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ASX Announcement

21 January 2016

ASX Code: COY

PLACEMENT AGREEMENT

Coppermoly Ltd (**Coppermoly** or **the Company**) is pleased to announce that it has entered into a placement agreement with a new investor, Ever Leap Services Limited (**Ever Leap**). Ever Leap is a purposely established project company, which is a wholly owned subsidiary of Shanxi Xierun Investment Limited (**Shanxi Xierun**). Shanxi Xierun is a diversified private investment company, with significant interests in various civil engineering and infrastructure projects in the Peoples Republic of China and Bauxite mines in the Shanxi region. Shanxi Xierun is controlled by interests associated with Mr Yu Chao. Mr Yu Chao is a qualified senior engineer with over 20 year of experience in the construction and mining industries.

The placement agreement will raise approximately \$2,500,000 (before costs) (**Agreement**), comprising:

- (a) an upfront placement of 57,750,000 new fully paid ordinary shares in Coppermoly (**Shares**) at an issue price of \$0.004 (0.4 cents) per Share to raise approximately \$231,000 (**Initial Placement**); and
- (b) the subsequent issue of 317,250,000 Shares, at an issue price of \$0.004 (0.4 cents) per Share, and 250,000,000 Deferred Options and 83,333,333 Attached Options, at an issue price of \$0.004 (0.4 cents) per Deferred Options (**Conditional Placement Securities**), to raise approximately \$2,269,000, which is subject to Coppermoly first receiving Shareholder approval in accordance with the Corporations Act and the ASX Listing Rules (**Conditional Placement**);

Coppermoly Director, Dr Wanfu Huang said "this is a great outcome for Coppermoly as it secures funding in a very difficult capital market for junior exploration companies. This funding will allow Coppermoly to get back on the ground in PNG and concentrate its efforts on its major projects with the prime purpose of increasing the value of the Company's assets. It is particularly pleasing to have a new major investor of the calibre of Ever Leap".

The Initial Placement is anticipated to be completed on or about 28 January 2016 and will result in Ever Leap obtaining a relevant interest in approximately 13% of Coppermoly's Shares. The subsequent issue of Conditional Placement Securities is conditional on Coppermoly obtaining Shareholder approval, including the approval of Ever Leap obtaining voting power in Coppermoly in excess of 20% for the purpose of the Corporations Act. Further details will be provided to Shareholders in due course.

The funds raised from the Agreement will be used to fund exploration on Coppermoly's tenements and other working capital requirements. This capital raising secures enough funding for Coppermoly to recommence its exploration plans. Coppermoly will concentrate its immediate efforts on the most advanced project, the Mt Nakru tenement, which includes the Nakru 1 and adjacent Nakru 2 prospects where drilling in 2014 intersected high grade near-surface copper mineralisation. The exploration effort will also be expanded to other prospective areas on the Nakru tenement, Simuku and the Company's other tenements.

The Directors recommend that Shareholders vote in favour of the Conditional Placement, in the absence of a superior proposal.

Key terms of the Agreement

In addition to the matters outlined above, a summary of some of the key terms of the Agreement is as follows:

(a) Initial Placement – Coppermoly has agreed to issue Ever Leap 57,750,000 Shares, issued at \$0.004 per Share, which is not subject to Shareholder approval and which Shares are expected to be allotted on or before 28 January 2016.

(b) Conditional Placement – Coppermoly has agreed to issue Ever Leap 317,250,000 Shares, and 250,000,000 Deferred Options and 83,333,333 Attached Options, each issued at \$0.004 per Share/Deferred Option, subject to obtaining Shareholder approval.

Specifically, as Coppermoly did not have sufficient 'placement capacity' to issue the Conditional Placement Securities in reliance on the exceptions to Listing Rules 7.1 and 7.1A, shareholder approval is required for the purpose of the Listing Rules. As the issue of Conditional Placement Securities could result in Ever Leap obtaining voting power in Coppermoly of more than 20%, Shareholder approval is also required for the purpose of Chapter 6 of the Corporations Act.

A meeting will soon be convened for this purpose, which will be accompanied by an Independent Expert's Report in relation to the Conditional Placement.

(c) Deferred Options terms – each Deferred Option is issued at \$0.004 per Deferred Option. The Deferred Options are exercisable by giving written notice to Coppermoly 12 months from the date of their issue.

(d) Attached Option terms – each Attached Option is issued based on a ratio of 1 for every 3 Deferred Options, with a total of 83,333,333 Attached Options. Each Attached Option has an exercise price of \$0.008 per shares. The Attached Options are exercisable at any time between 1 February 2017 and 31 January 2020.

(e) In addition, the Deferred Options and the Attached Options:

- i. will become immediately exercisable in the event a takeover bid is made for the Shares in Coppermoly or a Court approving the convening of a scheme of arrangement between Coppermoly and its Shareholders;
- ii. will not be Quoted on the ASX and will not be transferable or assigned unless Coppermoly agrees in writing (which agreement may be given or withheld in the absolute discretion of Coppermoly); and
- iii. do not provide any right to participate in any new issue of securities or other entitlements offered to Shareholders.

(f) Investor's intentions, Ever Leap confirms:

- it supports the current management and strategy of Coppermoly and has no intention to change Coppermoly's current business strategy, financial management, or employee arrangements;
- the purpose of making this Placement is to help the company progress its exploration program in order to further evaluate the economic potential of its copper-gold projects;
- it is not an associate of any existing shareholder, management or director of Coppermoly.

(g) Standstill – for a period of 12 months following completion of the Conditional Placement (**Standstill Period**), Ever Leap and its related bodies corporate must not undertake certain actions without Coppermoly's prior written consent, including:

- i. acquiring or offering to acquire, any Shares or right or option to acquire any Shares or other securities in Coppermoly;
- ii. soliciting proxies from Shareholders or otherwise seeking to influence the composition of the Board or control the management of Coppermoly.

(h) Directorship - on Completion of the Conditional Placement, Ever Leap will be entitled to nominate Mr Yu Chao, or a representative of Mr Yu Chao, to be a Director of Coppermoly.

- (i) **Recommendation** – Coppermoly must use reasonable endeavours to procure that all of the Directors recommend, and maintain their recommendation, that Shareholders vote in favour of the Conditional Placement, which may be subject to there being no superior proposal being made.

Voting Power

At noted above, Ever Leap will obtain voting power in Coppermoly of approximately 13.0% immediately following completion of the Initial Placement.

If Shareholders approve the Conditional Placement, Ever Leap will obtain voting power in Coppermoly of 49.3% as a result of the issue of Shares pursuant to the Conditional Placement. Additionally, Ever Leap may obtain a relevant interest in a further 333,333,333 Shares, providing an aggregate voting power of up to 64.8%, as a result of the issue of Shares on the exercise of Deferred Options and the Attached Options to be issued pursuant to the Conditional Placement.

Additional Information

The Initial Placement was undertaken without Shareholder approval using Coppermoly's existing placement capacity under ASX Listing Rules 7.1.

An Appendix 3B for the issue of Shares pursuant to the Initial Placement is attached. A further announcement will be made and cleansing notice issued once these Shares have been allotted, which is expected to be on or about 28 January 2016.

On behalf of the Board.

Paul Schultz
Company Secretary
Coppermoly Ltd

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Coppermoly Limited

ABN

54 126 490 855

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares in the Company (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 57,750,000 Shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

4	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5	Issue price or consideration	\$0.004 per Share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Funds raised from the issue of Shares will fund working capital requirements.
6a	Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	23 November 2015
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	57,750,000 Shares
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	NIL

⁺ See chapter 19 for defined terms.

6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	NIL	
6f	Number of ⁺ securities issued under an exception in rule 7.2	NIL	
6g	If ⁺ securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the ⁺ issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If ⁺ securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1: 72,670 Rule 7.1A: <u>38,548,447</u> 38,621,117	
7	⁺ Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	28 January 2016	
8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in section 2 if applicable)	Number 443,234,473 (including 57,750,000 additional shares)	⁺ Class Fully paid ordinary shares

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	2,000,000 Options: Exercise price of \$0.05; Expiry 4 February 2016 60,000,000 Convertible Notes: Nil conversion price; Maturity 19 December 2016 19,999,999 Options: Exercise price \$0.03; Expiry 19 December 2016 21,963,933 Options: Exercise price \$0.03; Expiry 25 March 2017 585,008 Options: Exercise price \$0.03; Expiry 3 December 2018
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend distribution is envisaged in the near future

Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	[†] Issue date	

[†] See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1. +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
2. We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
3. We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
4. We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: _____
(Director/Company secretary)

Date: 21 January 2016

Print name: Paul Schultz

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	383,729,449
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	NIL 1,755,024 (Dec 2015) NIL
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	NIL
“A”	385,484,473

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	57,822,670
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	57,750,000 (Jan 2016)
“C”	57,750,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	57,822,670
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	57,750,000
Total [“A” x 0.15] – “C”	72,670 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	385,484,473
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	38,548,447
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	NIL
“E”	NIL

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	38,548,447
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	NIL
Total [“A” x 0.10] – “E”	38,548,447 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.