

Key Highlights

31 December 2018

Operational

- All operational activities at the Rocklands mine remain suspended pending finalisation of operational and financial restructuring.
- All non-essential employees were stood down pending restart of operations, with a major recruitment drive to be undertaken before resumption of operations.
- The Board of Directors approved a major refinance plan to raise approximately AUD37.3 million through a combination of a share placement plan (AUD11.7 million), convertible notes (AUD5.5 million), and rights issue (AUD15.0 million to AUD20.0 million)

Finance

- The Company secured a short-term loan of USD7.6 million (approx. \$AUD10.8 million) from interests associated with a Director to be repaid when the company secures long term funding.

Significant Events Post Quarter End

- The Company's shares remain suspended from trading pending finalisation of the Company's Financial Statements for the half and full year ended 31 December 2017 and 30 June 2018 respectively.
- The Company's operations at the Rocklands site remained suspended pending implementation of a comprehensive plan for the operational and financial restructure of the project.
- A comprehensive operational restart review is in the final stages of completion, with a detailed report to be submitted to the Board for ratification before resuming operations.
- Mr Stephen Yip, who was appointed as a Director during the quarter resigned as a Director on 16 January 2019. Mr Yip who was originally appointed to the Board on 27 November 2018 as a representative of Valuestone, believes that he could best assist the Company in completing its refinancing initiatives if he was not a Director.

Outlook

- Secure long-term funding to support the operation and seek other business development opportunities within the Cloncurry region to increase the life and value of the project.
- Continue to work in partnership with Cobalt Blue for the commercialisation of cobalt; and implement arrangements for the reprocessing of tailings.
- Focus mining operations towards flotation ore type which is more suited to the CuDeco processing plant. This will maximise copper concentrate production and cash flow generation during the next twelve months whilst affording the time to determine the optimal approach for the processing of gravity ore.

Mining

Mining Operations

During the quarter ended Nil tonnes of copper ore and waste were mined due to suspension of operations. The operations were suspended and remain on care and maintenance while the Company completes its financial restructuring.

Management continued to develop an optimal mining schedule which optimises the project's operational and financial objectives.

Crushing

During the quarter ended Nil tonnes of copper ore was crushed due to suspension of operations.

Processing

During the quarter ended Nil tonnes of copper ore was treated at the processing plant due to suspension of operations.

Management undertook activities to explore methods to optimise process plant operations across varying ore types with a view to increasing Cu metal recoveries in the future.

Health and Safety

Health & Safety Performance

The Company continues to make positive progress in the implementation of safety system recommendations from the independent audit conducted in March 2018. This will continue to enhance project safety performance in future operations.

Environment

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

- Weekly reporting as required under the Environmental Protection Order issued in December 2018.
- Monitoring and reporting requirements as required under the Environmental Evaluation Notice (EEN) – STAT1301.

They were no major environmental reportable incidents during the quarter.

Human Resources

During the quarter ended all non-essential personnel were stood down due to the suspension of operations pending the completion of financial and operational restructuring.

The priority at present is the retention of critical operational knowledge required for the recommencement of operations.

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 Stephen Yip was appointed as Non-Executive Director on 27 November 2018. Mr Yip is a graduate of the university of California, Berkeley and holder of a Masters of Business Administration. He has more than 30 years business experience, including 11 years in public accounting with Deloitte, Touché and Price Waterhouse Coopers.

Mr Peter Hutchinson resigned as Chairman of the Board and Non-Executive Director on 11 December 2018 for personal health reasons.

Financial matters

During the quarter:

- The Company continued its voluntarily trading halt and suspension of trading of its shares on the stock exchange pending finalisation of its half and full year financial statements.
- The Company secured a short-term loan of \$USD7.6 million (approx. \$AUD10.8 million) from interests associated with a Director to be repaid when the company secures long term funding.
- The Company' operations at the Rocklands mine site continue to remain suspended to allow for operational and financial restructuring to be implemented.
- The Company continues negotiations with various parties including its shareholders, to secure a long-term structured operating finance facility.
- In relation to the long term funding, the Company's Board of Directors:-

- a) Authorised a share placement with new investors for up to 58,735,518 ordinary fully paid shares at 20 cents per share to raise approximately AUD11.75 million.
- b) Signed a term sheet for the refinancing of existing convertible notes with Valuestone Group that will provide CuDeco with an additional USD4.0 million (approximately AUD5.5m).
- c) Authorised a rights issue in the first half of 2019. The Company will seek to raise between AUD12.0 million and AUD20.0 million from this issue.

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 December 2018 quarter and their location: **NIL**
- The beneficial percentage interest held in farm in farm out agreements at the end of the December 2018 quarter: **NIL**
- The beneficial percentage interest held in farm in farm out agreements acquired or disposed at the end of the December 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")
	31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	16,452
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(4,075)	(21,414)
(d) staff costs	(2,234)	(5,009)
(e) administration and corporate costs	(900)	(1,543)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	147	147
1.5 Interest and other costs of finance paid	(252)	(985)
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	(7,314)	(12,352)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(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	-	-

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	10,827	14,598
3.6 Repayment of borrowings	(3,771)	(3,771)
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	7,056	10,827

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	143	1,326
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(7,314)	(12,352)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	7,056	10,827

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	84
4.6	Cash and cash equivalents at end of period	(115)	(115)

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	2	143
5.2	Call deposits	-	-
5.3	Bank overdrafts	(117)	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(115)	143

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

Current quarter \$A'000
-
-

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

Section 6.1: \$Nil Directors fees were paid during the quarter.

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

Current quarter \$A'000
-
-

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

Mining exploration entity and oil and gas exploration entity quarterly report

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	82,013	82,013
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	18,914	18,914
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 AUD22.0 million through the issuance of 44.0 million 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 USD5.0 million at 6% interest per annum.
- (d) Convertible loan facility with GuoYi Holdings of USD10.0 million at 6% interest per annum.
- (e) Short term loan facility with an Indonesian based Company of USD2.0 million at 3% interest per annum.
- (f) Short term loan facility with Vision Finance of HKD40 million at 6% interest per annum.
- (g) Short term loan facility with sitting Director of USD7.8 million (circa AUD10.9 million) at Nil% interest per annum.

Section 8.3 - This balance relates to a Copper concentrate sales prepayment finance facilities with

- a) Mitsui Co Ltd of US\$3.3 million. The facility is fully drawn and attracts interest of 5.85% per annum.
- b) Noble Resources Ltd of US\$10 million. 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	6,500
9.4 Staff costs	1,340
9.5 Administration and corporate costs	757
9.6 Other (provide details if material)	2,834
9.7 Total estimated cash outflows	11,431

Section 9.6

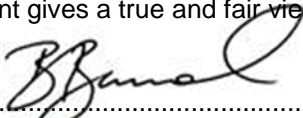
This relates to repayment of the PT Kemala short term loan facility of USD2.0 million (AUD2.8m).

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:



 (Director/Company secretary)

Date: .1 February 2019

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.