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ROCKLANDS COPPER PROJECT (CDU 100%)

MARKET UPDATE ON PROGRESS AT ROCKLANDS

Electrical Cable, Transformer and E-house installation is well under way...it's completion will clear the path for preliminary commissioning activities. Electrical cable installation and associated works is the final stage of major construction and installation activity at the 3mtpa mineral process plant at Rocklands.

The 28 Megawatt Cummins Power Plant is complete, commissioned and awaiting formal hand-over.

The Company intends to process high grade ore already stockpiled to maximise copper concentrate production over the first 4 years.

LONG-TERM ORE STOCKPILES REACH 2 MILLION TONNES

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)

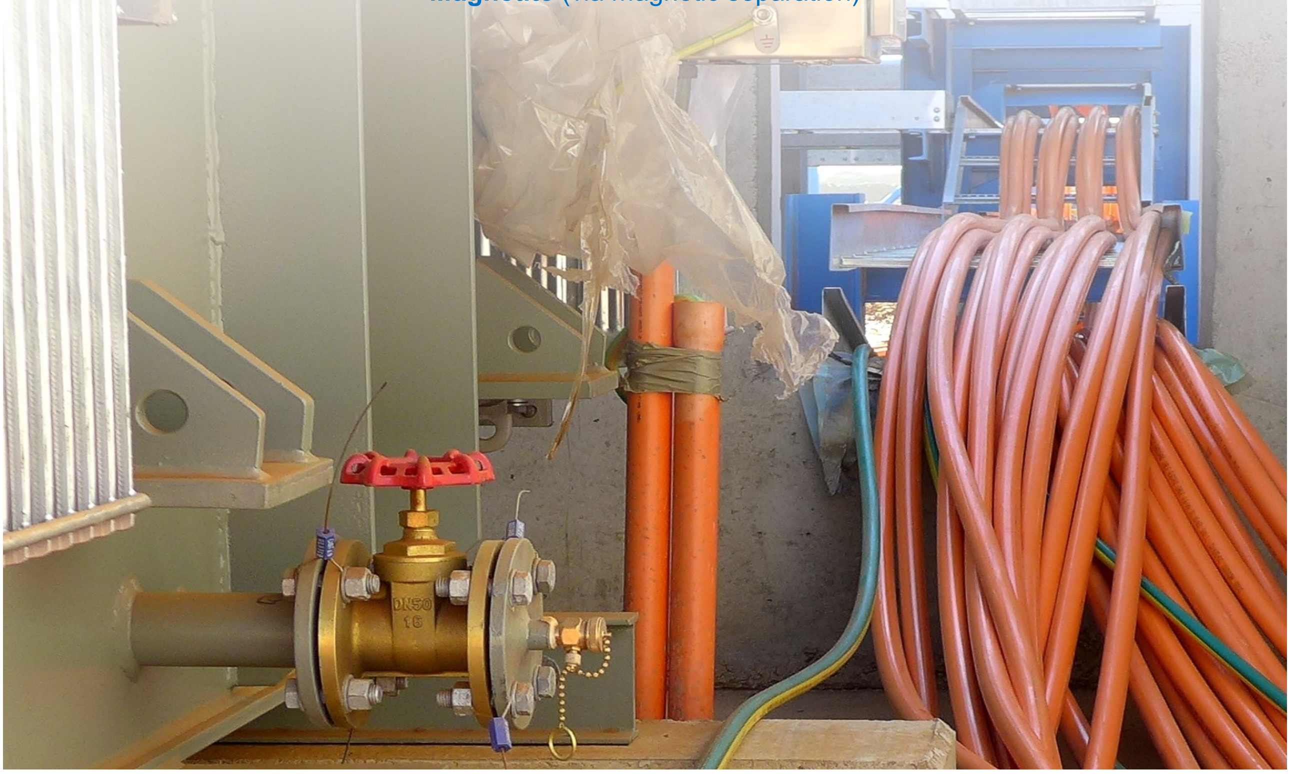

Figure 1: Electrical cable pulled into one of hundreds of termination/connection points across the Project, prior to specialist connection.

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PROCESS PLANT CONSTRUCTION

Electrical cable and computer cable installation is currently underway at Rocklands and represents one of the largest, most important and most complex contracts undertaken on the Project. The 28Mw Power Plant was designed and installed by Cummins Power, the E houses by Seimens of Germany and the Computer Management program by Honeywell Corporation.

The EPC contract for the mineral processing plant was let to CuDeco's principal contractor, Sinosteel Equipment and Engineering.

Installation of electrical cable tray support steelwork, cable trays and cable ladders are well advanced and being completed in 24 hours shifts ahead of cable pulling to specified termination and/or end-points during daylight ours.

There is approximately 350,000m of power cable (high-voltage 6.6kV and low-voltage 415V) that needs to be installed plus an additional 100,000m of Instrument and Control cabling.

Figure 2: Cables pulled to E-house termination points (above) and cable-trays being installed at the Gravity Jig building.

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Figure 3: Cable trays being installed at the Gravity Jig building.

Figure 4: Cable support trays being stalled along the side of the Gravity Jig building (top image); and cable-trays and cables leading to one of the 20 E-houses at the Process Plant that will control the electrical systems.

Figure 5: Earthing cable (top left), cable-tray installation at the Spirals building (top right) and support structure and cable-trays being installed along the Gravity Jig building (bottom image)

Figure 6: Installation of the many cable support structures and trays is timed for completion prior to running cable.

Figure 7: Installation of the many cable support structures is timed for completion prior to running cable.

Figure 8: Rocklands Process Plant includes 15,000 tonnes of steel and more than 20,000m^3 of re-enforced concrete. Components for the project were delivered in 33 shiploads from around the globe including China, Japan and Germany.

Figure 9: Gravity Jig building

Figure 10: Excavation for cabling at one 20 E-houses (top left); assembly of cable trays (middle left); pouring concrete landing (bottom left); construction underway at new copper casting plant (top right); and native copper storage shed being clad (bottom)

Figure 11 (top to bottom): View of the Process Plant from the ROM, with Crushing Circuit in the foreground, Power Station (recently commissioned) in the middle distance; and each of the 20 E-houses is unique, with purpose built and specific control systems (bottom-left image shows 6,600 Volt Variable Frequency Drives (at Ball Mill) and bottom-right shows Modular Motor Control Centres (Flotation).

Figure 12: The Process Plant Stores shed boasts significant storage capacity.

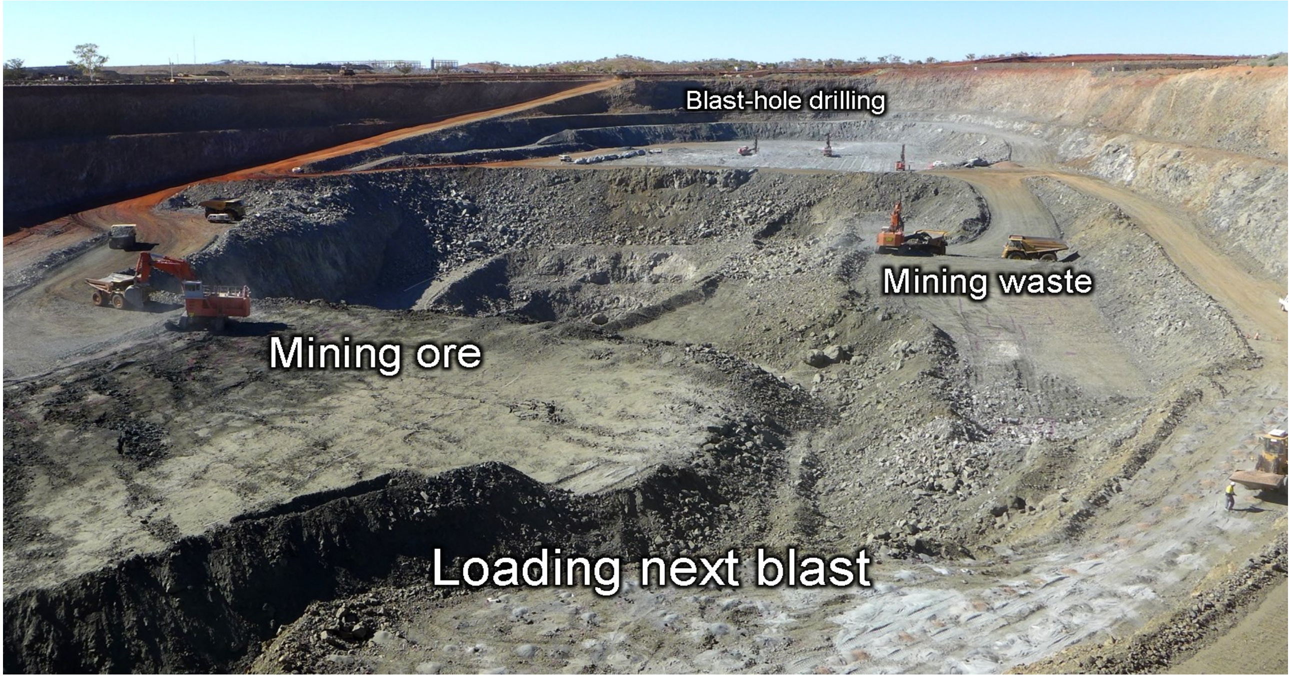
MINING

Mining continues in the LM2 Pit, with the majority of the pit floor now at RL180m (~40m deep). Primary ore dominates at the south end of the pit whilst supergene ore dominates in the north.

The LM2 Pit is the second of three staged pits targeting the Las Minerale orebody, and has a final design depth of ~140m. LM2 circles the previously completed LM1 Pit that finished in high-grade ore at RL152.5 (~70m deep).

Pit staging facilitates access to high-grade ore earlier in the mine life, resulting in benefits to project economics.

Figure 13: Drilling on the LM2 Pit floor at RL180 - approximately 60m wide ore zone of very high-grade primary copper ore (chalcopyrite, bornite, chalcocite), cobalt ore (pyrite) and magnetite (top); and supergene ore at the north with the LM1 pit wall in the foreground.



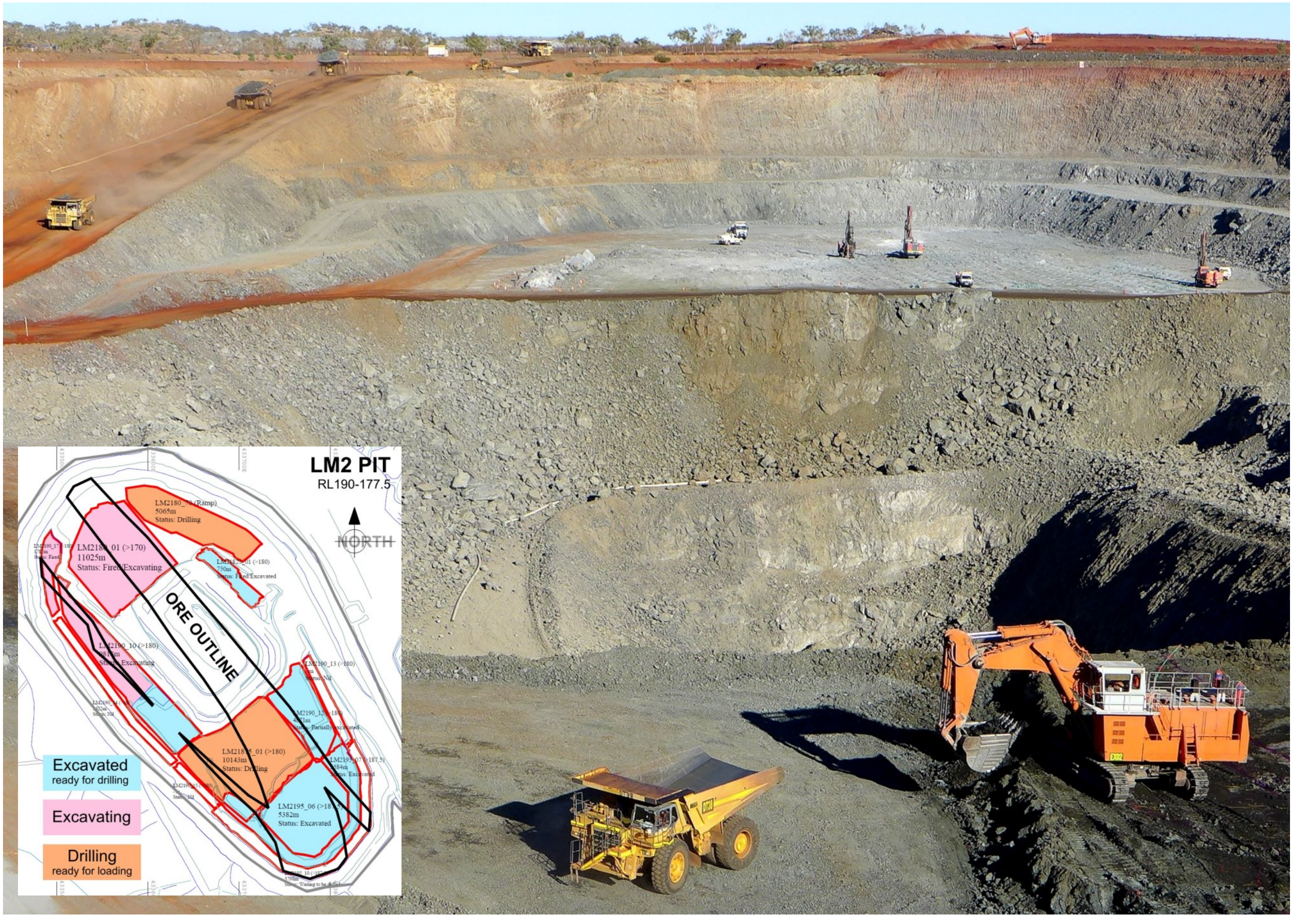


Figure 14: Top image shows typical staging of activity in the pit including; blast-hole drilling; loading of explosive emulsion for the next blast; mining of waste and mining of ore; and bottom image shows the dark supergene ore in the north of the LM2 Pit (foreground) and lighter primary ore in the south of the LM2 Pit (background). Inset shows the various stages and RL's relative to the ore zone.

Figure 15: Blast-hole drilling in primary ore that is dominated by copper minerals chalcopyrite (34.6% Cu), with minor chalcocite (79.9% Cu) and bornite (63.3% Cu), at the south end of the LM2 Pit. Blast-hole returns are sampled in 5m composites by geologists or senior pit technicians, and sent for analysis at independent laboratories.

Figure 16: Ore control is based on pre-determined dig-plans projected onto the pit floor (top image), however grade control geologists also monitor every bucket of ore that is loaded into the dump trucks.

CRUSHING CIRCUIT & PRODUCTION

With the Process Plant under construction, the Crushing Circuit is being utilised to produce early cash-flows from coarse native copper ore types.

After various upgrades and modifications, and a prolonged period of commissioning with a range of rock and ore types expected from Rocklands, the Crushing Circuit has been running without incident for several months at rates up to 900 tonnes per hour, almost twice design capacity.

To date ~230,000 tonnes of high-grade native copper ore has been crushed, in the process producing clean native copper metal product via scalping screens (~95% Cu), and various crushed fraction sizes for further processing.

Crushing recently moved to a 24-hour shift and stockpiles are building quickly.

Crushed ore will not require re-crushing and will be fed directly into the HPGR feed, resulting in future cost savings.

Figure 17: The crushing circuit is currently running 24 hours per day to remove oversize native copper (+40mm) prior to commencement of processing in main mineral processing plant that is currently under construction. The yellow conveyor left foreground radial stacks crushed ore (-40mm) prior to loading into the HPGR tunnel (white tunnel structure - centre foreground) for transfer to the HPGR and processing through the plant.

Figure 18: Primary Crusher feed bin being inspected during maintenance periods (top) and 24-hour crushing is adding significantly to crushed ore stockpiles (below).

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.

The information in this report insofar as it relates to Metallurgical Test Results and Recoveries, is based on information compiled by Mr Peter Hutchison, MRACI Ch Chem, MAusIMM, a full-time executive director of CuDeco Ltd. Mr Hutchison has sufficient experience in hydrometallurgical and metallurgical techniques which is relevant to the results under consideration and to the activity which he is undertaking to qualify as a competent person for the purposes of this report. Mr Hutchison consents to the inclusion in this report of the 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.

Disclaimer and 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.*