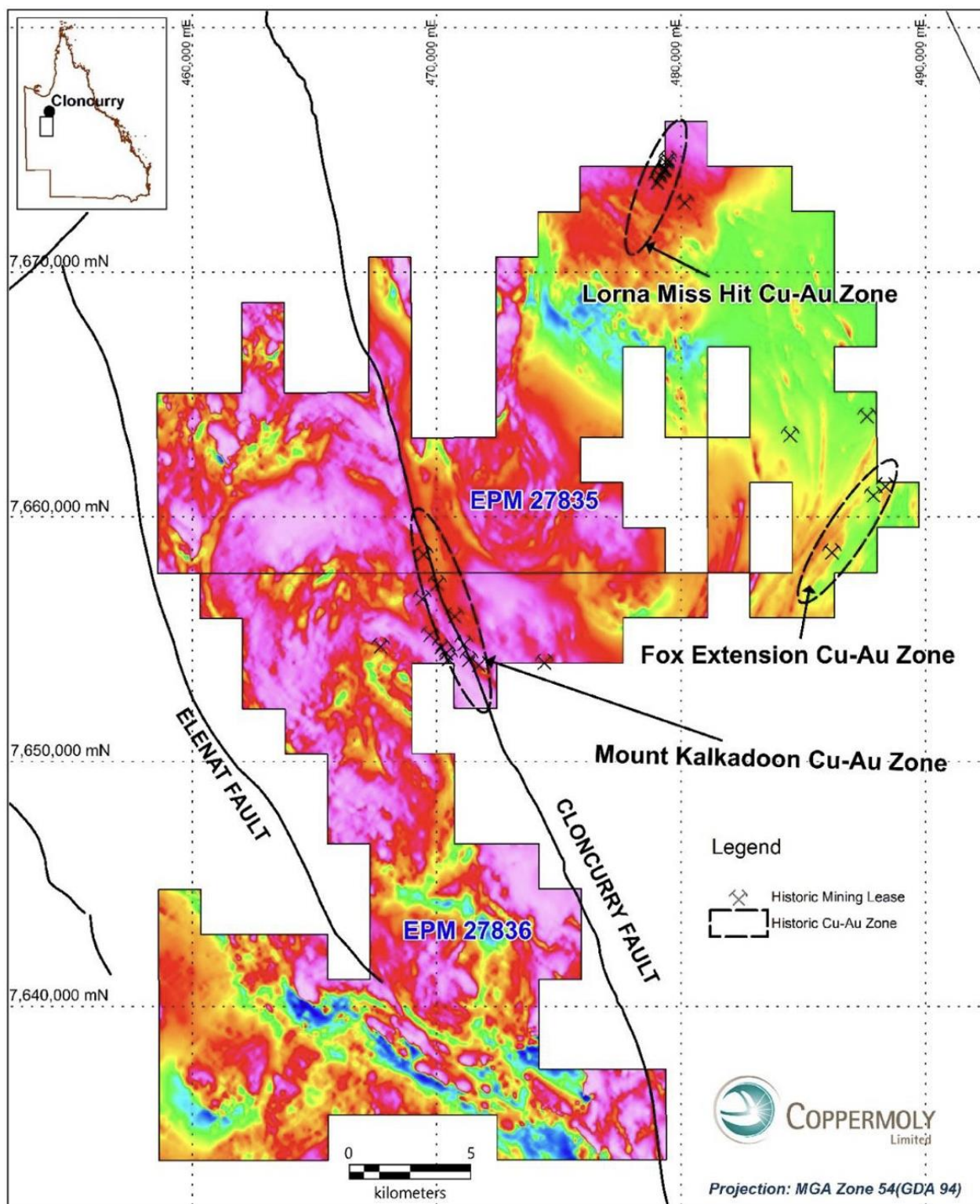


Figure 2 - Granted tenements (Fox Creek Project and Mount Tracey Project) over total magnetic Image (TMI) showing historic Copper mines zones and major fault zones. (Magnetic data clipped from Mine Department Database NWQ_TMI 2011)

DIRECTORS' REPORT (continued)

REVIEW OF RESULTS

The loss after tax for the half-year ended 31 December 2022 was \$536,403 (2021: \$576,215 loss). The significant items affecting the loss after tax during the half-year were:

- Employee benefits expense, including wages and director fees, of \$230,023 (2021:\$ 248,695); and
- Finance costs on the convertible note of \$85,735 (2021: \$88,211).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matters noted on this Directors' Report, there were no significant changes in the state of affairs of the Company or the Group in the half-year ended 31 December 2022.

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 2022 that impact materially upon the financial report.

SCHEDULE OF TENEMENTS

PROJECT	EXPIRY DATE	AREA	LOCATION
<u>Granted Exploration Licences – Papua New Guinea</u>			
EL 1043 Mt Nakru*	7 December 2022^^	47km ²	West New Britain
EL 2379 Simuku*	10 September 2021^^	122km ²	West New Britain
EL 2514 Mak Mak@	11 September 2021^^	61km ²	West New Britain
EL 2578 Kori River@	24 February 2021^^	396km ²	West New Britain
EL 2638 Metelen River@	17 May 2022^^	246km ²	West New Britain
<u>Granted Exploration Licences – Australia</u>			
EPM27835 Fox Creek@	4 October 2026	320km ²	Queensland
EPM27836 Mount Tracey@	7 March 2027	294km ²	Queensland

* 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.

@ Other than EL 1043 and EL 2379, the Company holds, or has applied for, a 100% ownership interest in the mineral exploration tenements.

^^As at the date of this Report the Company has submitted renewal applications for these tenements for a further two year period commencing on the expiry date of the previous term as set out in the above table. The renewal application is proceeding in accordance with the regulatory processes prescribed by the PNG Mining Act. The Company believes it has complied with all licence 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 licence not being granted in the ordinary course of business.

DIRECTORS' REPORT (continued)

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.



Wanfu Huang
Director
Brisbane, Qld
Dated: 3 March 2023

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COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



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

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

DECLARATION OF INDEPENDENCE BY R J LIDDELL TO THE DIRECTORS OF COPPERMOLY LIMITED

As lead auditor for the review of Coppermoly Limited for the half-year ended 31 December 2022, 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 'R J Liddell', is written over a light blue horizontal line.

R J Liddell
Director

BDO Audit Pty Ltd

Brisbane, 3 March 2023

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COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		For the Half-year ended 31 December	
		2022	2021
		\$	\$
Other income	4	5,708	153
		5,708	153
Employee benefits expense		(230,023)	(248,695)
Share based payments expense		-	(100,000)
Corporate compliance and shareholder relations		(89,096)	(77,426)
Finance costs		(85,735)	(88,211)
Insurances		(19,537)	(18,443)
Depreciation		(5,551)	(23,912)
Business Development Costs		-	(5,857)
Office rental, communication and consumables		(40,019)	(12,187)
Other expenses		(72,150)	(1,637)
Loss before income tax		(536,403)	(576,215)
Income tax (expense) / benefit		-	-
Net Loss for the half-year		(536,403)	(576,215)
Other comprehensive income			
Items that will be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		405,848	537,985
Other comprehensive income for the half-year		405,848	537,985
Total comprehensive income for the half-year		(130,555)	(38,230)
		Cents	Cents
Basic and diluted loss per share		(0.02)	(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 2022

	Notes	31-Dec-22 \$	30-Jun-22 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,439,652	2,101,502
Trade and other receivables		61,703	49,375
Total Current Assets		1,501,355	2,150,877
Non-Current Assets			
Receivables		18,564	18,183
Property, plant and equipment		92,619	121,400
Mineral exploration and evaluation assets	5	18,885,735	18,267,835
Total Non-Current Assets		18,996,918	18,407,418
Total Assets		20,498,273	20,558,295
LIABILITIES			
Current Liabilities			
Trade and other payables		281,093	308,483
Provisions		35,469	22,632
Borrowings	6	1,867,316	1,782,230
Total Current Liabilities		2,183,878	2,113,345
Total Liabilities		2,183,878	2,113,345
Net Assets		18,314,395	18,444,950
EQUITY			
Contributed equity	7	31,075,539	31,075,539
Share Option Reserves		3,433,487	3,433,487
Foreign Currency Reserve		(333,502)	(739,350)
Accumulated losses		(15,861,129)	(15,324,726)
Total Equity		18,314,395	18,444,950

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 2022

	Contributed Equity \$	Accumulated Losses \$	Share Option Reserve \$	Foreign Currency Reserve	Total \$
Balance at 1 July 2022	31,075,539	(15,324,726)	3,433,487	(739,350)	18,444,950
Comprehensive income for the half-year					
Loss for the half-year	-	(536,403)	-	-	(536,403)
Foreign currency translation difference, net of tax	-	-	-	405,848	405,848
Total Comprehensive Income		(536,403)	-	405,848	130,555
Transactions with owners in their capacity as owners					
Contributions of equity	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 31 December 2022	31,075,539	(15,861,129)	3,433,487	(333,502)	18,314,395
Balance at 1 July 2021	30,815,539	(14,301,912)	3,433,487	(2,390,525)	17,556,589
Comprehensive income for the half-year					
Loss for the half-year	-	(576,215)	-	-	(576,215)
Foreign currency translation difference, net of tax	-	-	-	537,985	537,985
Total Comprehensive Income	-	(576,215)	-	537,985	(38,230)
Transactions with owners in their capacity as owners					
Contributions of equity	260,000	-	-	-	260,000
Total transactions with owners in their capacity as owners	260,000	-	-	-	260,000
Balance at 31 December 2021	31,075,539	(14,878,127)	3,433,487	(1,852,540)	17,778,359

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 2022

	For the Half-year ended 31 December	
	2022	2021
	\$	\$
Cash Flows from Operating Activities		
Interest received	5,708	153
Finance costs paid	-	(3,477)
Payments to suppliers and employees	(385,139)	(321,236)
Net cash outflow from operating activities	(379,431)	(324,560)
Cash Flows from Investing Activities		
Payments for property, plant and equipment	-	(5,006)
Payments for exploration and evaluation activities	(281,321)	(343,999)
Net cash outflow from investing activities	(281,321)	(349,005)
Cash Flows from Financing Activities		
Repayment of lease liabilities	-	(20,407)
Net cash outflow from financing activities	-	(20,407)
Net increase in cash and cash equivalents	(660,752)	(693,972)
Cash and cash equivalents at the beginning of the half-year	2,101,502	3,392,794
Exchange difference on cash	(1,098)	(10,863)
Cash and cash equivalents at the end of the half-year	1,439,652	2,687,959

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

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**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Australian 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 2022 and any public announcements made by Coppermoly Limited 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 2022 Annual Financial Report for the financial year ended 30 June 2022, except as stated below.

The Group adopted all new Accounting Standards and Interpretations effective for the half-year ended 31 December 2022. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

As at 31 December 2022, the Group held cash and cash equivalents of \$1,439,652, net current liabilities of \$682,523 and net assets of \$18,314,395. In the half-year ended 31 December 2022 cash outflows from operating and investing activities totalled \$660,752.

The Board recognises that the Group's cash and cash equivalents at 31 December 2022 are not sufficient for it to repay the convertible notes on their due date and meet its full exploration expenditure commitments for its various tenements over the full terms of all its exploration tenures or facilitate an expanded exploration program should the Group elect to do so. However, the Company advised in December that it has entered into a legally binding share purchase deed (SPA) for the sale of all of the shares in its wholly owned subsidiary, Copper Quest PNG Limited (Sale Shares) (Copper Quest), the holder of the Company's exploration licences in West New Britain in the Independent State of Papua New Guinea (PNG), to Ever Leap Services Limited (Buyer) (the Company's largest shareholder) (Proposed Sale). The consideration for the Proposed Sale comprises the buy-back and cancellation by the Company of approximately 1,955,024,388 fully paid ordinary shares in the Company (**Shares**) held (or to be held) by the Buyer and certain other major Shareholders and directors (Buyback), together with a cash payment to the Company of \$500,000. To facilitate implementation of the Proposed Sale, Jade Triumph has agreed to a six (6) month extension of the Jade Triumph Convertible Note, to facilitate the calling of the necessary meeting to convert the Jade Triumph Convertible Notes into Shares. The Proposed Sale is subject to, among, other things, Shareholder approval and other usual regulatory approvals.

In addition, the Group's ability to realise the carrying amount of its capitalised exploration and evaluation expenditure asset in the ordinary course of business, is contingent on it maintaining tenure for various areas of interest and being able to access tenements to be able to advance exploration and evaluation efforts. These conditions give rise to a material uncertainty, which may cast significant doubt over the Group's ability to continue as a going concern.

This being the case, the Group is:

- Progressing the transaction contemplated above; and
- Considering all funding options including capital raising and the establishment of joint venture partnerships farmouts or other means of securing additional funding in the event the transaction does not complete.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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

On the basis of the above, the Directors are of the opinion the Group will be able to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. Accordingly, the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities may be necessary should the Group be unsuccessful with the contemplated transaction, attracting joint venture partners for the Group's exploration expenditure commitments and/or raising additional capita in the event the transaction does not complete. 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 interim financial report.

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 2022.

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 2022	35,053	18,961,865
	30 June 2022	35,053	18,359,858

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

NOTE 4. OTHER INCOME

	31-Dec-22 \$	31-Dec-21 \$
Other income comprise the following items:		
Interest income	5,708	153
	<u>5,708</u>	<u>153</u>

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 5. MINERAL EXPLORATION AND EVALUATION ASSETS

	31-Dec-22
	\$
Capitalised exploration and evaluation expenditure	
Exploration and evaluation phase – at cost	
Papua New Guinea	18,850,682
Australia	35,053
	<u>18,885,735</u>
Papua New Guinea	
Balance at the beginning of the financial year	18,232,782
Expenditure capitalised during the year	217,019
Foreign currency exchange differences	400,881
Balance at the end of the financial year	<u>18,850,682</u>
Australia	
Balance at the beginning of the financial year	35,053
Expenditure capitalised during the year	-
Balance at the end of the financial year	<u>35,053</u>

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.

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NOTE 6. BORROWINGS

	31-Dec-22	30-Jun-22
	\$	\$
Current	<u>1,867,316</u>	<u>1,782,230</u>
Unsecured:		
Convertible notes (a)	1,200,000	1,157,260
Accrued interest	<u>667,316</u>	<u>624,971</u>
	<u>1,867,316</u>	<u>1,782,230</u>

a. Convertible notes

The terms of the convertible notes are as follows:

	<u>Convertible notes</u>
Re-issue Date:	19 December 2020
Maturity Date:	19 June 2023
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 principal 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. During the current financial periods, the original terms of the notes were varied to extend the Maturity Date to 19 June 2023.
Interest:	The convertible notes bear interest at 7%. The effective interest rate is 15%.

	31-Dec-22	30-Jun-22
	\$	\$
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	(625,822)	(625,822)
Cost of convertible note issue	(13,739)	(13,739)
Fair value of notes issued	<u>560,439</u>	<u>560,439</u>
Unwinding of interest expense	639,561	596,821
Convertible note liability	<u>1,200,000</u>	<u>1,157,260</u>

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
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NOTE 7. CONTRIBUTED EQUITY

	Half-year ended 31-Dec-22 Number of Shares	Year ended 30-Jun-22 Number of Shares	Half-year ended 31-Dec-22 \$	Year ended 30-Jun-22 \$
Opening Balance	2,193,956,929	2,172,290,259	31,075,539	30,815,539
Issues of ordinary shares during the half-year				
Shares issued in lieu of accrued directors fees	-	13,333,336	-	160,000
Shares issued to Managing Director as remuneration	-	8,333,334	-	100,000
Less costs of raising capital	-	-	-	-
Contributed Equity	2,193,956,929	2,193,956,929	31,075,539	31,075,539

On 2 December 2021, the Company issued 13,333,336 fully paid shares to Directors at an issue price of \$0.012 per share (being the published share price on transaction date), in payment of accrued but unpaid Director fees for the period 1 July 2020 to 30 June 2021. The value of the debt on transaction date was \$160,000.

NOTE 8. EARNINGS PER SHARE

The following reflects the operating loss after tax and number of shares used in the calculation of the basic and diluted earnings/(loss) per share.

	31-Dec-22	31-Dec-21
Weighted average number of ordinary shares on issue	<u>2,193,956,929</u>	<u>2,175,705,115</u>
Loss attributable to Owners of Coppermoly Limited	<u>(536,403)</u>	<u>(576,215)</u>

NOTE 9. CONTINGENCIES

There have been no changes in contingent liabilities since the end of the previous annual reporting period (30 June 2022).

NOTE 10. EVENTS AFTER THE REPORTING PERIOD

There have been no events since 31 December 2022 that impact upon the financial report.

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**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
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DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the attached financial statements and notes set out on pages 13 to 21 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 2022 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.



Wanfu Huang
Director
Brisbane Qld
Dated: 3 March 2023

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 2022, 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 ended on that date, a summary of significant 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 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 the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

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.

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Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit Pty Ltd

BDO



R J Liddell

Director

Brisbane, 3 March 2023

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