



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

**CONSOLIDATED INTERIM FINANCIAL REPORT**  
**HALF-YEAR ENDED 31 DECEMBER 2021**

For personal use only

# COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES

A.B.N. 54 126 490 855

INDEX	Page
DIRECTORS' REPORT .....	3
AUDITOR'S INDEPENDENCE DECLARATION .....	10
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	12
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	13
CONSOLIDATED STATEMENT OF CASH FLOWS .....	14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	15-19
DIRECTORS' DECLARATION .....	20
INDEPENDENT AUDITOR'S REVIEW REPORT .....	21-22

## **Corporate Directory**

**Coppermoly Limited** (ABN 54 126 490 855)

### **Executive Director**

Dr Wanfu Huang

### **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](mailto:info@coppermoly.com.au)

Website: [www.coppermoly.com.au](http://www.coppermoly.com.au)

### **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 Wanfu Huang, who is a Member and Registered Professional Geologist with the Australian Institute of Geoscientists. Dr Huang 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 Huang is the full time Managing Director 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.*

## **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 2021.

### **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  
Zule Lin  
Jincheng Yao  
Xuan Jian

### **REVIEW OF EXPLORATION ACTIVITIES**

The key developments in relation to the Group’s exploration activities in the six months ended 31 December 2021 were:

- The Group was granted a 320 km<sup>2</sup> tenement – EPM27835 (Fox Creek Project) – on the Mt Isa Inlier in northwest Queensland.
- The tenement area is highly prospective for base metal and gold mineralisation with numerous historic copper workings in the tenement area and geological resemblances to the Ernest Henry and Eloise Cu-Au deposits.
- The Group has also applied for, but has not yet been granted, a second 294 km<sup>2</sup> exploration licence, EPM27836 (Mount Tracey Project), immediately to the south of EPM27385.
- All planned exploration activity in Papua New Guinea, including the previously proposed drilling program at the Mt Nakru prospect, continued to be deferred during the half-year due to COVID-19 related travel restrictions.

The Company remains well funded to resume exploration activities when circumstances allow.

The following is a summary of the current status of the Company’s mineral exploration projects.

#### **EPM 21735 (Fox Creek Project) - Queensland**

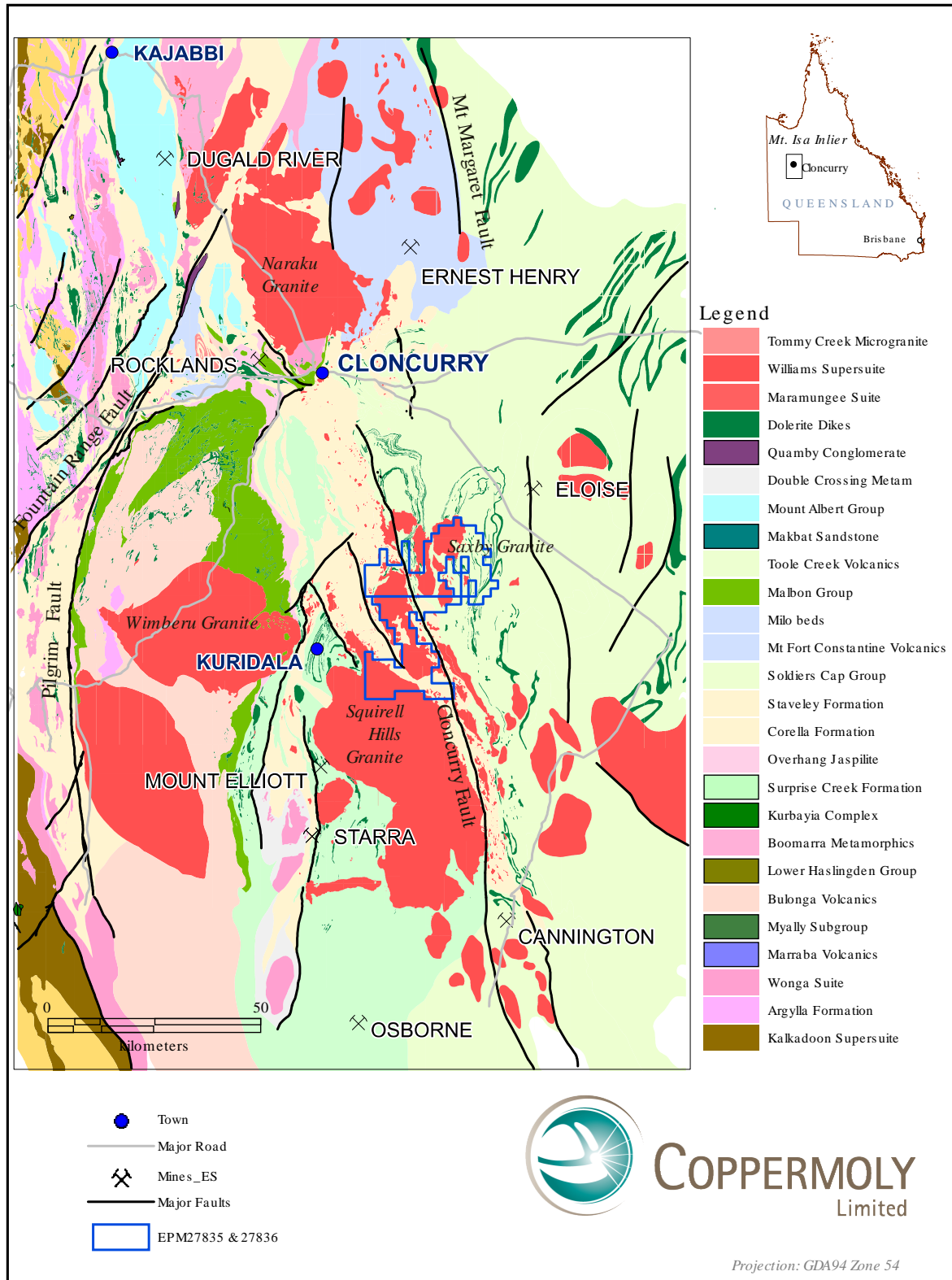
During the half year, the Queensland Department of Natural Resources, Mines and Energy (“DNR”) granted exploration licence EPM27835 (Fox Creek Project) to the Group. EPM27835 covers an area of 320km<sup>2</sup> in the Eastern Succession, Mount Isa Inlier, in northwest Queensland which hosts a number of significant base metals deposits including the Cannington Ag-Zn-Pb deposit and the Ernest Henry Cu-Au deposit (Figure 1).

EPM27835, contains a significant portion of the Cloncurry Fault (Figure 2). The Cloncurry Fault is one of the most significant structural zones in the Eastern Succession, striking north-westly over a 150 km length and extending continuously to at least 20km depth. This fault is broadly associated with a major lithological contact, separating cover sequence units the Soldiers Cap and Corella/Steveley Formation. It is spatially associated with a series of plutons such as the Saxby Granite and Squirell Hills Granite. The Cloncurry Fault 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).

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).

For personal use only



**Figure 1, Tenement location in the eastern Succession, Mt Isa Inlier, Northwest Queensland (Map compiled after Qld's Mines Department database - NWQ Geology 2011)**

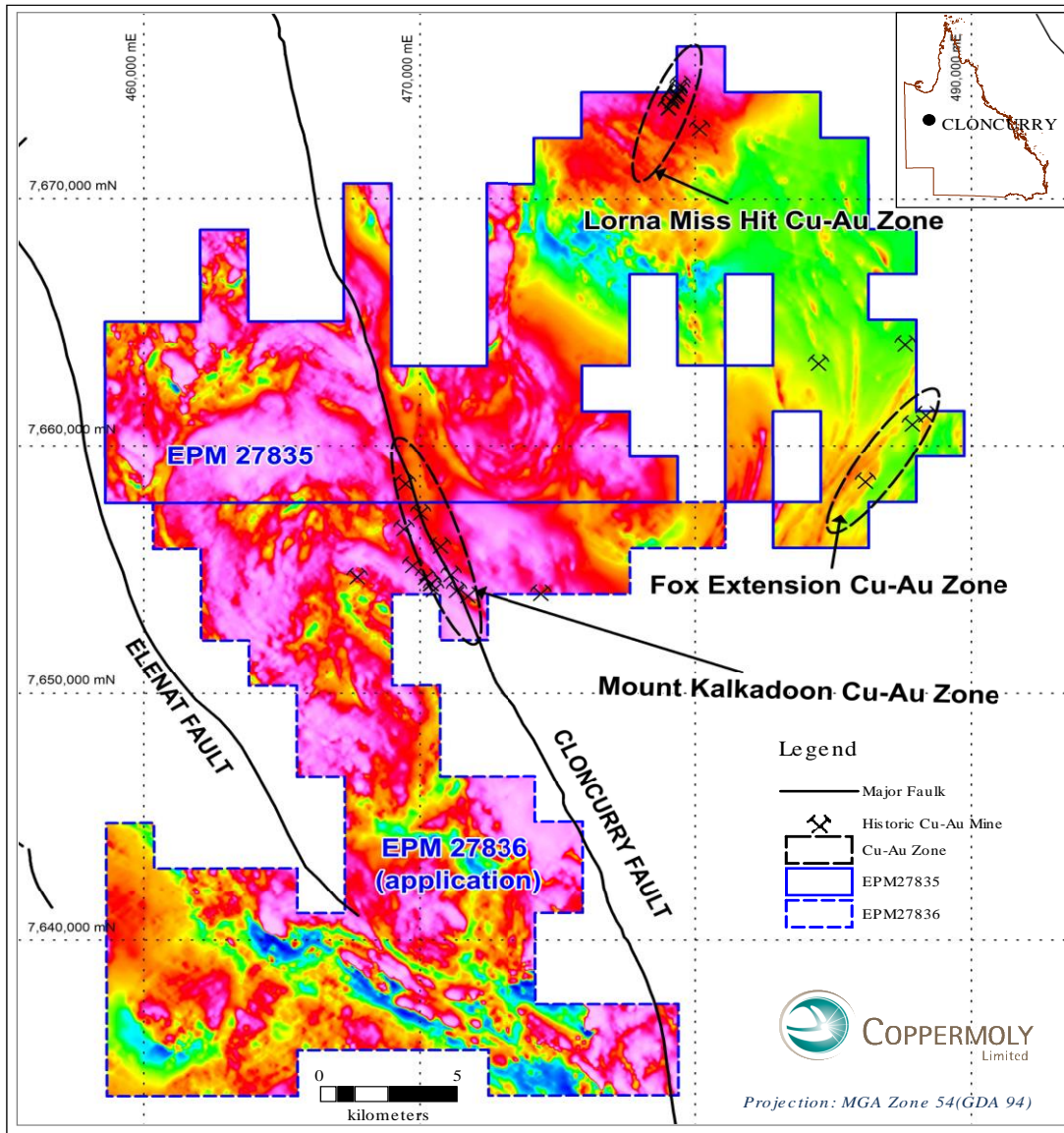


Figure 2, Tenements over Total Magnetic Image  
(Magnetic data clipped from Mine Department Database NWQ\_TMI 2011)

The Group has also applied for a second exploration licence, EPM27836 (Mount Tracey Project), which covers an area 294km<sup>2</sup> immediately south of EPM27385 (Figure 2). EPM27836 is subject to approval from DNR.

#### Mt Nakru (EL 1043)

The Mt Nakru Cu-Au project (EL 1043) comprises two known deposits, Nakru 1 and Nakru 2, which are 1.5km apart. The Mt Nakru Project hosts Mineral Resources, classified in accordance with JORC (2012), which were estimated by Mining Associates in February 2019 and are summarised in Table 1.<sup>1</sup> High-grade copper-zinc mineralisation has also been exposed at surface at the Nakru 2 North-West and Nakru 3 Prospects.



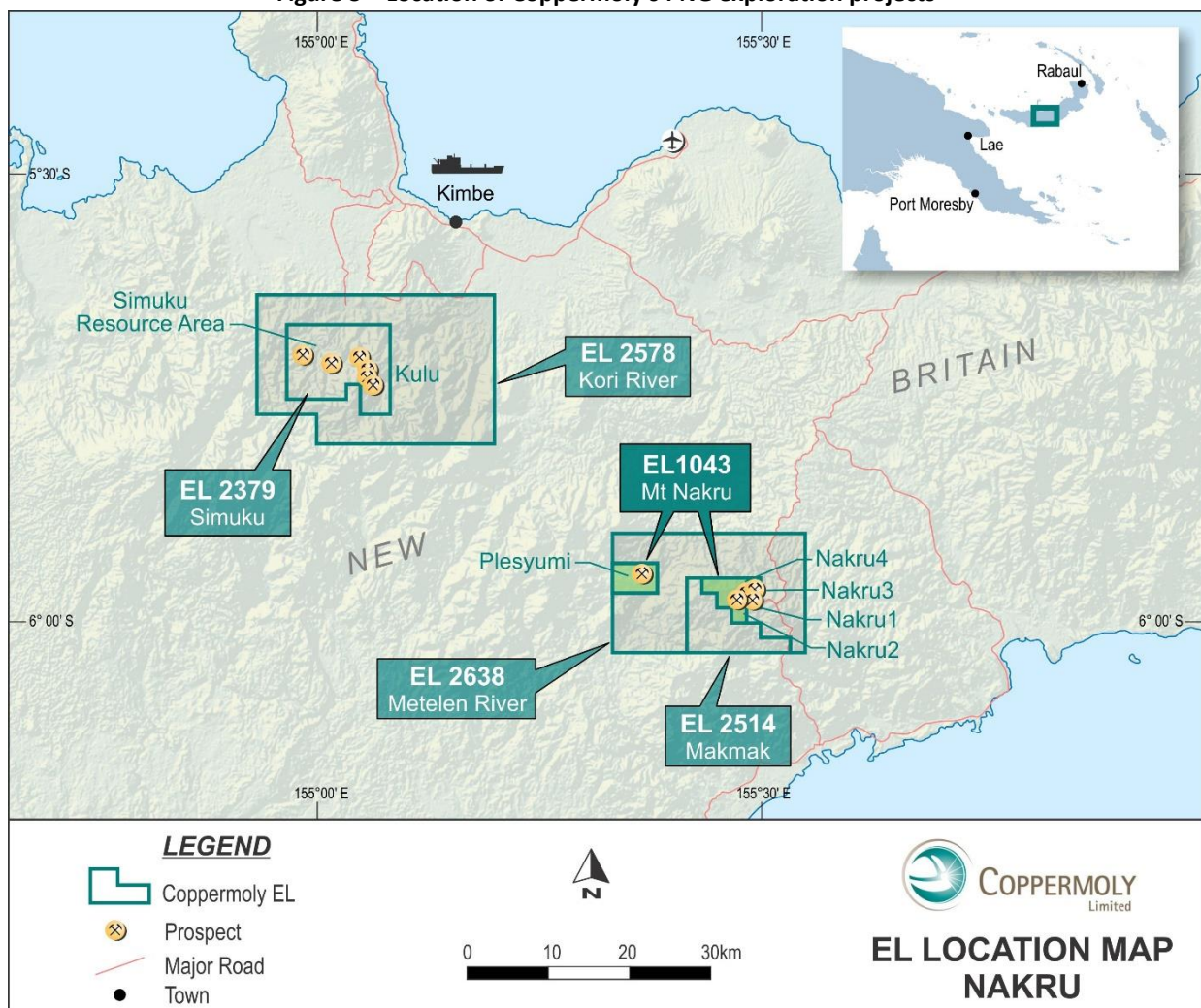
**Table 1. Nakru Project Indicated and Inferred Mineral Resource Estimate, Feb 2019 (> 0.3% Cu)**

Resource Category	Mineralised Tonnes (millions)	Grade			Metal		
		Copper %	Gold g/t	Silver g/t	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
<b>Total</b>	<b>41.39</b>	<b>0.75</b>	<b>0.23</b>	<b>1.59</b>	<b>309</b>	<b>300</b>	<b>2,116</b>

A planned exploration drilling program at Mt Nakru to define the strike length and depth extent of the currently exposed massive and disseminated sulphides has been deferred pending the lifting of COVID-19 related restrictions on travel between Australia and Papua New Guinea.

<sup>1</sup>. See Coppermoly ASX Announcement 28 February 2019. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**Figure 3 – Location of Coppermoly’s PNG exploration projects**



**Simuku (EL 2379)**

The Simuku Project comprises Exploration Licence 2379 on the island of New Britain in Papua New Guinea (Figure 3). Mineralisation at Simuku is copper-molybdenum-gold porphyry style associated with the Simuku-Kulu Intrusive Complex, which is Upper Oligocene in age. Three and potentially four porphyry copper-molybdenum-gold prospects, spaced along a 3 to 4 km, north to northeast trending zone, have been recognised on the Simuku Project. Table 2 details the Simuku Mineral Resource, which reported in March 2020 at a 0.2% copper cut off

## DIRECTORS' REPORT (continued)

**Table 2 - Simuku Mineral Resource Statement<sup>2</sup>**

Category	Mt	Cu %	Au g/t	Ag ppm	Mo ppm	Cut-Off
Inferred	373.6	0.31	0.05	2.1	59	0.2% Cu

<sup>2</sup> See Coppermoly ASX Announcement 4 March 2020 for full details of the Simuku Mineral Resource Estimate. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Simuku exploration licence, EL 2379, expired on 10 September 2021. The Group has lodged a renewal application for the Simuku exploration licence. 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 Group's application for renewal of the exploration licences not being granted in the ordinary course of business.

The Group's exploration strategy is to investigate areas adjacent to the Simuku Mineral Resource for similar styles of mineralisation in order to expand the overall Mineral Resource. Recent geophysical studies completed by the Company have outlined target areas in close proximity to the Simuku Mineral Resource for follow up exploration.

No significant exploration activity was undertaken on the Simuku project during the half-year.

### **Mak Mak (EL2514)**

Mak Mak 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.

The Mak Mak exploration licence, EL 2514, expired on 11 September 2021. The Group has lodged a renewal application for the Mak Mak exploration licence. 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 Group's application for renewal of the exploration licences not being granted in the ordinary course of business.

No significant exploration activity was undertaken on the Mak Mak project during the quarter.

### **Kori River (EL2578)**

The Kori River exploration licence expired on 24 February 2021. The Group has lodged a renewal application for the Kori River licence. The renewal process is proceeding in accordance with the established regulatory processes in PNG. The Group 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 Group's application for renewal of the exploration licences not being granted in the ordinary course of business.

No significant exploration activity was undertaken on EL2578 during the quarter.

### **Metelen River (EL2638)**

Metelen River occupies an area of 246km<sup>2</sup> and is located adjacent to the Company's existing Mt Nakru and Mak Mak exploration licences.

No work was undertaken on EL2638 during the half-year.

## **REVIEW OF RESULTS**

The loss after tax for the half-year ended 31 December 2021 was \$576,215 (2020: \$521,012 loss). The significant items affecting the loss after tax during the half-year were:

- Employee benefits expense, including wages and director fees, of \$248,695 (2020:\$269,505).
- Share based payments expense of \$100,000 (2020: \$Nil) representing shares issued to the Managing Director as remuneration; and
- Finance costs on the convertible note of \$84,734 (2020: \$90,108).

## DIRECTORS' REPORT (continued)

### 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 2021.

### DIVIDENDS

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

### IMPACT OF COVID-19

The outbreak of the COVID-19 pandemic in early 2020 and the subsequent travel and trade restrictions imposed by the governments of numerous countries including Australia and Papua New Guinea have caused disruption to businesses and economic activity. The Board and Management of the Group have considered the impact of the COVID-19 pandemic on the Group's operations and financial performance and have determined that the Group has not been materially impacted by the COVID-19 pandemic at this stage.

### EVENTS AFTER THE REPORTING PERIOD

There have been no events since 31 December 2021 that impact materially upon the financial report.

### SCHEDULE OF TENEMENTS

As of 31 December 2021, the Company had interests in the following mineral exploration tenements:

PROJECT	EXPIRY DATE	AREA	LOCATION
<b><u>Granted Exploration Licences – Papua New Guinea</u></b>			
EL 1043 Mt Nakru*	7 December 2022	47km <sup>2</sup>	West New Britain
EL 2379 Simuku*	10 September 2021 <sup>^^</sup>	122km <sup>2</sup>	West New Britain
EL 2514 Mak Mak <sup>@</sup>	11 September 2021 <sup>^^</sup>	269km <sup>2</sup>	West New Britain
EL 2578 Kori River <sup>@</sup>	24 February 2021 <sup>^^</sup>	396km <sup>2</sup>	West New Britain
EL 2638 Metelen River <sup>@</sup>	17 May 2022	246km <sup>2</sup>	West New Britain
<b><u>Granted Exploration Licences – Australia</u></b>			
EPM27835 Fox Creek <sup>@</sup>	4 October 2026	320km <sup>2</sup>	Queensland, Australia
<b><u>Exploration Licences Under Application - Australia</u></b>			
EPM27835 Mount Tracey <sup>@</sup>	Under application	294km <sup>2</sup>	Queensland, Australia

\* 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.

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

<sup>^^</sup>As at the date of this Half-Yearly 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



DIRECTORS' REPORT (continued)

*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.*

**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 2022

For personal use only

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**AUDITOR'S INDEPENDENCE DECLARATION**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
[www.bdo.com.au](http://www.bdo.com.au)

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

**DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF COPPERMOLY LIMITED**

As lead auditor for the review of Coppermoly Limited for the half-year ended 31 December 2021, 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 that reads 'T J Kendall'. The signature is written in a cursive style with a horizontal line above the first few letters.

**T J Kendall**  
Director

**BDO Audit Pty Ltd**

Brisbane, 15 March 2022

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

		For the Half-year ended 31 December	
		2021	2020
		\$	\$
<b>Other income</b>	4	<b>153</b>	38,576
		<b>153</b>	38,576
Employee benefits expense		<b>(248,695)</b>	(269,505)
Share based payments expense		<b>(100,000)</b>	-
Corporate compliance and shareholder relations		<b>(77,426)</b>	(40,391)
Finance costs		<b>(88,211)</b>	(96,442)
Insurances		<b>(18,443)</b>	(22,012)
Depreciation		<b>(23,912)</b>	(23,436)
Business Development Costs		<b>(5,857)</b>	(85,027)
Office rental, communication and consumables		<b>(12,187)</b>	(20,117)
Other expenses		<b>(1,637)</b>	(2,658)
<b>Loss before income tax</b>		<b>(576,215)</b>	(521,012)
Income tax (expense) / benefit		-	-
<b>Net Loss for the half-year</b>		<b>(576,215)</b>	(521,012)
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to the profit or loss</b>			
Exchange differences on translation of foreign operations		<b>537,985</b>	(2,088,543)
Income tax on items of other comprehensive income		-	-
<b>Other comprehensive income for the half-year</b>		<b>537,985</b>	(2,088,543)
<b>Total comprehensive income for the half-year</b>		<b>(38,230)</b>	(2,609,555)
		Cents	Cents
<b>Basic and diluted loss per share</b>		<b>(0.03)</b>	<b>(0.03)</b>

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 2021**

	Notes	31-Dec-21 \$	30-Jun-21 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,687,959	3,392,794
Trade and other receivables		88,281	68,752
<b>Total Current Assets</b>		<b>2,776,240</b>	<b>3,461,546</b>
<b>Non-Current Assets</b>			
Receivables		17,124	15,588
Right-of-use assets	5	17,841	35,654
Property, plant and equipment		146,119	173,564
Mineral exploration and evaluation assets	6	16,751,227	15,798,966
<b>Total Non-Current Assets</b>		<b>16,932,311</b>	<b>16,023,772</b>
<b>Total Assets</b>		<b>19,708,551</b>	<b>19,485,318</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		173,402	236,315
Lease Liabilities	7	21,985	42,392
Provisions		37,563	37,514
Borrowings	8	1,697,242	-
<b>Total Current Liabilities</b>		<b>1,930,192</b>	<b>316,221</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	7	-	-
Borrowings	8	-	1,612,508
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>1,612,508</b>
<b>Total Liabilities</b>		<b>1,930,192</b>	<b>1,928,729</b>
<b>Net Assets</b>		<b>17,778,359</b>	<b>17,556,589</b>
<b>EQUITY</b>			
Contributed equity	9	31,075,539	30,815,539
Reserves		1,580,947	1,042,962
Accumulated losses		(14,878,127)	(14,301,912)
<b>Total Equity</b>		<b>17,778,359</b>	<b>17,556,589</b>

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 2021**

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total \$
<b>Balance at 1 July 2021</b>	30,815,539	(14,301,912)	1,042,962	<b>17,556,589</b>
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
<b>Total Comprehensive Income</b>	-	(576,215)	537,985	<b>(38,230)</b>
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity	260,000	-	-	260,000
<b>Total transactions with owners in their capacity as owners</b>	<b>260,000</b>	-	-	<b>260,000</b>
<b>Balance at 31 December 2021</b>	<b>31,075,539</b>	<b>(14,878,127)</b>	<b>1,580,947</b>	<b>17,778,359</b>
<b>Balance at 1 July 2020</b>	30,292,296	(13,256,199)	2,480,931	<b>19,517,028</b>
Comprehensive income for the half-year				
Loss for the half-year	-	(521,012)	-	(521,012)
Foreign currency translation difference, net of tax	-	-	(2,088,543)	(2,088,543)
<b>Total Comprehensive Income</b>	-	(521,012)	(2,088,543)	<b>(2,609,555)</b>
<b>Transactions with owners in their capacity as owners</b>				
Value of conversion rights on convertible notes	-	-	173,725	173,725
Contributions of equity	523,243	-	-	523,243
<b>Total transactions with owners in their capacity as owners</b>	<b>523,243</b>	-	<b>173,725</b>	<b>696,968</b>
<b>Balance at 31 December 2020</b>	<b>30,815,539</b>	<b>(13,777,211)</b>	<b>566,113</b>	<b>17,604,441</b>

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 2021**

	<b>For the Half-year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Interest received	153	1,076
Finance costs paid	(3,477)	(1,308)
Payments to suppliers and employees	(321,236)	(394,345)
<b>Net cash outflow from operating activities</b>	<b>(324,560)</b>	<b>(394,577)</b>
<b>Cash Flows from Investing Activities</b>		
Payments for exploration and evaluation activities	(343,999)	(225,163)
Payments for property, plant and equipment	(5,006)	(6,772)
<b>Net cash outflow from investing activities</b>	<b>(349,005)</b>	<b>(231,935)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of lease liabilities	(20,407)	(22,014)
<b>Net cash outflow from financing activities</b>	<b>(20,407)</b>	<b>(22,014)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(693,972)</b>	<b>(648,526)</b>
Cash and cash equivalents at the beginning of the half-year	3,392,794	4,623,149
Exchange difference on cash	(10,863)	-
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,687,959</b>	<b>3,974,623</b>

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

For personal use only



**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 1. BASIS OF PREPARATION OF HALF-YEAR REPORT**

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 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 2021 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 2021 Annual Financial Report for the financial year ended 30 June 2021, except as stated below.

The Group adopted all new Accounting Standards and Interpretations effective for the half-year ended 31 December 2021. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

*Going concern*

As at 31 December 2021, the Group held cash and cash equivalents of \$2,687,959, net current assets of \$846,048 and net assets of \$17,778,359. In the half-year ended 31 December 2021 cash outflows from operating and investing activities totalled \$671,297.

The Board recognises that the Group's cash and cash equivalents at 31 December 2021 are not sufficient for it to repay the convertible notes on their due date of 18 December 2022 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. 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:

- Considering negotiating an extension of the due date for the convertible notes which it has been successful in doing in the past.
- Considering all funding options including capital raising and the establishment of joint venture partnerships farmouts or other means of securing additional funding.

On the basis of the above, and considering the Group' past success in accessing funding, renegotiating the terms of the convertible notes and managing expenditure, 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 in renegotiating or deferring its exploration expenditure commitments, attracting joint venture partners for the Group's exploration expenditure commitments and/or raising additional capital. 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.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**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 2021.

**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 2021	36,179	16,896,132
	30 June 2021	54,771	15,969,001

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. OTHER INCOME**

	31-Dec-21 \$	31-Dec-20 \$
<b>Other income comprise the following items:</b>		
Interest income	153	1,076
Government grants	-	37,500
	<u>153</u>	<u>38,576</u>

Government grants represent cash boost payments received from the Australian government as part of its fiscal response to the COVID-19 pandemic.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 5. RIGHT-OF-USE ASSETS**

	<b>31-Dec-21</b>	30-Jun-21
	\$	\$
Land and buildings - right-of-use	106,880	106,880
Less: Accumulated depreciation	(89,039)	(71,226)
	<b>17,841</b>	<b>35,654</b>

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.

**NOTE 6. MINERAL EXPLORATION AND EVALUATION ASSETS**

	<b>31-Dec-21</b>	30-Jun-21
	\$	\$
<b>Papua New Guinea</b>		
Balance at the beginning of the half-year	15,798,966	16,797,885
Expenditure capitalised during the period	406,337	586,289
Foreign currency exchange differences	545,924	(1,585,208)
Balance at the end of the half-year	<b>16,751,227</b>	<b>15,798,966</b>

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.

As at 31 December 2021 the Group had submitted renewal applications for the Kori River, Simuku and Mak tenements for a further two year period commencing on the expiry date of the previous term. The renewal process is proceeding in accordance with the regulatory processes prescribed by the PNG Mining Act. 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.

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 retains 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.

**NOTE 7. LEASE LIABILITIES**

	<b>31-Dec-21</b>	30-Jun-21
	\$	\$
Opening balance	42,392	77,679
Interest expense	2,268	8,740
Lease payments	(22,675)	(44,027)
Total lease liability	<b>21,985</b>	<b>42,392</b>
Less: Current lease liability due to be settled within 12 months	(21,985)	(42,392)
Non-current lease liability	-	-

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 8. BORROWINGS**

	31-Dec-21	30-Jun-21
	\$	\$
<b>Current</b>	<b>1,697,242</b>	-
<b>Non-current</b>	-	<b>1,612,508</b>
Unsecured:		
Convertible notes (a)	1,113,926	1,071,537
Accrued interest	583,316	540,971
	<b>1,697,242</b>	<b>1,612,508</b>

**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 December 2022
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.  In prior financial periods, the original terms of the notes were varied to extend the Maturity Date to 19 December 2020. On 16 December 2020 the terms of the notes were again varied to further extend the maturity date to 19 December 2022.  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-21	30-Jun-21
	\$	\$
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	<b>560,439</b>	<b>560,439</b>
Unwinding of interest expense	553,487	511,098
Convertible note liability	<b>1,113,926</b>	<b>1,071,537</b>

For personal use only

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 9. CONTRIBUTED EQUITY**

	Half-year ended 31-Dec-21 Number of Shares	Year ended 30-Jun-20 Number of Shares	Half-year ended 31-Dec-21 \$	Year ended 30-Jun-20 \$
Opening Balance	2,172,290,259	2,127,213,969	30,815,539	30,292,296
<b>Issues of ordinary shares during the half-year</b>				
Shares issued in lieu of accrued directors fees	13,333,336	30,790,575	160,000	423,243
Shares issued to Managing Director as remuneration	8,333,334	14,285,715	100,000	100,000
Less costs of raising capital	-	-	-	-
<b>Contributed Equity</b>	<b>2,193,956,929</b>	<b>2,172,290,259</b>	<b>31,075,539</b>	<b>30,815,539</b>

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 10. 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-21	31-Dec-20
Weighted average number of ordinary shares on issue	<u>2,175,705,115</u>	<u>2,130,643,687</u>
Loss attributable to Owners of Coppermoly Limited	<u>(576,215)</u>	<u>(521,012)</u>

**NOTE 11. CONTINGENCIES**

There have been no changes in contingent liabilities since the end of the previous annual reporting period (30 June 2021).

**NOTE 12. EVENTS AFTER THE REPORTING PERIOD**

There have been no events since 31 December 2021 that impact upon the financial report.

For personal use only

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**DIRECTORS' DECLARATION**

In the directors' opinion:

- (a) the attached financial statements and notes set out on pages 11 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 2021 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 2022



## 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 2021, 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 2021 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.

### 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 2021 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  


T J Kendall  
Director

Brisbane, 15 March 2022