

ANNUAL GENERAL MEETING

29th November 2017

CHAIRMAN'S ADDRESS

I would like to thank you for your attendance at today's Annual General Meeting.

I see many familiar faces in the audience today and whilst I have attended every CuDeco AGM, this is my first AGM as your Chairman. I know that many of you have long supported the CuDeco journey and I would like to thank you for your valued contribution to our Company and for your ongoing feedback and support.

I would like to talk to you today briefly about our results over the past year and what we see looking forward.

Firstly, I sincerely regret the trials and tribulations we have experienced with our Rocklands Copper Mine. As a Board and Company, we can and must do better.

Yet whilst we cannot change history, we can positively influence our future. In the annual report I touched on the importance of our people and how hard many of them are working to ensure the success that shareholders and employees alike, so much deserve.

Commissioning is never entirely smooth sailing and Rocklands was no exception, but if we look back from the last AGM I am pleased to say that the gains of 2017 significantly exceeded those of 2016, albeit with some important lessons learnt along the way.

It is often said that a journey of a thousand miles begins with a single step and the first step was the inaugural shipment of native copper concentrate in August 2016, followed by the first shipment of copper sulphide concentrate.

In October 2016 we marked the official opening of Rocklands with an event that included shareholders, suppliers and other stakeholders, including government dignitaries. This was a significant occasion, not just for our Company, but the entire community.

During 2017, and despite some severe setbacks, each step has produced improvement over the last.

Having discovered a significant mine at Rocklands over a decade ago, I believe we can all be proud of our achievement in developing a mine that has created jobs, investment and other benefits for north-west Queensland. Nevertheless there is still much to do.

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Since the last AGM there have been many significant steps in almost all operational areas.

We strengthened our Board and management to take our Company forward. At Board level, we appointed new Non-Executive Directors, Mr Wang Chiwei and Mr Benjamin Zhai, both with significant experience in the copper and resources business.

At management level, we have made a number of key appointments to the senior management team on site whose capabilities will underpin the future prospects for the project. Our people are the ones who will give us the boost needed to maximise the value of our key asset.

At this stage, it is also appropriate for me to acknowledge the contribution that our outgoing CEO, Mark Gregory (who is in attendance today) has made to the Company and the project. An important task of the Board moving forward is to undertake to you, to continue to advance the professional, collaborative and transparent approach you have brought to this Company and continue to see through those initiatives commenced, but not yet completed.

In welcoming the incoming CEO, Gongyang Jiang, I should pay testament to the way he and Mark have teamed to achieve a significant improvement in Rocklands operations and a turnaround in the stability of the Company. Many of you will know that Jiang has over five years' experience at Rocklands site and during that time has gained a detailed knowledge of the process and site operations.

I would also like to acknowledge the enormous contribution made to our Company by our Asset and Development Manager David Wilson, who has recently decided to move his family back to his beloved Philip Island after 9 years living in Cloncurry.

David has been responsible for the many achievements related to the exploration success and development of the Rocklands resource, reserve and project feasibility and leaves with us an indelible blueprint for the ongoing operations. Again it is incumbent upon the Board and management to ensure that these plans are followed optimally at the most practicable level. Thank you David.

One of our major steps for 2017 was ensuring the successful restart of mining at the Las Minerale Stage-2 Pit. The first stage involved mining approximately 1.2 million tonnes of ore and 3.8 Mt of waste from the pit. A second stage contract for approximately 4.5 years was also successfully negotiated and commenced in September 2017.

We also broadened our customer base by entering into a copper concentrate sales agreement with Japanese trading house Mitsui.

Post-balance date, the year has seen some promising progress, commencing with our largest single shipment in July of 8,620 wet metric tonnes (wmt). Many steps later, I'm pleased to say that the concentrate shipment for November is expected to be a record of approximately 9,900 wmt from an estimated record production throughput of some 240,000 tonnes (~96% of nameplate capacity).

We believe that this level of production will continue as a result of recent improvements to the reliability of the process plant, coupled with enhanced copper grades from the pit, upgraded crusher facility, and partial Gravity Circuit Bypass. These improvements will also aid efficiencies by lowering operating costs and improving productivity – this is an absolute commitment.

Equally important is ensuring the health and safety of our workforce of 300 plus, staff and contractors. I am pleased to note recent progress, particularly the development of an enhanced Safety & Health Management System, which we have made significant progress on in consultation with the Department of Natural Resources and Mines.

Financially, fiscal 2017 saw a gross operating loss of \$6.4 million and a disappointing net loss after tax of \$135.6 million, largely due to non-cash items comprising asset impairment losses, inventory write-downs, and depreciation and amortisation. These results reflect larger than expected operational costs, which we are now making progress in reducing.

Despite a mixed year for our new mine, we still achieved positive cash flows from operating activities of around \$10 million. These cash flows should significantly improve in the year ahead.

Fiscal 2018 will produce a much cleaner and more transparent set of results, which should largely reflect an operation of consistent production at or near nameplate capacity for the majority of the year. Our financial performance for the full financial year should reflect this position of significantly improved production levels, consistency, and profitability, supported by robust commodity prices.

Importantly, our major shareholders have continued to support the Company through thick and thin, and I sincerely thank them for their commitment. The recent loan arrangements facilitated by our major shareholder, China Oceanwide, signifies their ongoing and unwavering support to the Company. We also continue to work towards a longer-term financing facility that will support our operations and growth ambitions into the future.

Looking ahead, the outlook for FY 2018 is positive, particularly given the surge in commodity prices. Copper prices hit six-year highs recently and the red metal is expected to benefit from a growing supply deficit, thanks to an improving global economy and demand from electrified transportation and energy storage.

For example, hybrid cars use some 40 kilograms of copper, twice the amount of a regular petrol car, while plug-in electric vehicles (EVs) use 60 kg. With an estimated 70 million EVs on the roads by 2025, copper is powering our transport future.

Cobalt is another beneficiary of the EV revolution (Li-ion batteries contain approximately 35% cobalt in the metal mix), with the price of this commodity having doubled this year amid limited supply. We see potential from this source and are working with potential customers to explore the prospect for additional revenue from the production of a cobalt/pyrite concentrate at Rocklands.

This positive pricing environment should enhance our medium to long term profitability, while also supporting further potential exploration and acquisition activity based on previously identified targets.

As the “new force in copper,” we have significant potential to grow our business and I look forward to building on our achievements in the year ahead.

I’d like to thank the Board for their support and diligence during the year; on behalf of the management team and Board, I would like to thank shareholders, staff, contractors, suppliers and all other stakeholders for your loyal and ongoing support. I would particularly like to thank those shareholders that have provided positive feedback and ideas for consideration during the year.

We have the right assets in the right part of the world, and we are targeting the right commodities.

As the saying goes, a journey of a thousand miles starts with a single step. I hope you will stay with us as we continue to steadfastly advance, step by step, towards a future which achieves our collective ambitions.

Thank You