

Key Highlights

31 March 2019

Operational

- All operational activities at the Rocklands mine remain suspended indefinitely while the Company completes its finance restructuring.
- All non-essential employees were stood down pending restart of operations, with a comprehensive operational and financial restart plan to be prepared prior to the resumption of operations.

Finance

- The Company refinanced its convertible note facilities of AUD28.9 million with a secured convertible loan facility of AUD36.0 million with Gemstone 101 Limited. The first tranche of AUD31.5 million was drawn down during the quarter and utilised against the AUD28.9 million convertible note facility and working capital requirements.

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 years ended 31 December 2017, 31 December 2018 and 30 June 2018 respectively.
- The Company's operations at the Rocklands site remained suspended indefinitely 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 Zhaohui Wu resigned as Director of the Company on 03 April 2019. Mr Liangfu Lyu was appointed as non-executive Director on 03 April 2019 to replace Mr Wu as the Board representative of New Apex Investments Pty Limited.

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 contractual arrangements for the reprocessing of tailings.
- Focus mining operations towards sulphide 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 in '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.

There were no major environmental reportable incidents during the quarter.

Human Resources

During the quarter ended, the Company continued to assess its manpower needs and all non-essential personnel continued to be 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. Identification of key recruitment initiatives for the replacement of employees who have left the organisation is ongoing.

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 by the Board pending the finalisation of the company's refinancing process.

Corporate

Board of Directors

Mr Stephen Yip 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 Gemstone 101 Limited, believes that he could best assist the Company in completing its refinancing initiatives if he was not a Director.

Benjamin Zhai who was acting as Mr Yip's alternative, has re-joined the Board as a non-executive Director of CuDeco and will act as the representative of Valuestone.

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 refinanced its AUD28.9 million convertible note facilities with Gemstone 101 Ltd with a AUD36.0 million secured convertible note facility at face value AUD1.0 per note and interest rate of 12% per annum.

The first tranche of AUD31.5 million was drawn down during the quarter and utilised against the AUD28.9 million convertible note facility and working capital requirements.

- 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 existing major shareholders, to secure a long-term structured 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 March 2019 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 March 2019 quarter and their location: **NIL**
- The beneficial percentage interest held in farm in farm out agreements at the end of the March 2019 quarter: **NIL**
- The beneficial percentage interest held in farm in farm out agreements acquired or disposed at the end of the March 2019 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

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	-	(21,414)
(d) staff costs	(814)	(5,823)
(e) administration and corporate costs	(399)	(1,942)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	147
1.5 Interest and other costs of finance paid	(1,157)	(2,142)
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	(2,370)	(14,722)

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	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	31,660	46,258
3.6	Repayment of borrowings	(29,174)	(32,945)
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	2,486	13,313
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(115)	1,326
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,370)	(14,722)
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)	2,486	13,313
4.5	Effect of movement in exchange rates on cash held	2	86
4.6	Cash and cash equivalents at end of period	3	3

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	3	2
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)	3	(115)

6. Payments to directors of the entity and their associates	Current quarter \$A'000
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	

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

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	88,789	84,289
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	18,837	18,837
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) Secured short term loan facility with China Tonghai Interfinancial Limited of HKD100.0m at 6.0% interest per annum
- (b) Secured Convertible Note Subscription facility with Gemstone 101 Ltd ('Subscriber') of AUD31.5 million through the issuance of 31.5 million convertible notes at \$1.0 each at 12% interest per annum.
- (c) Unsecured Convertible loan facility with GuoYi Holdings of USD10.0 million at 6% interest per annum.
- (d) Secured short term loan facility with Pt Kemala Shipping of USD2.0 million at 3% interest per month.
- (e) Unsecured short-term loan facility with Vision Finance Limited of HKD40 million at 6% interest per annum.
- (f) Unsecured short-term loan facility with Mu Po Zhu (an Alternate Director of CuDeco Limited) of USD7.4 million (approximately AUD10.5 million) at Nil% interest per annum.

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

- a) Mitsui Co Ltd of US\$3.3 million. The facility is fully drawn and secured against the Power Plant situated at Rocklands Mine site. It attracts interest of 5.85% per annum.
- b) Noble Resources Ltd of US\$10 million. The facility is fully drawn and secured by a second charge over the Plant and Equipment of the Company. The facility 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	-
9.4 Staff costs	900
9.5 Administration and corporate costs	600
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,500

Section 9.6

n/a

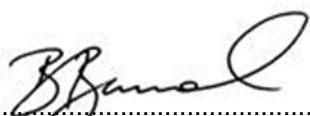
Mining exploration entity and oil and gas exploration entity quarterly report

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:



(Director/Company secretary)

Date: 1 May 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.