

Key Highlights

1 August 2018

Operational

- A total of 5.14 million tonnes of material, comprising 0.25 million tonnes of ore and 4.89 million tonnes of waste was mined during the quarter. Mining activities were affected by a major rain event in early March the effects of which have continued into the June quarter.
- Increased throughput capability as a direct result of the newly constructed gravity bypass circuit commissioned on 01 April 2018.
- Total copper concentrate produced for the quarter was 13,857 dmt at a final copper grade of 25.24%; containing 3,497t of Cu metal.
- Copper production at the processing plant was impacted by limited plant throughput caused by wet and high clay content of the gravity ore processed during the quarter, along with lower than anticipated recovery rates.
- Gross revenue less treatment and refinement charges from copper and gold credits sales during the quarter was \$33.2m from 14,707 dmt of copper concentrate consisting of 3,701t Cu metal.

Finance

- On 08 April 2018, the Company rolled over its HKD100million (approx. AUD\$16.9m) debt for a further six (6) months.
- On 24 May 2018, the Company secured a US\$10.0m sales prepayment arrangement with a maturity date of February 2019 at interest rates of 5% - 7%.

Significant Events Post Quarter End

- Mr Gongyang Jiang resigned as Chief Executive Officer (CEO) of the Company on 17 July 2018. Until a new CEO is appointed, Mr Gary Zhu (an alternate Director for the company) has taken up the role as the interim CEO.
- Mr Francis Logan was appointed new General Manager and Site Senior Executive of the Cloncurry Rocklands mining operations on 17 July 2018.
- The Company's shares remain suspended from trading pending finalisation of the Company's Financial Statements for the half year ended 31 December 2017.

Outlook

- Focus mining operations towards flotation ore type which is more suited to the Rocklands processing plant. This is expected to maximise copper concentrate production and cash flow generation during the next six months.
- New exploration program under review, pending Board approval, amid solid outlook for copper prices. Further operational cost savings and areas for operational improvement under review.

Mining

Mining Operations

A total of 5.14 million tonnes of material comprising 4.89 million tonnes of waste rock and 0.25 million tonnes of ore were mined during the quarter.

		Q4F18 Actual
Total Ore and Waste Mined	<i>BCM</i>	1,964,409
Total Ore and Waste Mined	<i>tonnes</i>	5,144,144
Average Strip Ratio	<i>1:1</i>	13.59 : 1
Ore Mined not including MW	<i>tonnes</i>	250,560
Total Ex-pit Waste Mined	<i>tonnes</i>	4,893,584

Table 1 – Q4 FY2018 Basic Mining KPIs

The company's mining contractor, Oz Mining, achieved an average of 1.7 million tonnes per month over the quarter, exceeding the 1.6 million tonnes per month initial contract target. The result was impacted by a major rain event in early March, which prevented access to the site for one week and then to the Las Minerale Pit, Stages 2 and 3, for 2 months due to flooding of the benches which were being mined prior to the rain.

Mine Planning

During the quarter mining continued in Rocklands South Stage 1 (RS1).

The RS1 mini-pits strategy was developed in order to expedite the mining of primary flotation ore reserves for stockpiling and processing with the aim of achieving production rates at or near nameplate capacity.

The LM3 northern cutback which first commenced in 2017 was progressed in order to source more intermediate high-grade gravity ore to supplement and ensure continuity of feed.

Crushing

Total tonnes crushed for the quarter was 477,586 dmt primarily comprised of combination blends of High Grade Gravity (HGG) and Low-Grade Gravity (LGG) ore types.

Having completed a shipment of concentrate and depleted stockpiles of fresh High-Grade Flotation (HGF) ore to less than 70kt by mid-February, the operation began processing stockpiles of High Grade Gravity (HGG) blended with Low Grade Gravity (LGG) ore at 0.4% Cu, to provide a suitable feed grade to the flotation circuit being typically 0.70% to 1.22% Cu.

This was initially undertaken as part of a trial on how best to process gravity ore without the gravity circuit (Scrubber, screens, jigs, tables and spirals) and was extended to the processing of approximately 300kt of HGG.

Processing

With the temporary by pass starting in mid of February and the permanent by pass belt conveyor building up in April, the gravity ore was smoothly processed without the scrubber, screens, jigs, tables and spirals and the whole gravity circuit.

The processing plant treated a combined total of 454,713 dmt of ore at 1.22% Cu during the quarter. The weighted average flotation recovery for the period at 63.1% was lower than anticipated due to the difficulties in floating high-grade/low-grade gravity ore blends. Flotation feed characteristics were variable, including high proportions of clay and oxide material, with a strategy of depleting gravity ore stocks by the end of June in preparation for the transition to flotation ore in July.

Throughput (Flotation)

Month	Tonnes (dmt)	Head grade (%)
April	144,039	0.70 - 1.24
May	149,326	0.70 - 1.22
June	161,348	0.70 - 1.20
Total Q4	454,713	0.70 - 1.22

Products

Quarter	Tonnes (dmt)	Grade (%Cu)	Metal tonnes (cmt)
Sulphide Copper Concentrate	13,857	25.24	3,497

The average plant throughput for the April to June 2018 quarter was 249tph from 1,828 operating hours, at a plant utilization rate of 84% of total hours. During this period, the plant produced 13,857 tonnes of concentrate at an average grade of 25.24%Cu. The concentrate production equates to a copper metal content of 3,497 dmt.

Copper metal production for the quarter was impacted by lower than budgeted mill throughput associated with the processing of gravity ore types through the flotation plant. While the bypass conveyor project was completed in early April with an increased throughput rate capability, actual throughput rates for the quarter were adversely impacted by the reliance upon these gravity ore types. The wet and high clay content of the gravity ore hindered the availability of the HPGR and caused instability in the tailings thickener. Low flotation recoveries were experienced due to the high native copper content, with no gravity recovery circuits in operation following the bypass project. Towards the end of the quarter, high clay (chlorite) content further affected flotation performance.

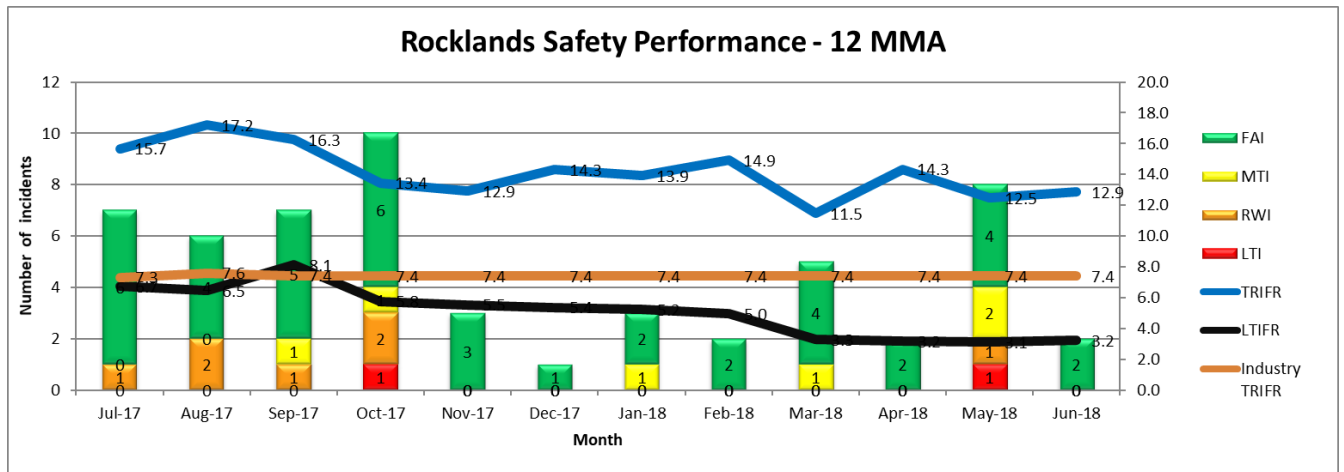
Plant availability was impacted by a number of scheduled/unscheduled downtime events and maintenance requirements during the reporting quarter.

Objectives for the next quarter will be to:

- Carry out critical maintenance work including Ball mill reline during the major planned maintenance shutdown for September 2018.
- Process float ore from the RS Pit. This ore will achieve a higher recovery in the copper sulphides flotation and contains little to no native copper. It is a type of ore well suited to the CuDeco processing plant and therefore high throughput rates and recoveries are expected.

Health and Safety

Health & Safety Performance



The Total Recordable Injury Frequency Rate (TRIFR) was 13.2 for the quarter and was up from 11.5 on the previous quarter. The Lost Time Injury Frequency Rate (LTIFR) was 3.2 at the end of the quarter and this was down from 5.2 on the previous quarter.

Strengthening of the Emergency Response team capabilities continued during the quarter with vertical rescue techniques training successively completed.

Environment

The following major environmental compliance and assessment activities were successfully completed in the quarter:

- National Greenhouse and Energy Reporting (NGER) was undertaken and submitted to the Clean Energy Regulator.
- Water Volumes Report was completed and submitted to the Department of Natural Resources, Mines and Energy (DNRM).

Human Resources

During the quarter the Human Resources Department continued to manage change in association with organisational development and performance of the Operations.

The Department's priority continues to be development of a workplace structure that supports the Company's operational requirements to deliver on business outcomes and influence a positive workplace culture.

Assets and Development

Exploration

Exploration activity is currently limited to mandatory expenditure. CuDeco's current ground position in Cloncurry includes:

- Existing ML's = 19km²
- Existing EPM's = 29km²

A revised exploration program has been prepared and is under review prior to submitting for Board approval.

Corporate

Board of Directors

Mr Paul Keran resigned as Non-Executive Director on 04 June 2018 for personal reasons with immediate effect.

Financial matters

During the quarter:

- The Company voluntarily entered a trading halt and suspension of trading of its shares on the stock exchange pending finalisation of its Half year financial statements.
- The Company negotiated a rollover of its HKD100million (approx. \$AUD16.9 million) with China Ocean wide International Financial Limited ("COIF") (previously known as Quam Limited) for a further six months. Under the terms of this agreement the Company granted COIF 6,000,000 options exercisable at \$0.50 each and which vest on 1 July 2018 and exercisable by 30 June 2020.
- The Company entered into a sales prepayment arrangement of \$USD10.0m to be repaid over four shipments from July 2018 to February 2019 at interest rates of 5% -7%.
- The Company continues negotiations with various parties, to secure a long-term structured operating finance facility.

Tenement Information

Further to the requirements of ASX Listing rule 5.3.3, CuDeco Limited provides the following information regarding its mining tenements as part of its quarterly reporting obligations:

The mining tenements held at the end of June 2018 and their location are as follows:

Tenement Reference	Project	Company interest	Location
ML90177	Rocklands	100%	Cloncurry, QLD
ML90188	Rocklands	100%	Cloncurry, QLD
ML90219	Rocklands	100%	Cloncurry, QLD
EPM18054	Morris Creek	100%	Cloncurry, QLD
EPM25426	Camelvale	100%	Cloncurry, QLD

- The mining tenements acquired and disposed of during the June 2018 quarter and their location: **NIL**
- The beneficial percentage interest held in farm in farm out agreements at the end of the June 2018 quarter: **NIL**
- The beneficial percentage interest held in farm in farm out agreements acquired or disposed at the end of the June 2018 quarter: **NIL**

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CUDECO LIMITED

ACN 000 317 251

Quarter ended ("current quarter")

14 000 317 251

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	32,326	135,103
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(29,370)	(119,742)
(d) staff costs	(3,217)	(19,784)
(e) administration and corporate costs	(768)	(2,439)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(508)	(3,423)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,537)	(10,284)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(5,293)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	499
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(4,794)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	13,228	85,992
3.6	Repayment of borrowings	(14,908)	(73,205)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Sale of Shares in Employee Share Plan	-	-
3.10	Net cash from / (used in) financing activities	(1,680)	12,786

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,496	3,922
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,537)	(10,284)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4,794)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,680)	12,786

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	47	(304)
4.6	Cash and cash equivalents at end of period	1,326	1,326

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	895	3,996
5.2	Call deposits	431	500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,326	4,496

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

64

-

Section 6.1: \$64,000 relates to June 2018 quarter ended Directors fees paid.

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	68,799	68,799
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	22,566	22,566

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Section 8.1 - This balance relates to the following:	
(a)	Short term loan facility with a Hong Kong based Investor of HKD100.0m at 6.0% interest per annum.
(b)	Convertible Note Subscription loan facility with Gemstone 101 Ltd ('Subscriber') of AUD22.0m through the issuance of 44.0m convertible notes at \$0.50 each, plus 4.4m free options at 6 % interest per annum.
(c)	Convertible loan facility with Gemstone 101 Ltd of USD5.0m at 6% interest per annum.
(d)	Convertible loan facility with GuoYi Holdings of USD10.0m at 6% interest per annum.
(e)	Short term loan facility with an Indonesian based Company of USD2.0m at 3% interest per month.
(f)	Short term loan facility with Vision Finance of HKD40m at 6% interest per annum.
Section 8.3 - This balance relates to Copper concentrate sales prepayment finance facilities with	
a)	Mitsui Co Ltd of US\$6.7m. The facility is fully drawn and attracts interest of 5.85% per annum.
b)	Noble Resources Ltd of US\$10m. The facility is fully drawn and attracts interest of 5-7% per annum.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	29,093
9.4 Staff costs	2,412
9.5 Administration and corporate costs	570
9.6 Other (provide details if material)	2,705
9.7 Total estimated cash outflows	34,781

Section 9.6

This relates to repayment of the PT Kemala short term loan facility of USD2.0m (AUD2.7m).

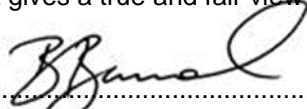
Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	n/a			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	n/a			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



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(Director/Company secretary)

Date: 1 August 2018

Print name: Bruno Bamonte

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.