

ROCKLANDS OPERATIONS UPDATE

**JUNE TO DATE COPPER PRODUCTION AHEAD OF FORECAST
 JUNE INCLUDES RECORD DAY OF COPPER CONCENTRATE PRODUCTION
 HIGH RECOVERIES AND HIGH CONCENTRATE GRADES BEING ACHIEVED**

Queensland copper producer CuDeco Limited (ASX:CDU) announced today that June to date copper production has started off ahead of forecast, including a record day of copper concentrate production of 512 WMT on Friday 9th June, containing circa 126 tonnes of copper metal.

Metal production is ahead of June forecast to date, at 776 tonnes of contained metal (forecast 715 tonnes) in 2,682 DMT of concentrate, at an average dry concentrate grade of 29% Cu.

These improving results follow recent adjustments to operational plans including changes to mining rates, ore management, mill-feed blending regimes, and process method optimisation after an internal review of operational changes over the last 12 months identified misalignment of some areas of the operation with the original Rocklands Project Master Plan.

Interim Chairman Peter Hutchison said *“May was expected to be an improvement on April, however was impacted by legacy issues due to deviation from the original Project Master Plan, with performance significantly lower than forecast. Just 4,116 DMT of concentrate containing 962 tonnes of copper metal was produced. Our new team has been able to identify the prime causes and undertake appropriate remedial action. The early June production numbers are indicating that these changes have been successful, and are generating measurable improvement.”*

Production

Metal recovery in May was 67% (April 88%) compared to June to date which is averaging 92%. Processing performance in May was adversely affected by conflicting flotation methodologies caused by blending of ore types which were less compatible than prior testing had indicated. Whilst these ore types can be concurrently fed to the mill, net recoveries have shown to improve significantly if they are batch processed separately within each period.

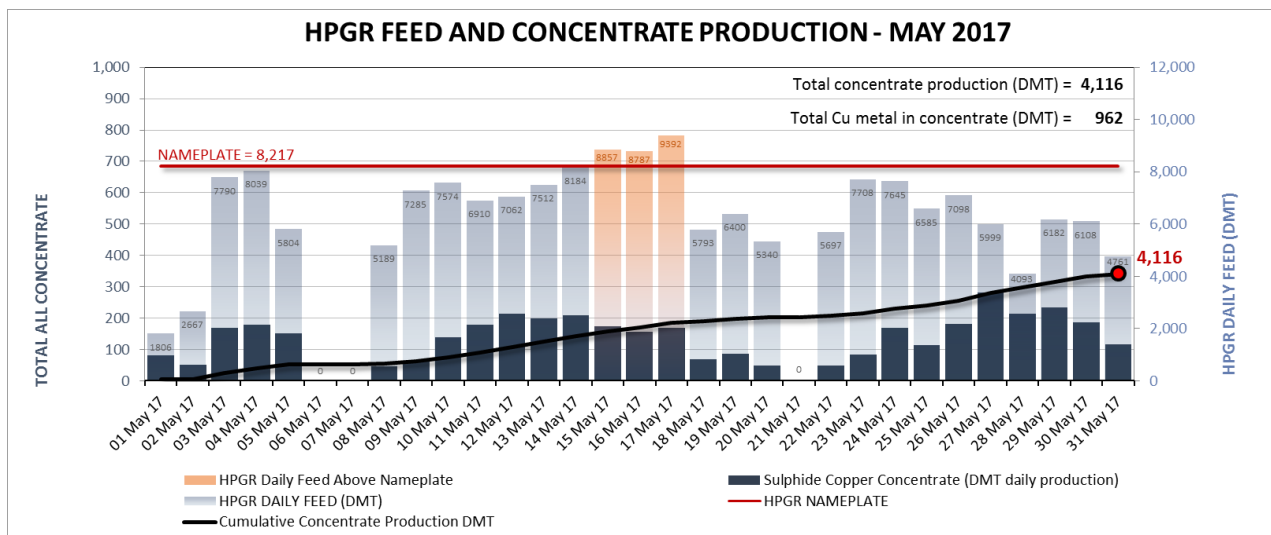


Figure 01: May production figures include total feed to the HPGR of 176,556 DMT and concentrate production of 4,116 DMT.

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Total ore feed to the Mill for May was 176,556 DMT @ 1.01% Cu (April 196,382 DMT @ 1.00% Cu). Throughput was limited by 3 planned shutdown days, several intra-day shut-down periods, and higher than anticipated maintenance stops.

Mining

Mining has been underway for almost 3 months now and some 2 million tonnes of rock has been mined from the LM2 Pit to date, including 301,939 tonnes of high-grade ore at 1.41% Cu from total mined ore of 542,043 tonnes @ 0.96% Cu including Blend-grade ore.

Table 01 (ore mined May and year to date):

ORE MINED - MAY 2017	Ore type	Tonnes	Cu(%)	Au(g/t)	ORE MINED - YTD	Ore type	Tonnes	Cu(%)	Au(g/t)
	HGF	60,218	1.49	0.26		HGF	245,659	1.36	0.23
	HGG	49,789	1.46	0.15		HGG	56,280	1.63	0.17
	HGO	0	0.00	0.00		HGO	0	0.00	0.00
	ALL HG	110,007	1.48	0.21		ALLHG	301,939	1.41	0.22
	LGF	10,509	0.98	0.15		LGF	178,276	0.32	0.10
	LGG	38,507	0.39	0.06		LGG	38,507	0.39	0.06
	LGO	0	0.00	0.00		LGO	0	0.00	0.00
	ALL LG	49,016	0.52	0.08		ALLLG	216,783	0.33	0.10
	BG	23,321	0.57	0.17		BG	23,321	0.57	0.17
	TOTAL (inc BG)	182,344	1.10	0.17		TOTAL (inc BG)	542,043	0.94	0.17
	TOTAL (exc BG)	159,023	1.18	0.17		TOTAL (exc BG)	518,722	0.96	0.17

HGF = High-grade Fresh, HGG = High-grade Gravity, HGO = High-grade Oxide

LGF = Low-grade Fresh, LGG = Low-grade Gravity, LGO = Low-grade Oxide, BG = Blend-grade

Table 02 (issues and remedial actions for May):

Area of the operation	Identified Issue	Solution	Status
Mining	Combining of incompatible ore types	Cease mixing ore types with conflicting processing methodologies (weathered supergene/fresh primary) and align ore management with the Rocklands Master Plan	Underway
Mining	Mining Schedule delivering insufficient ore to meet mill requirements meant over representation of low-grade ore sourced from stockpiles for processing.	Generate new Mining Schedule with more appropriate mining rates, and pit scheduling aligned with the Rocklands Master Plan	Completed
Mining	Las Minerale Stage-2 Pit (LM2) not sufficiently optimised.	LM2 Pit adjusted, wide berms removed and more efficiencies introduced, to more closely match with the original LM2 Pit design, in alignment with the Rocklands Master Plan	Completed
Processing	Blending of incompatible ore types	Cease blending ore types with conflicting processing methodologies (CPY/CC) and align feed blending methods with the Rocklands Master Plan	Completed
Processing	Bearing failure on CV3212.	Increased manning, dedicated continuous lubrication resources aligned with back to back rosters.	Completed

Processing	Conveyor belt failures on CV3202, CV3203 and CV3211.	<p>Increased inspection regime (per shift basis), initiate the installation of specialised tracking rollers to eliminate belt drift. Developing a more intrusive inspection system.</p> <p>July planned shutdown will include CV3201 & CV3203 conveyor belt replacements; additionally, superior belt quality will be the focus when procuring replacement conveyor belts.</p>	Underway
Processing	Scrubber Pump Box Hopper Blockages.	Principle Nerin Engineer currently onsite investigating design changes.	Underway
Processing	CV3205 Blockages Discharge Chute.	Principle Nerin Engineer currently onsite investigating design changes.	Underway
Processing	Misalignment of HPGR Slide Gates.	<p>With the assistance from ThyssenKrupp (OEM) it has been identified that the slide gate requires a modification which is planned for the July shutdown.</p> <p>External training from the OEM supplier is being developed to enhance operators' and maintainers' knowledge of the HPGR, this will be coupled with onsite field training.</p>	Underway
Processing	Tails Discharge Line Leaks.	An alarm identification pressure setting was added to the control system which reduces the system from overloading during periods of increased pressure and density. Additionally, split flanges along the 2.2 Kilometre line are being removed and replaced with Electrofusion Welds, eliminating failure points.	Completed
Processing	Technical Expertise.	In an effort to increase production, several key positions have been filled - Maintenance Superintendent, Maintenance Planner and a Senior Metallurgical Superintendent, all with significant processing plant experience, have started in the first week of June.	Underway

Exploration

Exploration activity is currently limited to conserve funds, however low-expenditure activity continues including;

- Desk-top analysis of the recently completed detailed Helicopter-borne Versatile Time Domain Electromagnetic (VTEM^{MAX}) geophysical survey at Rocklands;
- Interrogation of the results of RC drilling undertaken on the Company's EPM's under the previous management in late 2016; and
- Lodgment of Applications for additional EPM's in the Cloncurry region.

Camelvale (EPM25426) Cu Prospect

The 2016 VTEM geophysical survey has highlighted numerous targets of interest, including a large conductive area near the center of EPM 25426. The historic Priceless Prospect corresponds with a north-west contact of this large conductive zone.

Drilling of the Priceless Prospect by CuDeco in late 2016 failed to extend known mineralisation along strike of the identified zone of historic activity, however subsequent evaluation indicates drilling may be parallel to the dip of the contact between the conductive zone and adjacent lithology. Investigations will also consider other styles of mineralisation, including on the eastern side of the target which is adjacent to an important regional structure.

Another smaller conductive anomaly on the Eastern side of EPM 25426 also corresponds with a major structure of interest, and occurs within the same favorable host lithology as the nearby Rocklands Resource.

Immediate plans are to conduct detailed field reconnaissance over these two significant targets including geological mapping and surface geochemical sampling.

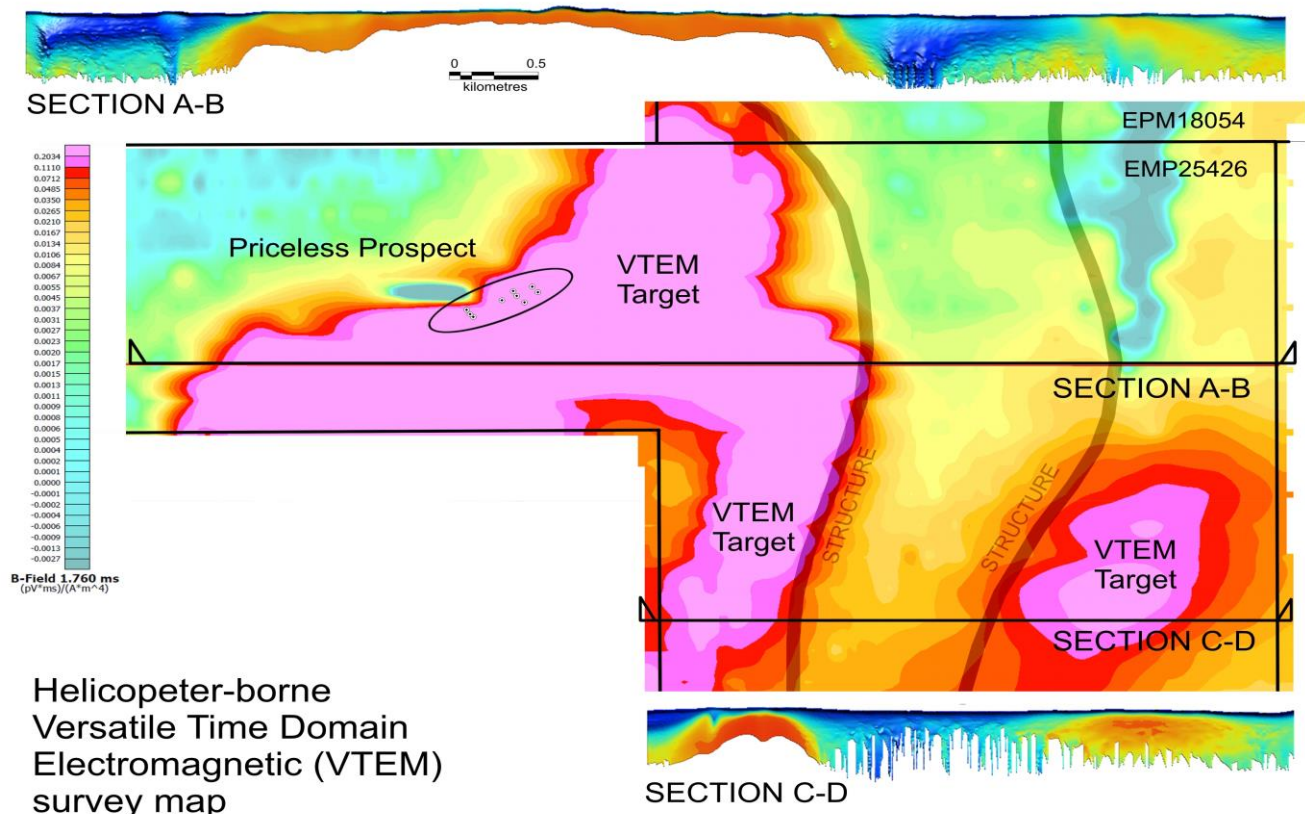


Figure 02: VTEM survey over the Company's EPM's have identified large conductive zones of interest.

Chief Executive Officer Mark Gregory said “Whilst May was a disappointing result, June has commenced ahead of expectations and if we can maintain the current momentum we should see a record month of copper Production for the Company.

The important point to take away is that issues are now being addressed with more permanent solutions, and this is resulting in fewer recurrences of the same basic interruptions to consistent production.

The introduction of a more proactive maintenance and servicing regime in particular, and appointment of critical senior personnel with the appropriate capabilities, will help further improve plant reliability and availability; and ensure efficiencies are enhanced throughout the entire operation.

A key initiative of the current Management team is to realign operations with the original Rocklands Project Master Plan, which represents holistic solutions to mining and production; and is based on the collective contribution of many independent professional and senior CuDeco personnel over a period spanning more than 10 years.”

On behalf of the Board.

ENDS.



Figure 02: June concentrate (under the chute) is some of the best to date. Remaining May concentrate yet to be shipped (right) was impacted by low recoveries and lower concentrate grades due to blending of ore types with conflicting processing methodologies.

Competent Person Statement

Information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Andrew Day. Mr Day is employed by Geoday Pty Ltd, an entity engaged by Cudeco to provide independent consulting services. Mr Day has a BAppSc (Hons) in geology and is a Member of the Australian Institute of Mining and Metallurgy (Member #303598). Mr Day has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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" (JORC Code). Mr Day consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

Rocklands style mineralisation

Dominated by dilational brecciated shear zones, throughout varying rock types, hosting coarse splashy to massive primary mineralisation, high-grade supergene chalcocite enrichment and bonanza-grade coarse native copper. Structures hosting mineralisation are sub-parallel, east-south-east striking, and dip steeply within metamorphosed volcano-sedimentary rocks of the eastern fold belt of the Mt Isa Inlier. The observed mineralisation, and alteration, exhibit affinities with Iron Oxide-Copper-Gold (IOCG) classification. Polymetallic copper-cobaltgold mineralisation, and significant magnetite, persists from the surface, through the oxidation profile, and remains open at depth.

Disclaimer and Forward-looking Statements

This report contains forward-looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

New information

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.