ACN. 000 317 251

Time lodged with ASX: 3.45pm (Brisbane)

MARKET RELEASE

26th June 2015

ROCKLANDS COPPER PROJECT (CDU 100%)

LARGE MASSES OF COARSE NATIVE COPPER BEING RECOVERED DURING CRUSHING

Large masses and agglomerates of near-solid native copper metal are regularly being recovered from current crushing of native copper ore at Rocklands. There is no evidence of these masses being intercepted in resource or infill drilling and as such, are not likely to have contributed to copper grades during resource estimation.

From JORC Report November 2013, Table 1 - Drill sample recovery;

"Loss of native copper in the weathered portion of the mineralised zones at Las Minerale and Rocklands South was identified and could result in an underestimation of the copper grade when using RC drill data, in certain circumstances."

Figure 1: Example of native copper masses being recovered from the pit - not intersected by resource drilling.

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Figure 2: Example of native copper masses being recovered from the pit - not intersected by resource drilling.

Figure 3: Example of native copper masses being recovered from the pit - not intersected by resource drilling.

Figure 4: Part of a much larger native copper nugget retrieved from the jaw crusher - not intersected by resource drilling.

Figure 5: Example of native copper masses being recovered from the pit - not intersected by resource drilling.

Observations during both mining and crushing are indicating copper grades within coarse native copper zones may be higher than estimated in the resource block model. This is possibly due to the effects of the concentration of copper minerals within the supergene ore zones into sparsely distributed, yet highly enriched agglomerates (see Figure 6), that have not being intersected by drilling or when they were, have been discounted as “outliers” during resource estimation.

Resource block models generally apply top-cuts to drilling data that “smooth” spikes in grade, generally considered to be “outliers” within the data set. Whilst the Company recognises top-cuts are an accepted method of reducing the effect of outliers in estimated data, their application becomes problematic in ore types where “outliers” occur pervasively throughout areas of the ore body.

The following table shows the effect of using top-cuts on a series of drilling results into ore of comparative copper grade.

Indicative assay results (5m composites) from 20 drill holes in different ore types (assumes average grade 5% Cu) - see Figure 6

Drill hole sample	Example ore types					**After 20% top-cut applied**
	disseminated (porphyry)	stockwork fracture (breccia & vein infill)	supergene blebby partially disseminated	Supergene dominated by pervasive native copper agglomerates		Supergene dominated by pervasive native copper agglomerates
1	3.80%	2.80%	5.40%	1.10%		1.10%
2	5.20%	6.80%	7.20%	0.80%		0.80%
3	4.80%	3.30%	1.80%	1.20%		1.20%
4	5.40%	6.10%	7.60%	0.80%		0.80%
5	3.80%	3.30%	7.20%	2.40%		2.40%
6	6.20%	3.90%	2.90%	1.80%		1.80%
7	4.60%	7.30%	8.40%	1.30%	20% top-cut	1.30%
8	6.80%	3.60%	5.10%	31.70%	→	20.00%
9	5.10%	5.20%	2.10%	0.80%		0.80%
10	4.70%	4.80%	1.80%	1.20%		1.20%
11	6.60%	6.30%	8.10%	0.90%		0.90%
12	5.10%	5.50%	2.70%	1.30%		1.30%
13	3.90%	4.20%	5.70%	2.10%		2.10%
14	4.90%	5.20%	2.10%	0.80%		0.80%
15	5.40%	6.90%	3.10%	1.50%	20% top-cut	1.50%
16	4.50%	5.20%	4.70%	45.60%	→	20.00%
17	7.10%	3.80%	10.20%	2.20%		2.20%
18	4.10%	7.20%	7.40%	1.00%		1.00%
19	3.90%	4.70%	2.20%	0.80%		0.80%
20	4.10%	3.80%	4.20%	0.70%		0.70%
Av grade:	**5.00%**	**5.00%**	**5.00%**	**5.00%**		**3.14%**

Table 1: Example of result variability typical of different styles of mineralisation at Rocklands, assuming the same average grade (5%)...then after top-cut is applied to the native copper zone, reducing the average grade by ~60%

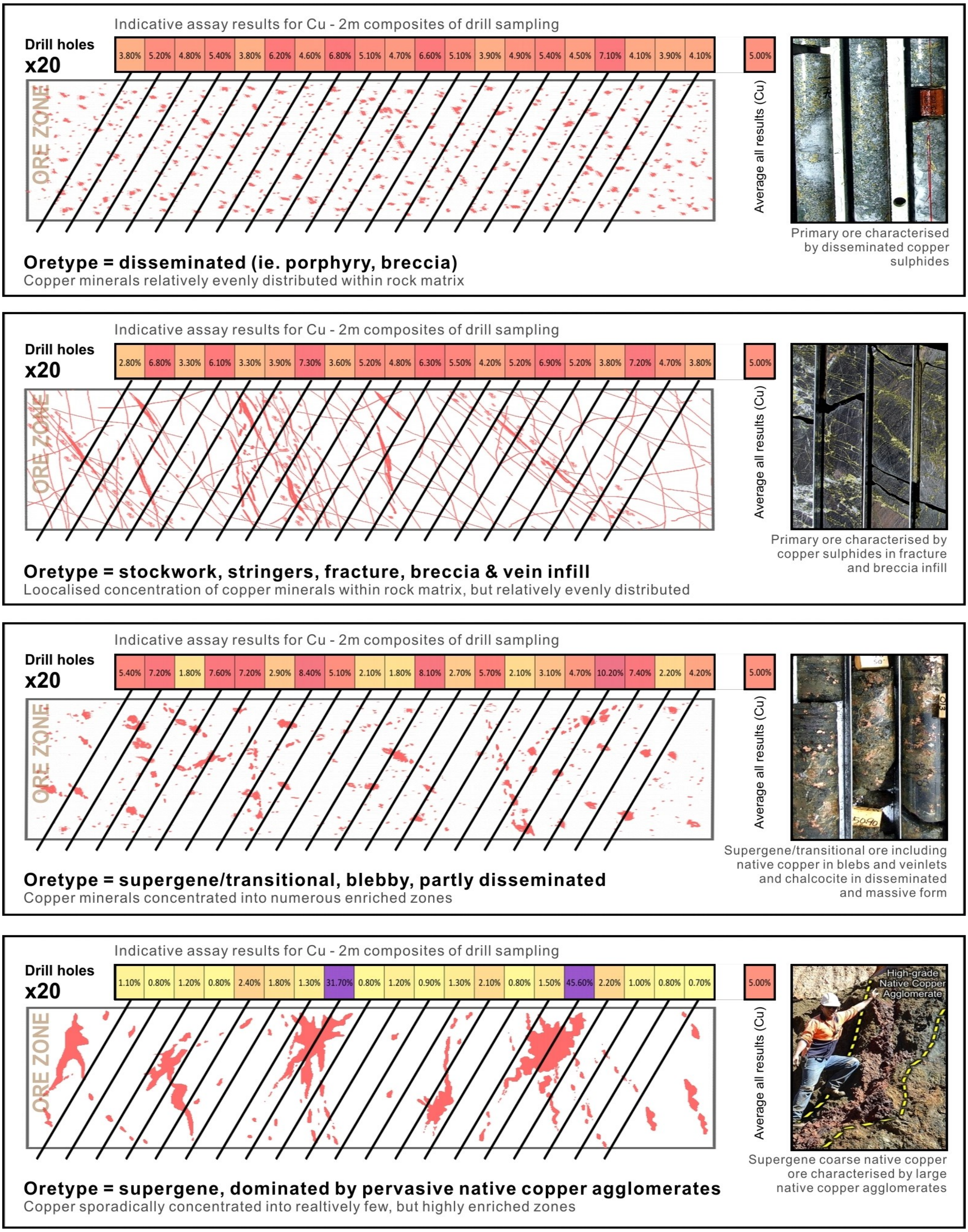

Figure 6: Examples of result variability within ore zones, typical of different styles of mineralisation at Rocklands.

Resource drilling results from the base of the LM1 pit correlating with areas currently being crushed.

LMDH007	Width	Cu Eq %	Cu %	Co ppm	Au g/t	From To
Mining Intersection	**20m** @	**18.2**	15.7	974	2.48	**45m - 65m**

DODH082	Width	Cu Eq	Cu %	Co ppm	Au g/t	From To
Mining Intersection	**16m** @	**11.9**	10.5	800	0.84	**40m - 56m**

DORC087	Width	Cu Eq	Cu %	Co ppm	Au g/t	From To
Mining Intersection	**21m** @	**6.59**	6.11	562	0.92	**48m - 69m**

LMRC220	Width	Cu Eq	Cu %	Co ppm	Au g/t	From To
Mining Intersection	**17m** @	**7.93**	6.64	640	0.97	**42m - 59m**

DORC616	Width	Cu Eq	Cu %	Co ppm	Au g/t	From To
Mining Intersection	**16m** @	**10.1**	8.26	1025	1.19	**50m - 66m**

Cut-off grade of 0.2% Cu, or a copper equivalent grade of 0.35%, with an allowance of up to 4m of internal waste. Magnetite has nbt been included in the CuEq calculations.

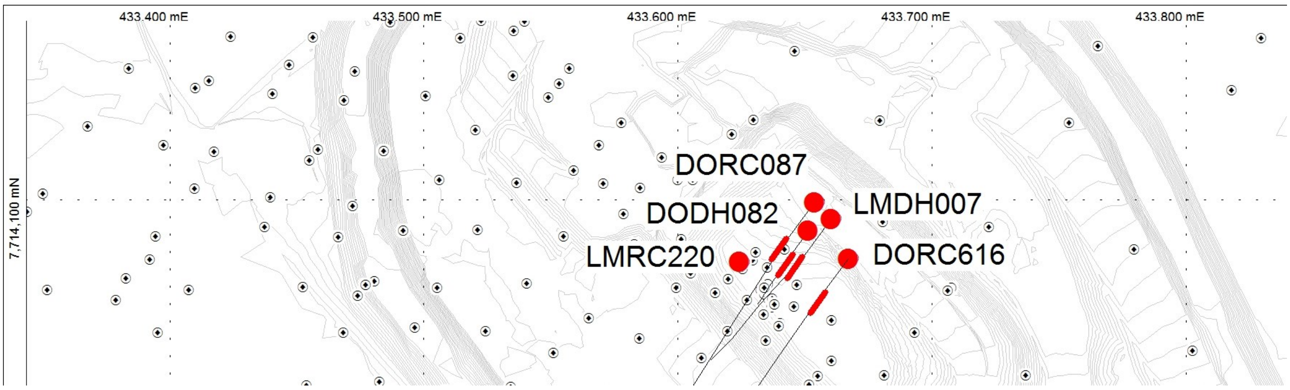

Figure 7: Location plan of coarse native copper intersections during resource drilling

Figure 8: Scalping (recovery) of course native copper by simple crushing and screening. The native copper is flattened during cone-crushing whereas the rock breaks into smaller pieces, facilitating easy removal via appropriate screen sizing.

Figure 9: Example of high-grade native copper ore in soft friable matrix (dry green clays) in Las Minerale (LM1) pit, highlighting ease of pulling native copper nuggets by hand from the ore/rock-face. It is postulated drilling in soft matrix is unlikely to recover similar coarse native copper nuggets, which are likely to be pushed into the surrounding soft matrix rather than return to surface through the RC bit's 20mm wide sample return holes.

Evidence at Rocklands to date suggests significant underestimation of copper grades during sampling and assay when coarse native copper is present.

See ASX announcement 29 April 2014 where the Company reported ore grades 400% higher than estimated after large single-batch, ore-sorter trial). The Pre-processing head-grades of the trial feed-ore were estimated using a combination of laboratory analysis of samples taken from high-density (3x3m) blast -hole drilling in the pit (open-hole rotary air blast rig), and resource drilling (both RC and diamond drills)...all of which correlated well with the resource block model estimated grades.

Figure 10: Example of large native copper nugget, possibly encountered in soft clay or friable oxide material and unable to return up the small (20mm) sample return holes at the end of the RC bit. Left; the remaining middle section appears to have been "stamped" out of a larger solid copper nugget that has been flattened, then cut through by the bit and right; underside of the copper "stamp" showing how the metal was pushed into the two sample return holes (top right & bottom left) and was unable to return to surface.

Figure 11: Large nugget cut with diamond saw revealing the near solid nature of the agglomerates - this sample estimated at 95% Cu by weight.

Figure 12: Coarse native copper circuit product averaging ~95% copper metal in concentrate. The purpose of this circuit is to remove oversize native copper (+40mm) prior to commencement of processing in main mineral processing plant under construction.

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Figure 13: Coarse native copper product averaging ~95% copper metal in concentrate at the Port of Townsville

Figure 14: Oversize coarse native copper is loaded into containers as it is scalped during crushing. The majority of native copper at Rocklands is –40mm fraction size.

Figure 15: LM2 Pit floor at RL195 - high-grade primary copper ore (chalcopyrite) including massive, semi-massive, breccia, fracture infill, and disseminated, strewn across the pit floor, likely to have facilitated the formation of bonanza zones of coarse native copper.

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.

Notes on Assay Results

All analyses are carried out at internationally recognised, independent, assay laboratories. Quality Assurance (QA) for the analyses is provided by continual analysis of known standards, blanks and duplicate samples as well as the internal QA procedures of the respective independent laboratories.

In order to be consistent with previous reporting, the drill intersections reported above have been calculated on the basis of copper cut-off grade of 0.2% Cu, or a copper equivalent grade of 0.35%, with an allowance of up to 4m of internal waste.

Reported intersections are down-hole widths.

Au = Gold
Cu = Copper
Co = Cobalt
CuEq = Copper Equivalent

Copper Equivalent (CuEq) Calculation

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%
Magnetite: $195.00 US$/tonne: 75.00%

CuEq% = Cu% +Co ppm*0.001232 + Au ppm*0.5181 + Mag%*0.035342

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.

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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.

Hole Location Table & Plan:

Hole ID	Easting	Northing	RL (m)	Azi (°)	Dip (°)	Hole Depth (m)
DORC087	433660.4	7714102.9	216.0	210	-55	422.1
DODH082	433651.0	7714085.9	216.1	210	-76	142.6
LMRC220	433630.9	77140780.0	215.9	000	-90	121.0
LMDH007	433666.9	7714096.3	215.8	210	-55	141.0
DORC616	433376.8	7714080.7	214.1	210	-55	124.0

Datum: MGA Project: UTM54 surveyed with Differential GPS (1 decimal place, 10cm accuracy)