

MARKET RELEASE

5th May 2015

ROCKLANDS COPPER PROJECT (CDU 100%)

ROCKLANDS PROJECT UPDATE

Crushing and screening of the very high grade copper stockpile to remove oversize native copper fraction size, in preparation for feeding into the mineral processing plant, has commenced.

After removal of the +40mm coarse copper fraction size the stockpiles of remaining crushed ore are checked and assayed with the following results

AFTER REMOVAL OF COARSE NATIVE COPPER FROM THE VERY HIGH GRADE STOCKPILE

THE REMAINING STOCKPILE (-40mm CRUSHED PRODUCT) AVERAGED 9.48% Cu (10.5% CuEq)

These grades are consistent with results from drill & blast assays during mining



Figure 1: Close-up of high-grade crushed native copper ore (-40mm), after removal of coarse (+40mm) native copper

Stage 1 (LM1 Pit) completed to ~70m below surface

Ore remaining on LM1 Pit floor will be accessed via LM2 (Stage 2) and LM3 (Stage 3) Pits

LM1 PIT at 70m DEPTH AND STILL IN HIGH-GRADE ORE

Average grades being mined at end of LM1 Pit;

Very high-grade represents (36.3% of ore) = **10.3% CuEq** (9.13% Cu)

High-grade represents (44.8% of ore) = **2.05% CuEq** (1.25% Cu)

Low-grade represents (18.8% of ore) = **0.54% CuEq** (0.31% Cu)

Above CuEq calculations do not include magnetite



Figure 2: Oversize native copper metal concentrate ~95% Cu loaded into containers at Rocklands prior to shipment to Townsville.

Unit 34, Brickworks Annex, 19 Brolga Avenue, SOUTHPORT 4215

Phone: +617 5503 1955 Facsimile: +617 5503 0288 Email: admin@cudenco.com.au

Native copper being prepared for export to Chinese smelters in May



Figure 3: The native copper scalping programme is generating an extremely high-grade native copper metal product (~95% copper) for interim sales and early cash-flow. This shipment is due for export in May to Chinese smelters. Once the coarse native copper metal has been scalped, the remaining crushed ore (<40mm) is stockpiled for future direct feed to the Process Plant, avoiding re-crushing and resulting in future cost savings.

Copper casting plant to produce 400kg billets

The Company has purchased a copper metal casting plant that will initially produce 400kg billets of solid copper from native copper metal. The long-term aim is to facilitate production of copper anodes from native copper metal, for direct sale to the copper refineries.

There has been a keen interest shown by both local and overseas potential buyers for the copper billet product.



Figure 4: The native copper scalping programme is generating an extremely high-grade native copper metal product (~95% copper) for interim sales and early cash-flow. Once the coarse native copper metal has been scalped, the remaining crushed ore (-40mm) is stockpiled for future direct feed to the Process Plant, avoiding re-crushing and resulting in future cost savings.

Coarse native copper production

Crushing of native copper ore to produce a clean, extremely high-grade coarse native copper product, is an interim measure to generate early cash-flow prior to the commissioning of the Process Plant.

The mineral processing plant is designed to recover the -40mm native copper fraction size currently not being recovered by these interim measures. The high-grade (+40mm) coarse native copper will continue to be recovered via these methods during operation of the mineral processing plant.

After the removal of coarse native copper via the current native copper production programme, the crushed product is stored in stockpiles for future direct feed to the Process Plant and will therefore not need to be re-crushed, resulting in savings for future processing costs.

At the end of April there was over 200,000 tonnes of crushed ore (-40mm) on the stockpiles.



Figure 5: Crushed ore stockpiles (-40mm) will be fed directly into the Process Plant without further crushing, and are currently over 200,000 tonnes.

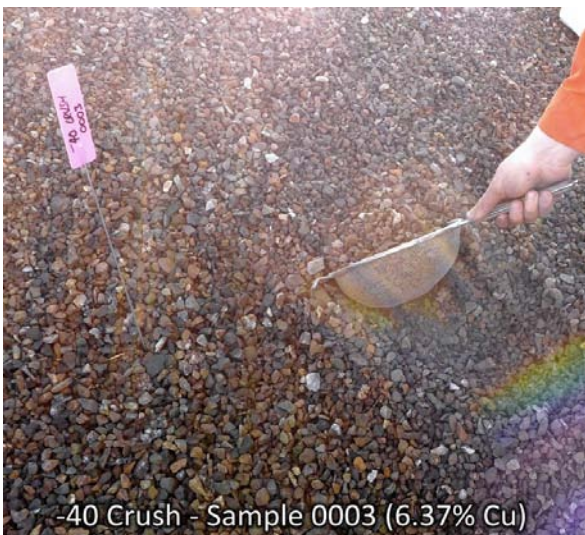


Figure 6: Crushed ore stockpiles (-40mm) grades are estimated from a combination of lab-assay of composite blast-hole samples and where not available, resource grade estimates are used. Check assays are regularly conducted for QAQC purposes.



Figure 7: Crushed ore stockpiles (-40mm) grades are estimated from a combination of lab-assay of composite blast-hole samples and where not available, resource grade estimates are used. Check assays are regularly conducted for QAQC purposes.

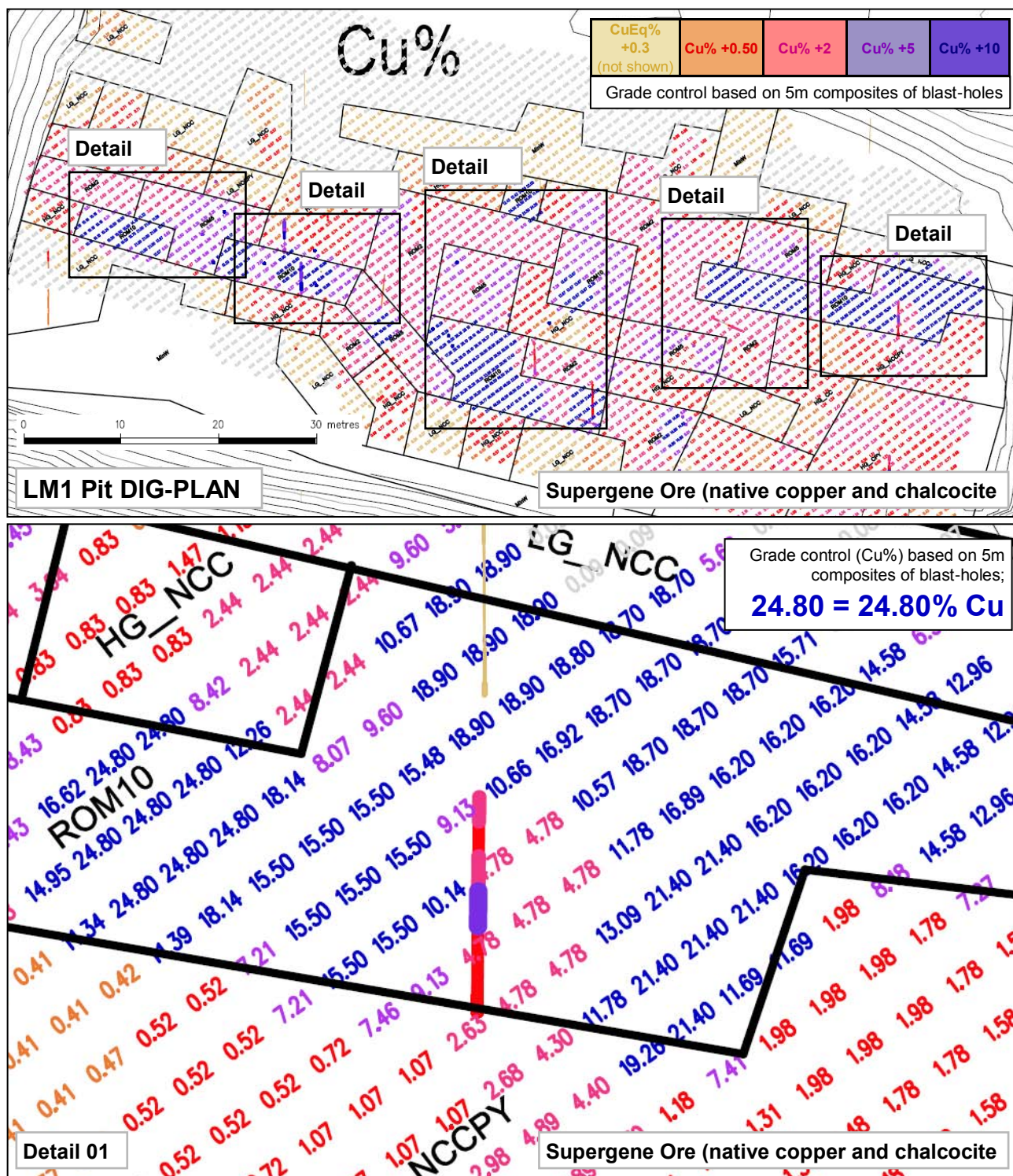


Figure 8: Top image shows the master dig-plan for one of the final flitches of the LM1 Pit, with estimated grade averages based on 5m composite results from blast-hole sampling (eg. 24.80 = 24.80% Cu). Basic ore types at Rocklands include Oxide (weathered), Chalcocite (partially weathered) and Primary (fresh) which are split into native copper bearing and non-native copper bearing versions. These are further split into low and high-grade versions, resulting in 12 basic ore types. However, in high-grade coarse native copper ore, we further segregate the ore into ROM2 (+2% Cu) ROM5 (+5% Cu) and ROM10 (+10% Cu) ore types, which are sent directly to the ROM for crushing and scalping through screens to produce an interim native copper metal product for sale as DSO, or upgrading via ore-sorter. Resource drilling results (coloured lines) are also shown on the image and include both diamond and RC drilling. The bottom image, and subsequent images on the following pages, show details of the master image.

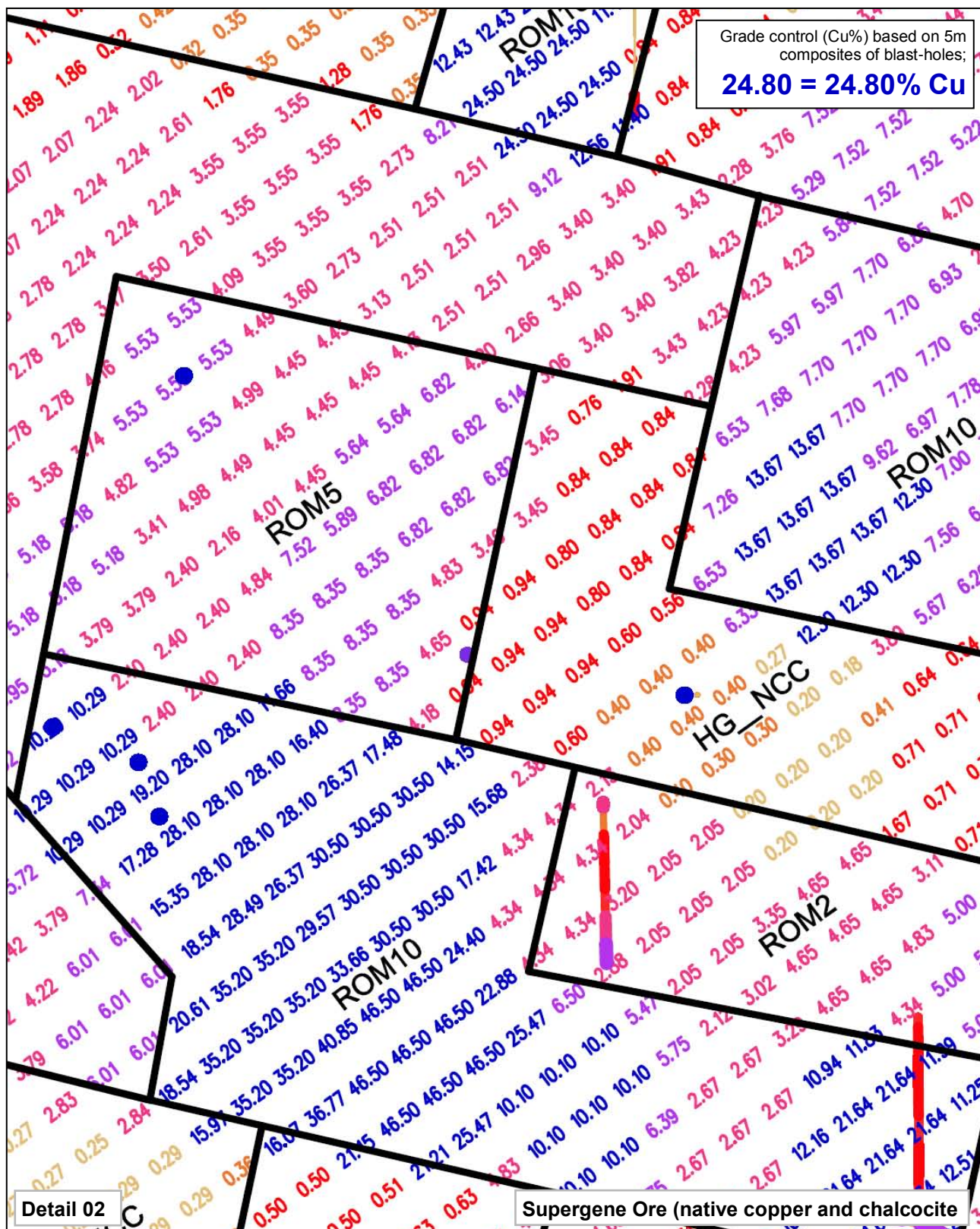


Figure 9: Detail enlargement of grade control results (Cu%) based on 5m composites of blast-hole sampling (eg. 24.80 = 24.80% Cu)...see Figure 8 (master dig-plan) for reference.

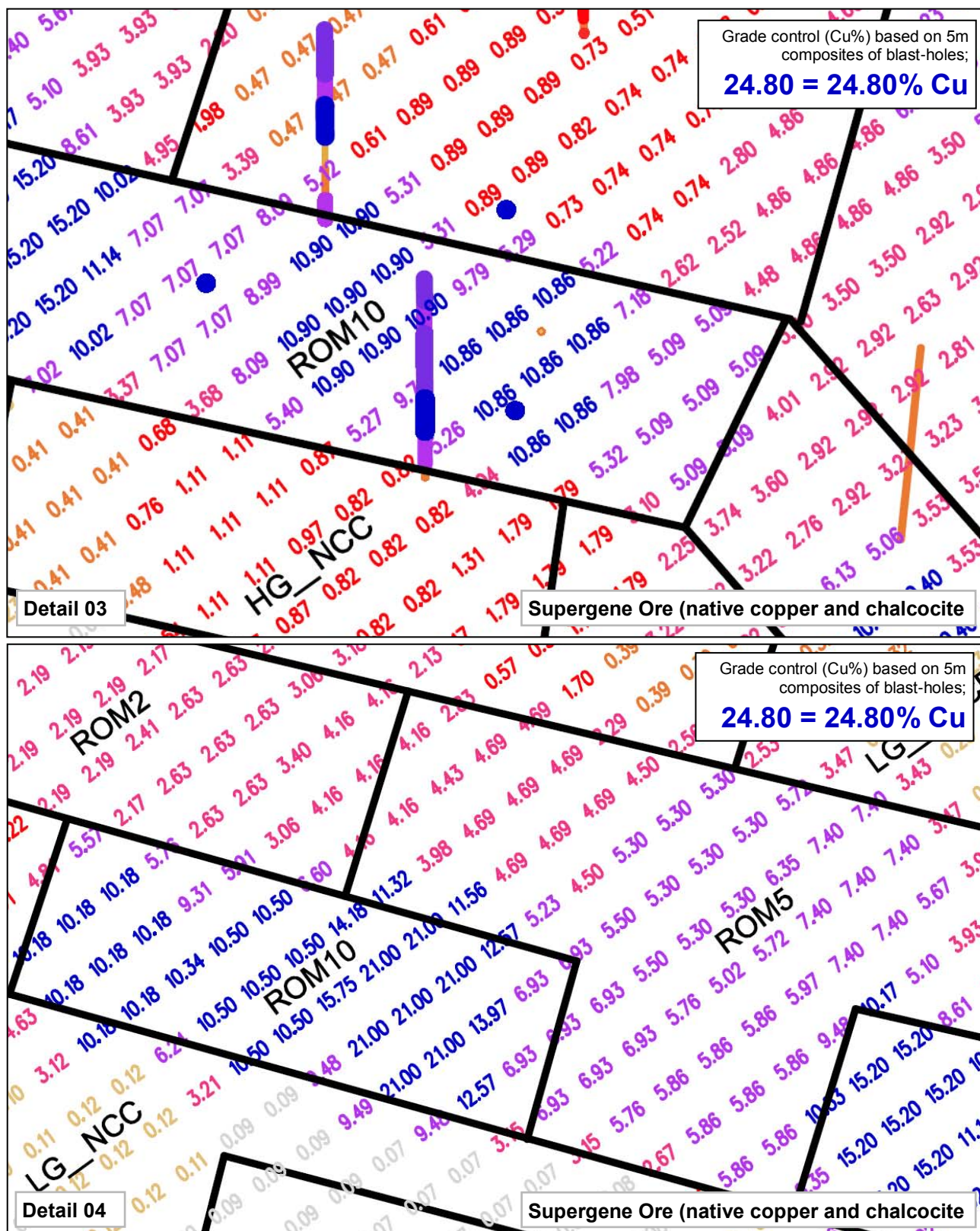


Figure 10: Detail enlargement of grade control results (Cu%) based on 5m composites of blast-hole sampling (eg. 24.80 = 24.80% Cu)...see Figure 8 (master dig-plan) for reference.

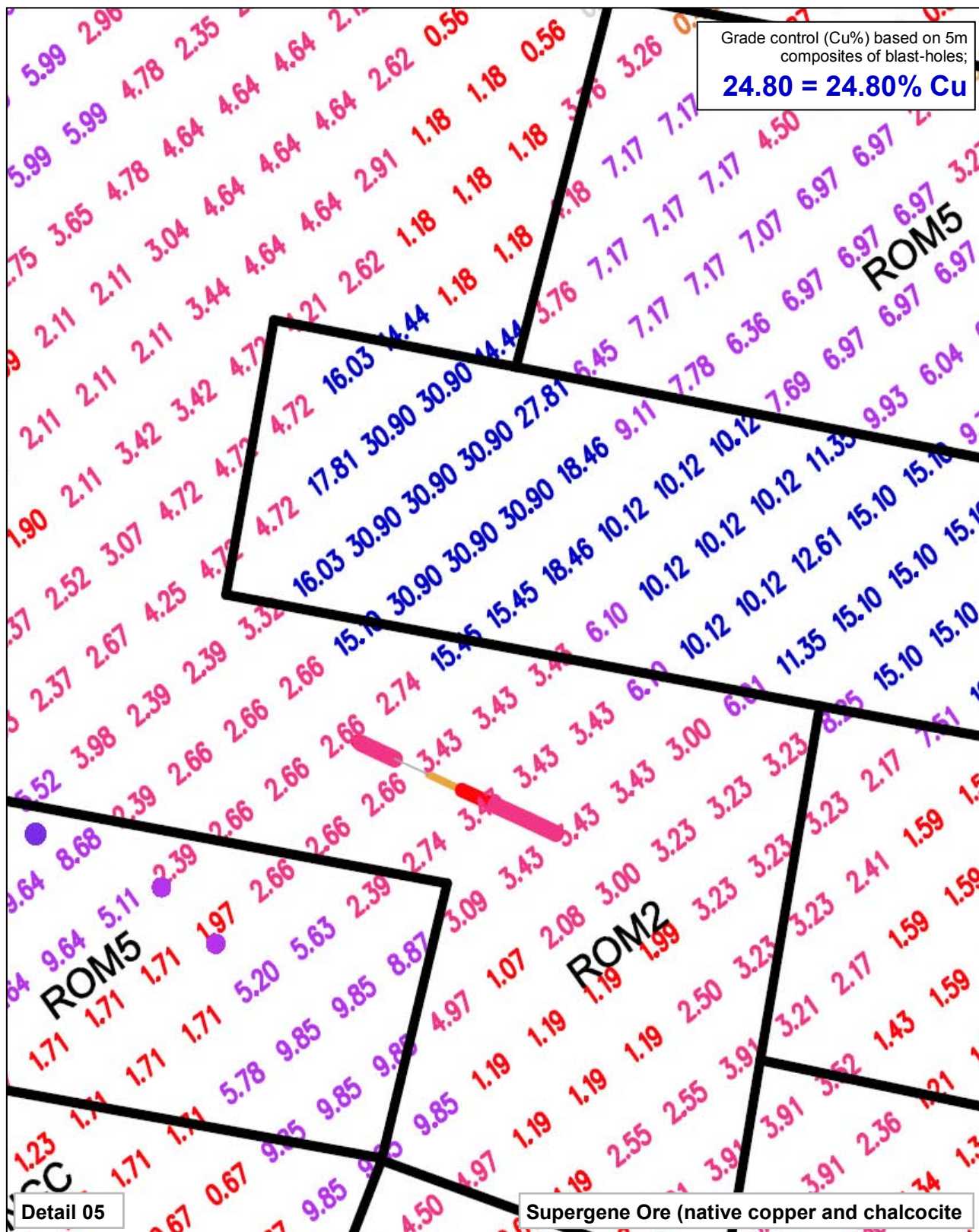


Figure 11: Detail enlargement of grade control results (Cu%) based on 5m composites of blast-hole sampling (eg. 24.80 = 24.80% Cu)...see Figure 8 (master dig-plan) for reference.

Concurrent mining of primary and supergene ore types in LM2 Pit

At the north-end of the LM2 Pit native copper and chalcocite rich ore (supergene ore) is being mined at RL190, whilst at the south end of the LM2 Pit, high-grade sulphide-rich ore (primary ore) is concurrently being mined, also at RL190. The primary ore is dominated by copper sulphides including; chalcopyrite (contains 34.6% Cu); associated transitional primary chalcocite (contains 79.9% Cu); and minor bornite (contains 63.3% Cu). Pyrite is abundant in the primary ore and is associated with cobalt recovery at Rocklands. Magnetite is also present and is typically higher grade in primary or than in supergene ore types.

Stage 2 (LM2 Pit) currently ~30m depth

MINING HIGH-GRADE SULPHIDE ORE

Sulphide ore dominated by chalcopyrite (34.6% Cu) with minor bornite (63.3% Cu) and transitional chalcocite (79.9% Cu)

Average grades at current depth RL190 (~30m depth) - south end of LM2 Pit;

Very high-grade represents (31.5% of ore) = **5.08% CuEq** (4.03% Cu)

High-grade represents (58.0% of ore) = **1.66% CuEq** (1.10% Cu)

Low-grade represents (10.5% of ore) = **0.60% CuEq** (0.31% Cu)

Above CuEq calculations do not include magnetite



Figure 12: Concurrent mining of supergene ore in the north and primary sulphide ore in the south of the LM2 Pit at RL190 - ore mark-up can be seen on pit floor.

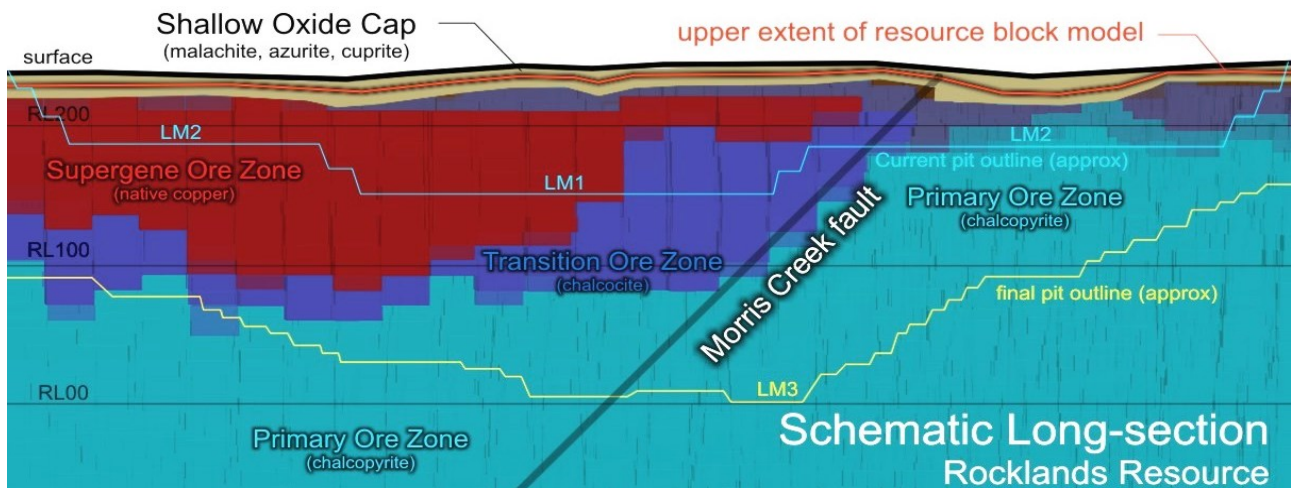


Figure 13: Long-section of the Las Minerale orebody. To the north-west (left) of the Morris Creek Fault; supergene ore is characterised by coarse native copper and chalcocite that persists to depths of more than 180m and to the south-east (right), primary sulphide copper ore (chalcopyrite) starts just 10m from surface.

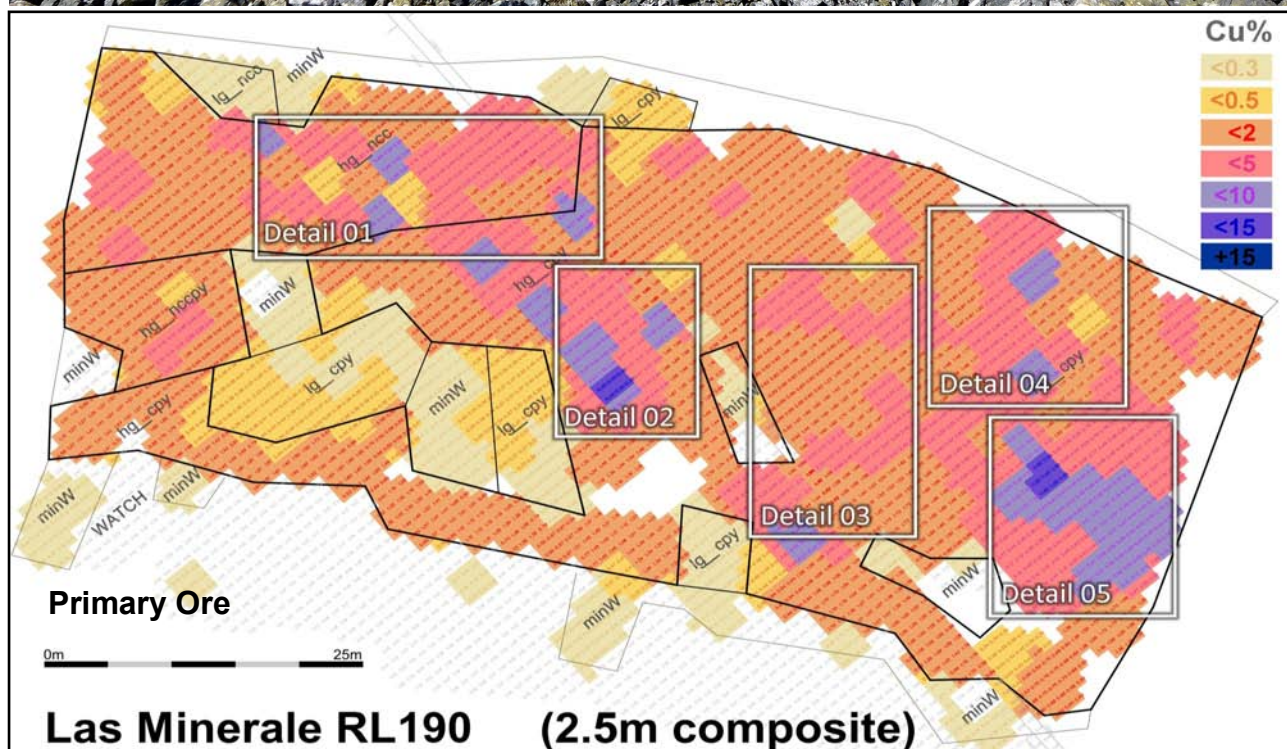


Figure 14: Top image; close-up of pit floor in primary ore zone (LM2 Pit) at RL190 and bottom image shows grade-control results for the same area...see following pages for detailed areas shown.

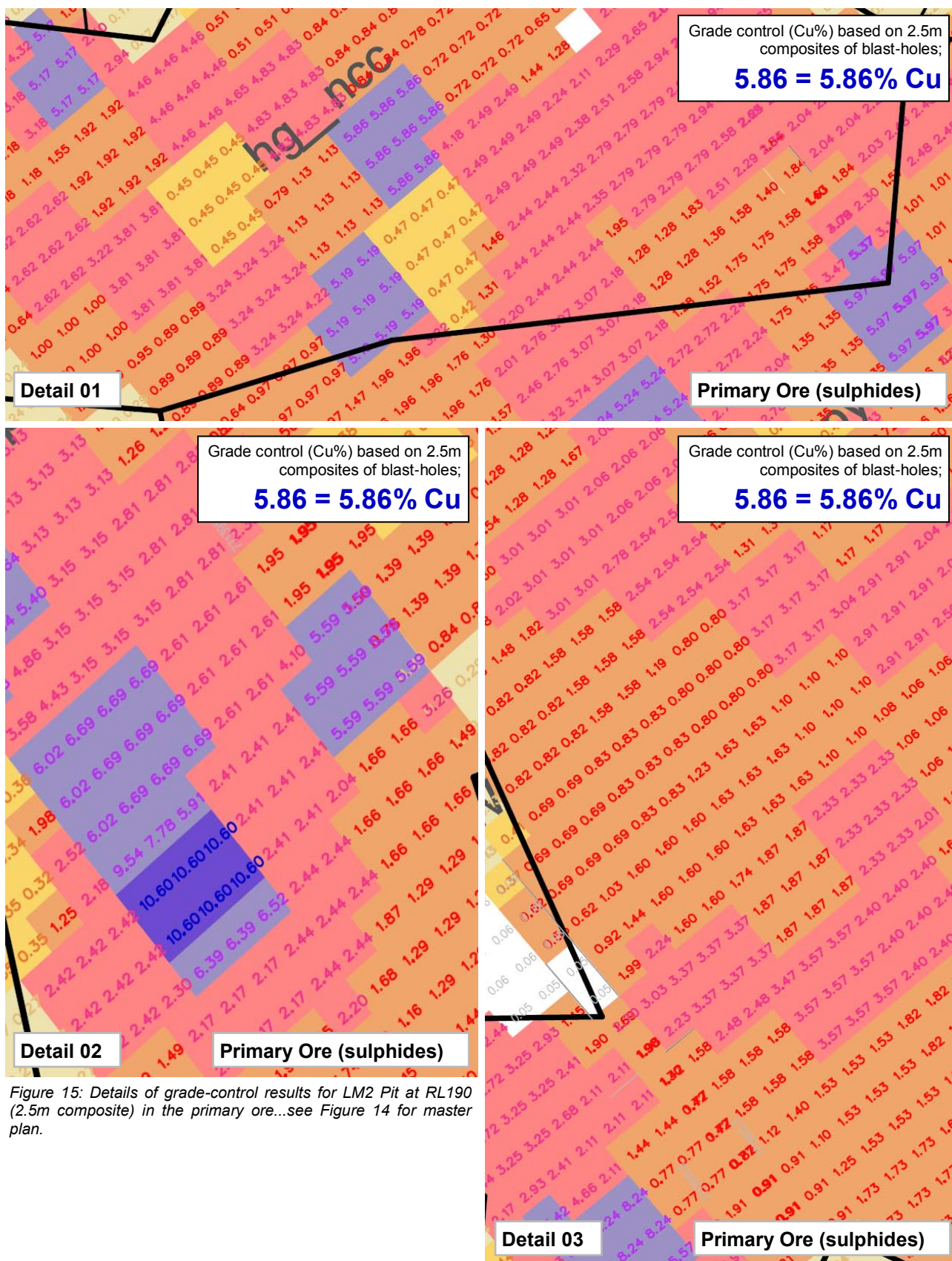


Figure 15: Details of grade-control results for LM2 Pit at RL190 (2.5m composite) in the primary ore...see Figure 14 for master plan.

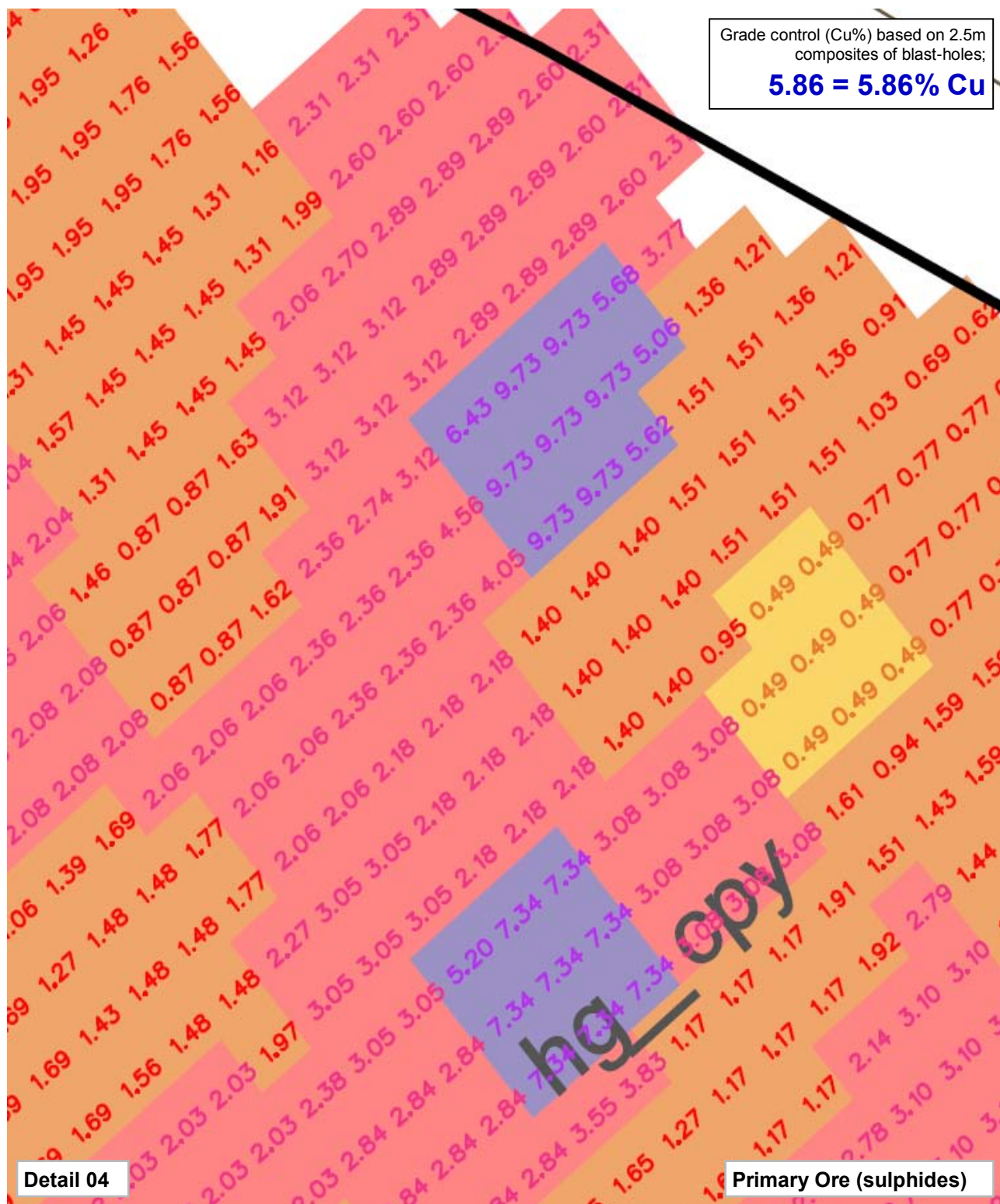


Figure 16: Details of grade-control results for LM2 Pit at RL190 (2.5m composite) in the primary ore...see Figure 14 for master plan.

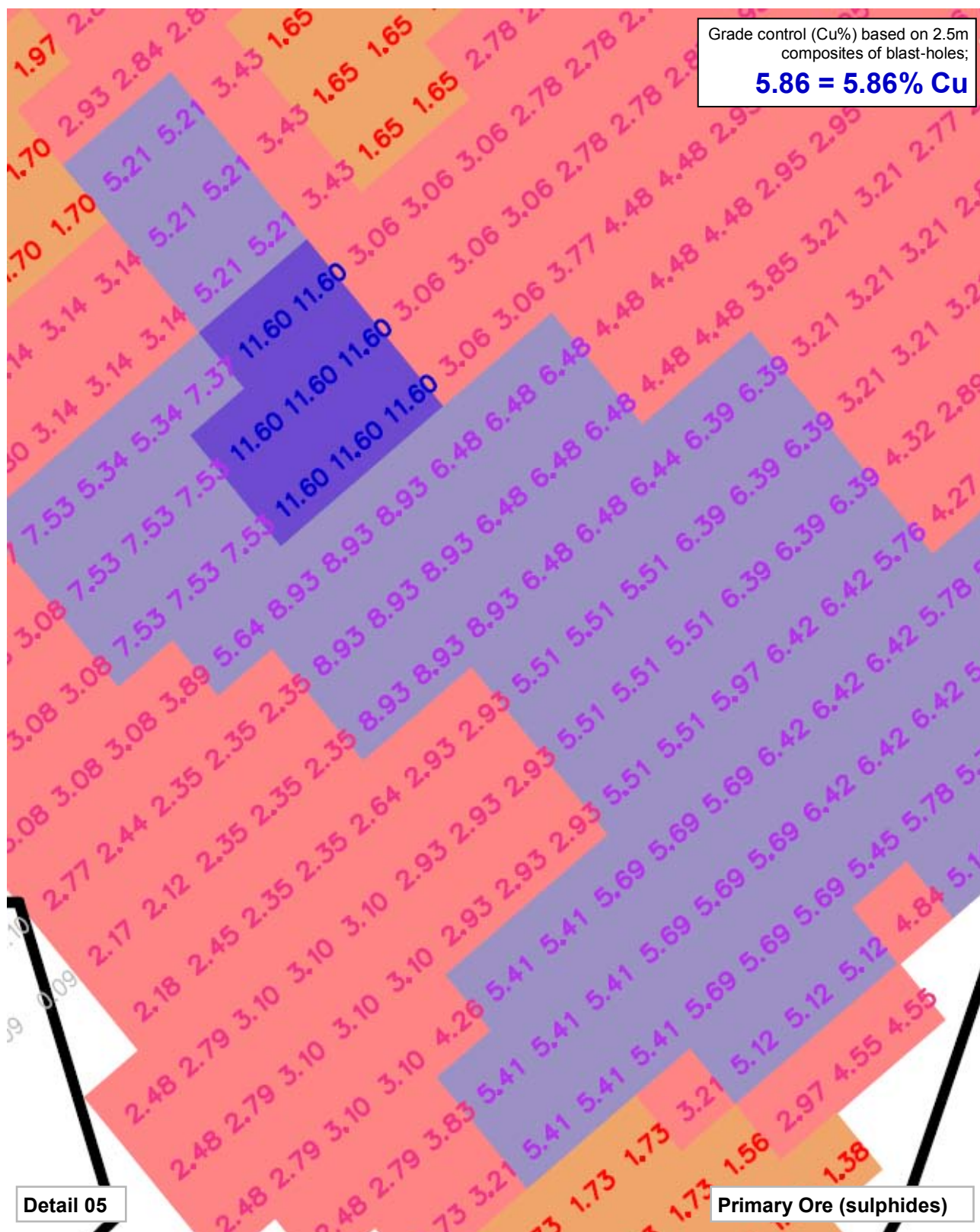


Figure 17: Details of grade-control results for LM2 Pit at RL190 (2.5m composite) in the primary ore...see Figure 14 for master plan.



Figure 18: Blast-hole drilling the supergene ore at the north of LM2 Pit. Left image shows the ore-zone marked up (drilled first to expedite receipt of assays) , and the right image shows three blast-hole rigs concurrently drilling the ore zone.



Figure 19: The LM2 Pit progresses around the previously completed LM1 Pit.

The Rocklands deposit is dominated by primary copper mineralisation, however the first 10 years of production will treat large zones of supergene enriched ore including expansive zones of coarse native copper. The Rocklands Process Plant is amongst the most sophisticated in Australia and is capable of concurrently processing numerous ore types, including ore containing various native copper fraction sizes that will be processed through one of the worlds largest continuous gravity jigging circuits;

Ore-types to be concurrently processed at the Rocklands Process Plant include;

Native copper ore (coarse, medium and fine)

Primary sulphide copper ore (chalcopyrite)

Secondary sulphide copper ore (chalcocite)

Oxide copper ore blended with other ore types (malachite, azurite, cuprite, tenorite)

Primary sulphide cobalt ore (pyrite)

Gold (as a by-product)

Magnetite (via magnetic separation)

Mining began with strip-back of organic mater and waste in mid 2012, followed by the first hard-rock blasting of waste (for use in infrastructure) in late December 2012. To date around 14 million tonnes of waste and ore has been mined, with the focus in this period predominately on removal of waste and strip-back where possible.

Current mining rates are ~25kt per day and are planned to increase to ~50kt in the coming months in the lead-up to commissioning of the Process Plant.

On behalf of the Board

- ends



Figure 20: Mining primary ore in LM2 Pit at RL190 - ore mark-up can be seen on pit floor.

Competent Person Statement

Information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Andrew Day. Mr Day is employed by Geoday Pty Ltd, an entity engaged by Cudeco to provide independent consulting services. Mr Day has a BAppSc (Hons) in geology and is a Member of the Australian Institute of Mining and Metallurgy (Member #303598). Mr Day has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Day consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

Rocklands style mineralisation

Dominated by dilational brecciated shear zones, throughout varying rock types, hosting coarse splashy to massive primary mineralisation, high-grade supergene chalcocite enrichment and bonanza-grade coarse native copper. Structures hosting mineralisation are sub-parallel, east-south-east striking, and dip steeply within metamorphosed volcano-sedimentary rocks of the eastern fold belt of the Mt Isa Inlier. The observed mineralisation, and alteration, exhibit affinities with Iron Oxide-Copper-Gold (IOCG) classification. Polymetallic copper-cobalt-gold mineralisation, and significant magnetite, persists from the surface, through the oxidation profile, and remains open at depth.

Copper Equivalent (CuEq) Resource Calculation

The formula for calculation of copper equivalent is based on the following metal prices and metallurgical recoveries:

Copper: \$2.00 US\$/lb; Recovery: 95.00%

Cobalt: \$26.00 US\$/lb; Recovery: 90.00%

Gold: \$900.00 US\$/troy ounce Recovery: 75.00%

$$\text{CuEq\%} = \text{Cu\%} + \text{Co ppm} * 0.001232 + \text{Au}^{\#} \text{ ppm} * 0.5181$$

[#] Where no Au ppm results are available, $\text{Au} = \text{Cu\%} \times 0.2$ (regression of Au with Cu is used for copper equivalent calculations where no Au results are available, at the ratio of 1% Cu = 0.2g/t Au, as per interrogation of over 300,000m of resource drilling data)

The recoveries used in the calculations are the average achieved to date in the metallurgical test-work on primary sulphide, supergene, oxide and native copper zones.

The Company's opinion is that all of the elements included in the copper equivalent calculation have a reasonable potential to be recovered.

This information is extracted from the report entitled "Rocklands Resource Update 2013" created on 29 November 2013 and is available to view on www.cudeco.com.au.

Forward looking statements

This report contains forward-looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.