



Lodged with ASX at 9.35am Brisbane Time

MARKET RELEASE

3rd December 2014

**BINDING MEMORANDUM OF UNDERSTANDING (MOU) SIGNED BY CUDECO AND
CHINA STATE-OWNED SINOSTEEL**

SINOSTEEL TO COMPLETE THE ENTIRE ELECTRICAL INSTALLATION

SINOSTEEL MAY INCREASE THEIR SHAREHOLDING IN CUDECO

The Company is pleased to advise shareholders that China State-owned Sinosteel Equipment and Engineering Co Ltd ("Sinosteel") and CuDeco have signed an Memorandum of Understanding (MOU) whereby Sinosteel may increase its shareholding in CuDeco. Sinosteel are currently the third largest shareholder in CuDeco Ltd.

The MOU allows for and includes Sinosteel completing the entire electrical installation of the \$300m mineral processing facility at the 100% CuDeco owned Rocklands Group Copper Project.

CuDeco engaged Sinosteel to design, purchase the entire plant on behalf of CuDeco and to install the steel structure, mechanical equipment, piping and electrical equipment in the Rocklands Copper Mineral Processing Plant.

Sinosteel are the main contractor for the \$300m Rocklands Copper mineral processing plant. CuDeco was responsible for the civils (concrete and steel foundations, etc., consisting of 20,000m³ - the civil contractor advises that completion date is 5th December 2014). CuDeco was also responsible for the purchase and installation of the electrical cable for the process plant. The electrical-houses, switchboards and motor control rooms, and data management systems were purchased by Sinosteel from Seimens and Honeywell respectively, as part of the original EP contract between Sinosteel and CuDeco.

Under the MOU Sinosteel will take full responsibility of the installation of the 330 km (330,000metres) of electrical cable and Distributed Control System (DCS) cable installation. Sinosteel is also the EPC contractor for the supply of the already installed, main 28MW power station supplied and installed by Cummins Australia.

Under the MOU agreement Sinosteel requested, and has subsequently been offered the option of converting all or part of the cost of the installation of the electrics systems into shares. If Sinosteel elect not to take the option to accept shares then they have offered CuDeco an interest-free deferred payment of the cash for the electrical installation. The unsolicited offer was made by Sinosteel believing that it would be in the best interest of the project for them to complete the entire mineral processing plant. This option decreases the immediate cash requirements from CuDeco, required for the completion of the project.

Sinosteel has been involved in the Rocklands project, initially being the contractor for the basic engineering design, followed by the detailed design, equipment supply and also for installation and equipment commissioning. The offer to increase its shareholding, subject to its Board approval, shows the confidence of Sinosteel in this world class Copper/Gold/Cobalt/Magnetite project.

The offer of the conversion of shares in lieu of cash, if converted, will be subject to Board approval from Sinosteel and CuDeco. It is anticipated that the installation will commence upon arrival of the cable trays and cable.

Our Company has recently been approached by a number of international major companies offering a variety of funding options so that they may participate in the Rocklands project, and justifiably, wanting to take the opportunity of the current market conditions, to make investments in the Copper mining industry.

On behalf of the Board

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