

**MARKET RELEASE**

**3 April 2017**

## **NEW STRATEGIC INVESTOR IN CUDECO**

### **A\$22 MILLION CONVERTIBLE NOTE WITH VALUESTONE FUND**

CuDeco Limited (ASX:CDU) (Company) announced today that it has entered into an agreement with Gemstone 101 Ltd ("Gemstone 101") for the provision of a Convertible Note facility in the sum of AU\$22 Million. Gemstone 101 is a wholly owned subsidiary of the Valuestone Global Resource Fund I ("Valuestone Fund"), sponsored by Jiangxi Copper and China Construction Bank International. Valuestone Fund is focused on investment in mining and natural resources companies, and provides CuDeco with new strategic relationships to bring significant benefits to the Rocklands project, including future potential markets for the Company's products.

Directors believe the Company will benefit significantly from Valuestone Fund's experience and resources which will introduce renewed momentum to the Rocklands project by providing both financial and operational support in the future. Directors also consider that the issue of this Convertible Note facility provides a more robust long term capital structure for the Company as it completes the transition to full production at nameplate capacity.

The key terms of this facility are as follows: -

Number of Notes	44,000,000 notes convertible into 44,000,000 Ordinary Fully Paid Shares in the Company
Term of the Facility	24 Months after the Completion Date
Interest rate	6.0% p.a.
Use of proceeds	Solely for the part repayment of the bank loans with the China Minsheng Banking Corporation.
Completion Date	12 Business Days from the date of the Agreement (31 March 2017), or such other date as the parties may agree
Conversion	The Convertible Notes can be converted into shares at any time during the Term of the Facility at the Lender's discretion at an exercise price of \$0.50 per share.
Options	Gemstone 101 will be entitled to receive 4,400,000 free options after the Completion Date exercisable at \$0.80 each during the Term of the Facility. The options are freely transferable.
Board Representation	The investor will be entitled to a representative on the CuDeco Board if their ownership in CuDeco exceeds 7%.

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The agreement is subject to standard conditions precedent for a transaction of this nature. The agreement also contains provisions for accelerated prepayment and repayment in the event that FIRB approval is not obtained. Shareholder approval is not required for the issue of these Convertible Notes.

Directors further advise that, notwithstanding this transaction not being completed by the Minsheng loan repayment date of 31 March 2017, Minsheng Bank has provided its written approval for the Company's entry into this transaction, and Directors are confident that the Company has the full support of Minsheng during the period intervening 31 March 2017 and the anticipated transaction Completion Date (and loan repayment date) of mid-April 2017.

Directors note that whilst the Company remains in a voluntary suspension of the trading of its shares, they are confident that the completion of the above convertible note transaction will enable the financial statements for the six months to 31 December 2016 to be finalized, at which time the trading suspension will be lifted.

On behalf of the Board.  
ENDS.