LIMITED CUDECO
THE NEW FORCE IN COPPER

Annual Report 2015

CuDeco Limited
ABN 14 000 317 251

Annual Report 2015

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SECTION 1

ACTIVITIES

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Corporate Directory

DIRECTORS

David Taylor
Peter Hutchison
Paul Keran
Zhijun Ma
Hongwei Liu
Zhaohui Wu
Jiang Yongmin
Zhu Mu Po (Alternate Director to Zhijun Ma)

COMPANY SECRETARY

Bruno Bamonte

ADMINISTRATION AND REGISTERED OFFICE

Unit 33, Brickworks Annex
19 Brolga Avenue
Southport Queensland 4215

Telephone: (617) 5503 1955
Facsimile: (617) 5503 0288

PRINCIPAL PLACE OF BUSINESS

Rocklands Mine
Corella Park Road
Cloncurry Queensland 4824

Telephone: (617) 4742 4800
Facsimile: (617) 4742 4898
Web site: www.cudeco.com.au

AUDITOR

KPMG
Level 11. Corporate Centre One
Cnr Bundall Rd & Slayter Ave
Bundall Queensland 4217

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands Western Australia 6009
Telephone: (618) 9389 8033
Facsimile: (618) 9262 3723

STOCK EXCHANGE LISTING

The Company's securities are quoted on the Australian Securities Exchange

ASX Code:

CDU - ordinary shares
CDUO - options exercisable at $2.50 by 31 December 2015

STATE OF INCORPORATION

New South Wales

"The Directors of CuDeco bring to the Board a high level of expertise and skills..."

Board of Directors

Mr David Taylor
(Independent Non-executive Interim Chairman) – BA LLB AAICD

Mr David J. E. Taylor is a Solicitor with admissions in the Supreme Court of Queensland and High Court of Australia. He is experienced within the field of civil litigation where he provides wide-ranging advice to clients of the law firm, Taylors.

He holds bachelor degrees in Law and Arts from Bond University, and a masters degree in Law with a specialisation in Legal Practice. Mr Taylor is the Chairman of the human resources, remuneration and nominations committee (that replaced the remuneration committee) and is a member of the audit committee.

Mr Peter Hutchison
(Executive Director – Managing Director) – MAusIMM, MRACI Ch Chem

Mr Peter Hutchison is a process chemist and hydrometallurgist with over 40 years industry experience involving chemical, mineral processing and water treatment businesses.

During the early days of Cudeco, Peter was responsible for the development and operation of the Company's Mt Norma copper project. The Company subsequently sold the Mt Norma operations to focus all efforts on the Rocklands Project and Peter was appointed Senior Executive responsible for the Rocklands site. Responsibilities include development of metallurgical programmes and concept process flowsheets, and for the Definitive feasibility studies including environmental and other project approvals.

Mr Vitie Paul Keran
(Independent Non-executive Director) – BAppSc, BE (Chemical), Dip BA

Mr Keran is a chemical engineer with more than 30 years' experience in the resource sector in Australia and internationally.

He was previously with MIM Holdings as MIM Group Metallurgical Manager and has also completed technical assessment and development of the Alumbrera copper project in Argentina.

Mr Keran is a member of the audit committee and the human resources, remuneration and nominations committee.

Mr Hongwei Liu
(Non-independent Non-executive Director)

Mr Hongwei Liu is a graduate from Mechanical Design and Manufacturing Dalian Ocean University with a bachelor degree, and holds a masters degree of Management from Massey University, New Zealand. He specialises in professional management and administration and during his career has been involved in a number of major investment projects covering a wide range of areas including finance and energy.

Mr Liu is a director of Oceanwide International Resources Investment Co Ltd and is responsible for this Company's investments in overseas projects especially within the finance, energy and resource sectors.

My Liu is also currently the Managing Director of Minsheng Investment Management Holdings Co Limited.

Mr Zhaohui Wu

(Non-independent Non-executive Director)

Mr. Zhaohui Wu is an executive director of Natsun Australia Pty Ltd and was nominated as a representative of New Apex Asia Investment Pty Ltd.

Mr Wu graduated from Xiamen University in China with the degree of Bachelor of Economics. He has worked in the international trading sector since 1989. He was involved in the export business during his career at both state owned and private mineral companies in China, and kept working on the import and export of alumina, aluminium, wool and wine when he moved to Australia in 2002. He also has been involved in the acquisition of golf resorts and farms and related activities from 2008.

Mr Jiang Yongmin

(Non-independent Non-executive Director)

Mr Jiang Yongmin is a senior engineer at professor grade, who graduated from Beijing University of Science and Technology, with a major in metallurgical machinery and a master's degree in engineering. He is currently vice general manager and chief engineer of Sinosteel Equipment & Engineering Co., Ltd.

Mr Zhijun Ma

(Independent Non-executive Director)

Mr Zhijun Ma is a graduate of Engineering Management from Tianjin University with a bachelor's degree. Mr Ma is a professional economist and during his career has been involved in a number of major investment projects covering a wide range of areas including finance, energy and real estate.

Mr Zhu Mu Po (Alternate director to Mr Zhijun Ma)

Mr Zhu Mu Po was educated in the accounting and finance department of Macquarie University. He is a specialist in professional management and investment. During his career, he has been involved in a number of major investment projects within the finance sector.

Project Overview

"The Rocklands Group Copper Project incorporates one of the most advanced and capable process plants in Australia..."

The Rocklands Group Copper Project is robust, the geology and mineralogical characteristics are well understood, and it incorporates one of the most advanced and capable process plants in Australia.

The Rocklands Group Copper Project is located in Cloncurry, north-west Queensland, Australia, and is one of the largest copper projects in the final stages of development in Australia.

Major development activity is complete, mining and stockpiling of ore has commenced and construction of the Company's processing plant is nearing completion.

CuDeco is amongst only a handful of Companies to have steered a major project from discovery to production, in the process ensuring shareholders maximise their exposure to ongoing production.

Rocklands ore is unique

The Rocklands orebodies include large zones of high-grade coarse native copper ore that is continuous and pervasive from near-surface to depths of over 180m in places. The coarse native copper is also co-mingled with oxide, supergene, transitional and primary copper ore types, which makes it unique in the world.

In response, the Rocklands Process Plant is equally unique incorporating both 3-stage Primary and Tertiary Crushing and High Pressure Grinding Rolls (HPGR) circuits specifically designed to handle coarse native copper ore, the world's largest native copper gravity circuit, as well as standard flotation circuits and magnetic separators.

The Plant is among the most flexible design plants in the world, and is capable of treating all ore types identified at Rocklands concurrently, producing five co-products (copper, cobalt, gold, pyrite and magnetite) in 4 saleable concentrates;

- Native copper metal concentrate (contains Cu);
- Copper sulphide concentrate (contains Cu, Au);
- Cobalt (pyrite/sulphur) concentrate (contains Co, Au, sulphur); and
- Magnetite concentrate (contains Fe suitable for heavy media separation).

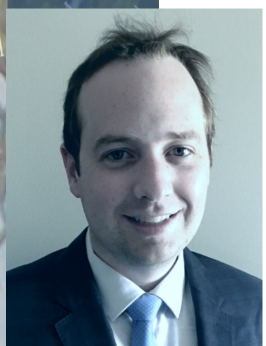
All approvals have been granted at Rocklands including native title, mining leases and environmental authorities, plan of operations, and off-take agreements are in place.

First feed to the plant is anticipated during December 2015, with ramp-up and full production in early 2016.

Above right: sulphide copper ore (chalcopyrite) commences just 12m from surface; and unique large (130kg) native copper mass cut to reveal near solid copper metal core. A pervasive native copper rich supergene zone continues from near surface to depths of up to 180m in some places.

Chairman's Report

"CuDeco is poised to generate substantial project revenues and operating cash flows..."



Dear Shareholder,

The past year has been a transformative one for CuDeco, as we continue the transition from copper explorer to copper producer at our flagship Rocklands Group Copper Project. It is with great anticipation that we look ahead to 2016 and at the opportunities that await us with our imminent first commercial shipment. CuDeco is poised to generate substantial project revenues and operating cash flows for shareholders' benefit.

At the time of writing, CuDeco had over 125 people on site at Rocklands completing construction of the 3 million tonne per annum processing plant and other infrastructure. The number of workers will swell to around 180 as the project becomes fully operational, contributing valuable new jobs at a time of falling business investment.

Importantly, we have committed to recruiting local residents wherever possible, only hiring those willing to live in the community rather than fly-in, fly-out or drive-in, drive-out employees. The Cloncurry community has welcomed this stance, which is indicative of our founders' approach of not following methods pursued by "traditional" mining companies.

The development of Rocklands' open pit mine has progressed well in the year as well, with over 2 million tonnes of ore now stockpiled ready for full-scale operations next year after the commissioning of the process plant.

Demand for copper

Global demand for primary copper is anticipated to increase in 2016, driven by increased urbanisation in China, India and Brazil, aiding the outlook for new suppliers.

Notably, recent supply disruptions in Chile and Indonesia have highlighted Australia's certainty of supply for Asian buyers, and CuDeco is in a strong position having already secured an offtake agreement for a minimum of 60 per cent of planned copper concentrate production.

With Rocklands' projected high grade copper concentrates, expected low cash operating and transport costs, CuDeco is well positioned to benefit financially from an anticipated widening supply gap due to limited production growth and rising demand.

Board changes add experience

On 24 July 2015, long-term director, Peter Hutchison took over as Managing Director. Peter, along with Wayne McCrae and Tim Koitka (deceased), was instrumental in the discovery of Rocklands and the project's development. As a 40-year veteran of the mining industry, Peter brings a wealth of knowledge and experience to his new role and has hit the ground running due to his extensive work at Rocklands.

On behalf of the Company, I would like to acknowledge the valuable contribution made by Wayne McCrae. The discovery of the Rocklands deposit and the Company's successful growth simply would not have been possible without the tireless efforts of Wayne over his years as Executive Chairman. We wish Wayne the best in his future endeavours, and his continued support as a substantial shareholder of the Company.

I would also like to take this opportunity to again thank Mr Gerald Lambert, who recently stepped down as a Director after five years of dedicated service. Mr Lambert played an invaluable contribution in the transition of the Company, with his passion for corporate governance making CuDeco stronger as a result.

The Board also welcomed a new Director in Mr Jiang Yongmin, a representative of major shareholder Sinosteel Equipment and Engineering Co Ltd, where he presently serves as Vice General Manger and Chief

Engineer. His appointment brings deep construction experience to the Board and will be invaluable in the development of Rocklands towards full-scale operations.

Finally, I would like to thank our staff and contractors who have worked tirelessly to bring Rocklands into production, along with my fellow Directors, whose hard work often goes uncredited.

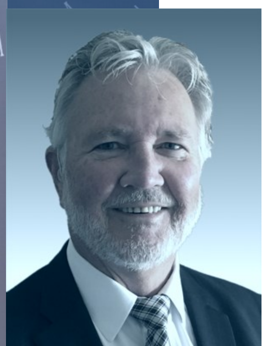
Nevertheless, CuDeco would have not have advanced to its current position without the support of our shareholders. The Board is humbled by your ongoing support, and we are focused on rewarding you with increased shareholder value as we write the next chapter in CuDeco's history as a successful Australian miner.

Warm Regards

Mr David Taylor
Non-Executive Interim Chairman

Managing Director's Report

"This year has been a period of significant change, but also significant achievement!"



The changing face of Rocklands was evident by the progress of the Structural Mechanical and Piping contract that was effectively completed by year end, but punctuated by construction delays that led to the need for additional capital in order to take the project through to commissioning and production.

However, construction activity has never stopped at Rocklands. At year end, the electrical and instrument installation project was in full swing and at time of writing was approximately 70% complete.

Concerning the departure of Wayne McCrae, I have worked closely with Wayne for more than 12 years, commencing at the Mt Norma project and then moving onto the Rocklands project, and I know more than anyone his level of his contribution to the Company and to the Rocklands project in particular.

Wayne always told me though, to never look back but always forward, and this is the approach being followed by the Company and the Rocklands team in particular.

To all the loyal employees at Cudeco I wish to give my heartfelt thanks for your loyalty and dedication through what has been a challenging period, but one that is looking forward to the rewards for this perseverance.

I have always been excited by the potential of Rocklands. The project recently achieved the milestone of the installation of a new native copper metal casting plant and the continuing electrical works, and as mentioned above, the last remaining major construction phase at the 3 million tonnes per annum (Mtpa) processing plant is nearing completion.

Nameplate throughput for the Process Plant is 3 million tonnes per annum. The design of the process plant is very robust, having been based on ~5 years of intensive metallurgical and processing test-work and a further 2 years of testing. A scoping study undertaken late last year showed there to be sufficient capacity in the major equipment items, that with minimum plant modification the Processing Plant can be uprated to 4.5 million tonnes per annum throughput rate.

One of the most pleasing events during November 2014 for me was the successful trial processing of Rocklands ore through Glencore's Ernest Henry Mine processing plant. The calcite hosted primary ore that proved one of the most difficult to treat during metallurgical test programmes, produced excellent results of recovery and concentrate grade as reported to the market at the time. This was despite only having a 30 hour processing run in which to try to reach steady state operating conditions.

To date around 14.6Mt has been mined at the Rocklands Project, sourced from production pits (13.8Mt - including organic strip-back, waste pre-strip and production), and some 0.80Mt from non-pit related development activities. Ore/waste movements from all sources to date include;

- Morris Creek Diversion Channel (MCD) - 0.65Mt free-dig and blasting;
- Water Storage Facility (WSF) - 0.12Mt free-dig; and
- Production pits - 13.8Mt free-dig and blasting, includes pit strip-back of topsoil and selective mining of waste.

After mining to date, the remaining LOM strip-ratio has reduced to 3.77 to 1 and estimated mining costs, based on actual costs to date, have reduced to $3.16 per tonne. Mining costs to date have been impacted by shared use of mining assets with development activities, including periods of long haul distances during construction of the tailings facility (12-14km round trips).

Processing costs are estimated at $13.84 per tonne of ore, based on pre-commissioning estimate updates, adjustments to current energy pricing and planned production schedules.

Due to the need to conserve cash, mining activities were temporarily suspended, with a small crew remaining to focus on completing additional wet-season water management and other infrastructure projects. Mining is expected to re-commence at reduced rates in January 2016 and to approach full production levels by March 2016.

We are working closely with principal

contractor and shareholder China's Sinosteel Equipment & Engineering Limited, to finalise the commissioning of the processing plant and for commencement of production before the end of 2015. Offtake agreements are already in place with our major shareholder China Oceanwide International Investment, for 60% of the planned copper concentrate, and a number of companies are vying for the additional production offtake.

With a new emphasis on collaboration, I am confident that we will deliver to shareholders and look forward to the completion of the process plant and a highly successful commissioning period ahead.

Yours sincerely

Peter Hutchison
Managing Director

“Whilst the current focus is on a ten-year mining plan, the larger resource demonstrates potential for up-scaling of the project...”

Mineral Resources

Updated Resource Estimate

to JORC-2012 Guidelines

An updated Resource Estimate reported according to the Joint Ore Reserves Committee (JORC) Code 2012 and Guidelines, was completed in November 2013.

The primary focus of the resource update was to upgrade the current 30Mt copper, cobalt, gold and magnetite resource that will sustain mining operations at the Rocklands Project at a production rate of 3 million tonnes of ore per annum.

Measured and Indicated Resources

Open pitable - 0.80% CuCoAu cut-off grade (COG):

30Mt @ 1.9% CuEq

1.3 billion pounds CuEq

The secondary focus of the resource update was to define resources with sufficient confidence that support studies into a planned Stage-2 expanded operation, processing up to 10 million tonnes of ore per annum.

Measured and Indicated Resources

Open pitable - 0.20% CuCoAu COG:

181Mt @ 0.8% CuEq

3.3 billion pounds CuEq

In addition to the above copper, cobalt, gold and magnetite resources, a new and separate magnetite resource has been defined and will be included in future mine planning.

Separate Inferred Magnetite Resources

Open pitable - 10% magnetite COG:

330Mt @ 14% Magnetite

47m tonnes of magnetite grading 62% Fe*

Including;

Separate Inferred Magnetite Resources

Open pitable - 15% magnetite COG:

100Mt @ 20% Magnetite

20m tonnes of magnetite grading 62% Fe*

** Fe grades based on average of results from 2013 DTR programme – see full resource notes at the end of this report and published to ASX on 29th November 2013, for full details.*

Whilst the current focus is on a ten-year mining plan, the larger resources demonstrate potential for up-scaling of the project subject to relevant regulatory approvals being obtained.

Future copper prices and projected mining costs will dictate feasibility studies in this regard, however due to the extensive drill data-base and comprehensive geological model compiled for the project, significant flexibility exists to adjust cut-off grade levels when and as required to meet prevailing economic conditions.

By way of example, changing cut-off grade levels result in the following resources;

0.4% COG

Measured, Indicated and Inferred Resources

Open pitable 0.40% CuCoAu COG:

96Mt @ 1.1% CuEq

2.2 billion pounds CuEq

0.2% COG

Measured, Indicated and Inferred Resources

Open pitable 0.20% CuCoAu COG):

272Mt @ 0.7% CuEq

4.2 billion pounds CuEq

CuDeco has not yet reported reserve estimates, which is anticipated to be completed in the 2016 financial year.

To date, pit design and subsequent mine scheduling is based on internally produced economic cut-off grade estimates.

Our first priority is to generate cash-flow based on a Stage-1, initial 10 year mining operation, at a process rate of 3 million tonnes per annum and if possible, early cash-flow from preliminary crushing, scalping and ore-sorting activities.

"First feed to the process plant is anticipated during December 2015..."

Process Plant

Major activities during the past year included:

- Modifications to rolls crushers – accumulators, cardan shaft modifications, new gearboxes
- Tailings dam construction completed
- Process control specification reviews
- Installation, set up and commissioning of the ISS200 ore sorter
- Grinding media testwork and selection
- Ongoing Magnetite testwork
- Purchase, installation and commissioning of copper casting plant
- Process plant electrical instrumentation and DCS installation commenced
- Tunnel feeder design and installation completed
- Design of reagents storage shed completed

Upcoming activities:

- Lining of process water ponds
- DNRM review of reagents storage shed
- Hazardous area dossier completion
- Construction of process plant workshop
- Relocation of laboratory and purchase of laboratory equipment
- Recruitment of commissioning and operations personnel
- Fabrication and installation of reagents storage shed
- Installation and commissioning of new cone crusher for primary crushing plant
- Commissioning of process plant
- Fuel farm installation for power station

Production summary:

Primary crushed total of 358,065 tonnes of material:

Ore/waste type	tonnes
Dolerite Waste	26,423
ROM2%	50,471
ROM5%	12,194
ROM10%	4,120
ROM Oxide	1,910
Barry's Stockpile	2,256
High Purple	260,691
Total	**358,065**

Trialled 5,450 tonnes through the ore sorter:

Ore type	tonnes
ROM2%	4,529
Crush5Mixed	51
ROM2%	46
High Purple	816
Total	**5,442**

Cone crushed a total of 28,940 tonnes of material:

Ore type	tonnes
ROM2%	4,932
ROM5%	1,420
ROM10%	982
ROMOx	83
High Purple	19,741
Crush5Mixed	109
Crush5Coarse	1,673
Total	**28,940**

Approximately 140 tonnes of native copper concentrate was produced from ore sorting and cone crushing operations between February 2015 to June 2015.

"Ore control remains excellent and is improving as knowledge of Rocklands geology increases"

Mining

Mining rates commenced the year at approximately 25,000 tonnes per day, predominately from the LM2 Pit, with occasional mining at the LM1 and RS1 Pits during periods of congestion.

Mining rates were reduced and eventually temporarily suspended after year end to conserve funds and align mining rates with process feed scheduling, which has experienced delays.

Approximately 7.7 million tonnes of material was mined from LM, SRE & RS pits in the period. Primary sulphide ore (chalcopyrite) and supergene ore (native copper/chalcocite) was mined concurrently from LM2 Pit;

- High-grade supergene ore in the north of the LM2 Pit has been mined to RL170 level.
- The primary ore zone at the south end of LM2 Pit has been blasted to RL180 level.

Review of drill & blast methodology is an ongoing exercise, with new trim shot techniques adopted during the year resulting in improved wall conditions.

Drilling and installation of Piezometers for Geotechnical ground water monitoring was completed in conjunction with supplementary pit dewatering bores.

Scheduling and mine design work has been brought in-house, removing need for external consultants.

New maintenance systems were implemented and additional personnel employed to decrease down-time & maintenance costs.

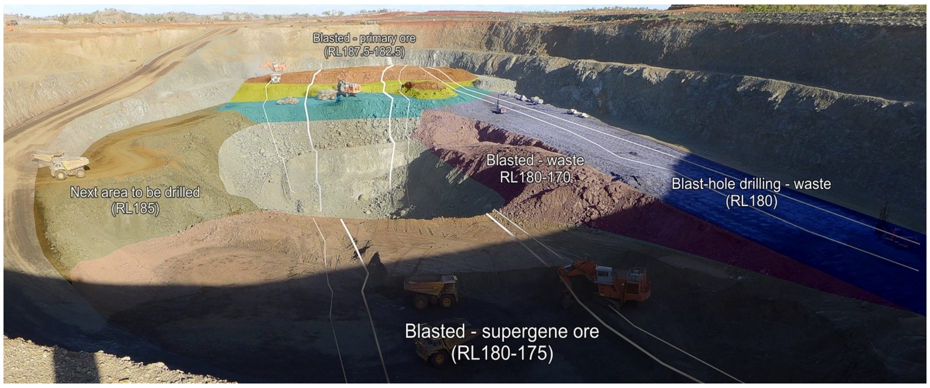
Ore control

Ore control remains excellent and is improving as knowledge of Rocklands geology increases. Mining dilution remains low and additional ore continues to report to the stockpiles;

- Mining dilution (waste in ore - loss of grade) equates to 1.77% (ie. 1.77% **loss** of grade).
- Mining loss (ore lost to waste) equates to -5.9% (ie. 5.9% **gain** of ore after mining)
- Waste zones are regularly removed from ore resulting in localised grade increases.

Stockpile Reconciliation (to end June 2015)

Oretype	stockpile tonnes	Cu %	CuEq %
High-grade (HG)	811,904	2.31	3.7
Low-grade (LG)	815,306	0.44	1.39
Total (HG & LG)	**1,627,210**	**1.37**	**2.54**
Sub-grade (SG)	605,313	0.20	0.72
Total (HG, LG & SG)	**2,232,523**	**1.05**	**2.05**



Mining

> *"The TSF eastern cell was completed in December 2014 ahead of schedule and under budget..."*

Development

Tailings Storage Facility (TSF)

The TSF eastern cell was completed in December 2014 ahead of schedule and under budget prior to the wet-season rains.

The pipeline connecting the Process Plant to the TSF is nearing completion.

Burke Development Road - Corella Park Road intersection upgrade completed

Construction of the road junction connecting the Rocklands mine site with the Queensland Highway network was completed on time and on budget.

This main junction construction was a condition of the Queensland Government to allow trucks transporting concentrates from Rocklands to enter the road to Rocklands and depart in safety.

The intersection was constructed by CuDeco at a cost of more than $1m.

Streamlining this entry and exit point has improved access for Road Trains coming and going from the Rocklands Group Copper Project and will significantly increase safety at the intersection.

Other areas of work;

- Copper casting plant platform fabricated and installed, and placement of the cooling tower, control board, and water supply.
- Continuation of processing high-grade (+40mm) feed through the mobile crusher producing native copper for casting plant feed and other profitable avenues.
- Installation of new pipelines to compliment dewatering bores at the SRE Pit and the new Solsbury water bore.
- Wet weather protection and new drainage channels have been adopted to further improve storm water management on site.
- Fabrication of the new mobile machinery maintenance workshop has begun with the placement of the first three of fourteen structural containers in place.
- Completion of the large Cudeco Emergency Response training ground – awaits the placement of the infrastructure.
- Clearing of a 25km long fence/fire break is complete giving access to the whole boundary of Rocklands lease.

"Field reconnaissance at EPM18054 has identified copper occurrences at geologically important locations..."

Exploration

Exploration activity has been scaled back to allow focus of Rocklands staff and assets on development activities, and to reduce cash spend as part of the wider cost-cutting measures recently employed at Rocklands.

Minor low-cost activity is ongoing however, including soil sampling, bedrock drilling, desk-top interpretation, and field reconnaissance.

ML90177

Desk-top analysis of geophysical surveys has identified numerous targets for future follow-up drilling, including several major targets along strike and/or offset to the flagship Las Minerale orebody.

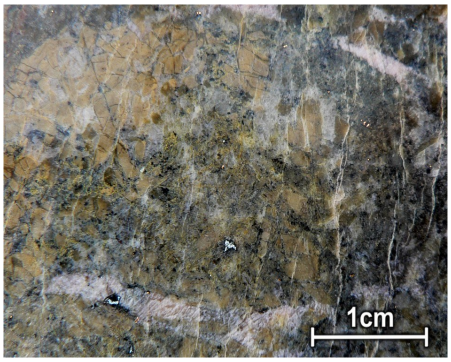
Extensions to known mineralisation were also investigated, with a view to further drilling and resource definition.

Contingent drilling programmes have been prepared.

Known mineral occurrences

ML90177 includes several known mineral occurrences in addition to the Company's JORC compliant resources.

One of the most prospective is a prospect known as Wilgar, which hosts bonanza grade gold and high-grade silver, molybdenum, tellurium and uranium.



Visible gold and possible tellurides in drill hole DODH240 (~11m depth), assayed 348g/t Au

Highest 1m results to date for gold at Wilgar include:

Gold (Au): 1090g/t
Drill hole DODH264 - 35 oz/tonne from 7-8m

Gold (Au): 655g/t
Drill hole DODH223 - 21 oz/tonne from 16-17m

Wide zones of gold mineralisation intersected include results up to:

Gold (Au): 17m @ 48.4g/t
Drill hole DODH248 - 1.56 oz/tonne from 3-20m

Gold (Au): 24m @ 34.4g/t
Drill hole DODH223 1.11 oz/tonne from 14-38m

Gold (Au): 12m @ 39.7g/t
Drill hole DODH240 1.11 oz/tonne from 7-19m

EPM18054

First-pass bedrock drilling commenced during the year using the Company's own bedrock rig and drilling crew. The programme will be ongoing as capacity presents and samples will be routinely sent for assay on a monthly basis. Significant results will be released as they are received.

The areas targeted bridge numerous geological settings and as such provide several exploration models that will require careful geological assessment in determining the significance of results.

Field reconnaissance at EPM18054 has identified copper occurrences at geologically important locations, including previously unknown historic copper "gouges" that do not appear in historic records.

EPM25426

EPM25426 will be concurrently explored with EPM18054 due to several interpreted structures of interest, and significant targets straddling both properties.

Initial field reconnaissance work has been undertaken in select areas and is ongoing.

"At the end of June 2015 the Rocklands workforce stood at approximately 301..."

Safety

Safety awareness and the building of a robust safety culture, continues across all areas of the Rocklands Project thanks to the persistent efforts of our Occupational Health and Safety (OH&S) staff.

Safety critical and First Aid training is now being conducted at site, which facilitates training to operational requirements on specific needs bases.

The Health and Safety Department continues to develop the Rocklands Project Safety Management System and has progressed the establishment of a fully operational and trained Emergency Response Team.

The development of a new Emergency Response Training Facility was advanced. The facility will enable various training regimes to take place at the mine site instead of relying on external off-site service providers.

The Facility will consist of a training room, confined space and working at heights areas, and fire ground that will be used for onsite emergency response team training. The safety department continue to provide active support for the many policies and procedures required for all aspects of site operation.

Safety initiatives across mining and mine development activities are being fully supported, and include overseeing the safe construction of the processing plant and its associated infrastructure.

There were 4 Lost Time Injuries (LTI's) recorded during the year. On a positive note, the Rocklands Project LTI Frequency Rate (LTIFR) decreased from to 7.5 to 3.5 (LTIs per million man hours worked).

Human Resources

CuDeco's recruitment programme aims to increase local participation and encourage people to live in Cloncurry. At the end of June 2015 the Rocklands workforce stood at approximately 301, consisting of 124 CuDeco employees and approximately 177 contractors.

CuDeco continues to place a priority on working with the Cloncurry community by actively participating in the community and engaging local suppliers of employment and training. The Company continues to promote community inclusion by encouraging locals to apply for vacancies or encouraging new recruits to relocate to Cloncurry. CuDeco has maintained its no fly-in/fly-out (FIFO) policy.

The formation of good working relationships with other employment stakeholders, in the Mount Isa/ Cloncurry area, continues to support our focus of a local workforce. This relationship is beneficial in securing the necessary skills and experience to assist in establishing a strong workforce. Our emphasis is placed on identified training that will increase skill capacity for local candidates, in addition to the completion of a training needs analysis to identify target areas within our workforce.

The CuDeco workforce, which has a residential ratio of 70:30, supports the local community by participating and utilising local services.

Community Support

CuDeco continued to engage with the local Cloncurry community and provide updates on the project status including contracting, supply and employment opportunities. The Company has been pleased with the turn-outs, with a large section of the local community attending. Feedback from attendees and the local community has generally been positive, especially in relation to potential employment and supply opportunities. Ongoing concerns relate to accommodation and potential for mining operations to move from residential to a fly-in fly-out based work force, however CuDeco reaffirmed its commitment to maintain residential operations unlike others in the area.

"Environmental awareness programmes are designed to develop greater participation from staff and contractors..."

Environment

Environment

Environmental awareness programmes have been introduced at Rocklands during the year and are designed to develop greater participation from staff and contractors during site based activities, which aid in further developing a healthy and proactive approach to onsite environmental awareness. Areas of specific focus include waste reclamation and onsite monitoring practices to ensure compliance with CuDeco's stringent minimum requirements as well ensuring full compliance with regulatory bodies.

It was another busy year for the Environment department, setting up systems prior to full scale operations.

Highlights include:

- Stakeholder Meeting and information night
- Site post wet season checks of sediment control structures
- Collecting data and samples from all stream flow events
- Annual third party Environmental audit
- Annual Morris Creek Diversion audit
- Pre-production noise monitoring and reporting undertaken
- Remote Site Davis weather station upgraded to 3G network
- Drilling and commissioning of compliance monitoring bore TSFCMB05

Other areas of activity included:

- Rehabilitation monitoring and seeding trials
- Site Water Management and Waste Rock Management Plans currently under review
- Maintenance and calibration of critical monitoring and data collecting equipment
- First air quality monitoring filters from the solar powered remote monitoring DRX dustrack equipment sent to the lab for analysis
- Quarterly environmental field monitoring of groundwater, surface water and air quality activities completed
- Review of the site rehabilitation plan to include the implementation of rehabilitation trials
- Installation of four additional live ultrasonic weather stations
- Quarterly environmental field monitoring of groundwater, surface water and air quality activities
- Continuation and further development of waste disposal systems to include identification of waste types and the appropriate segregation thereof.
- Natural rehabilitation of disturbed areas after the wet season are showing encouraging early colonisation and soil stabilisation results

Recycling and recovery efforts currently include:

- 31,000L waste oil recycled through Clean It Industrial Services
- Collection of all aluminium soft drink cans with proceeds to go to the Leukaemia Foundation
- Used printer cartridges going to Cartridges 4 Planet Ark and Fuji Xerox recycling program
- Used heavy vehicle, light vehicle and office batteries recycled through Battery World and NQ Batteries - 1900kg HV/LV batteries to QLD Batteries
- Cardboard collected and reused onsite for packaging within the warehouse operations
- Shredded paper collected and stored in preparation for use as additional organic material in soil remediation activities

“The overwhelming message from those who attended the 2014 AGM was one of ongoing support...”

Corporate

Ore shipment to Glencore

A shipment of 22,000 tonnes of primary sulphide copper ore was sent to Glencore’s Ernest Henry Mine (EHM) at the end of 2014, for toll-treatment

Preliminary results from the mineral processing testwork at the Glencore-owned Ernest Henry Copper Mine processing plant were outstanding and surpassed expectations, considering only thirty hours of throughput was possible for the Rocklands ore.

Assay grade of copper/gold concentrate produced from 22,000 bulk-ore processing trial:

- Copper in Concentrate = 37.6% Cu
- Gold in Concentrate = 8.5 g/t Au

First native copper shipment

The first shipment for smelter test-work of native copper product produced from the Rocklands Project was awarded to a Chinese buyer.

Demand for the shipment was high and the buyer paid a deposit of $US500,000 to secure the furnace and smelter test-work and for the right to purchase the total shipment.

Funding

Sinosteel

A binding memorandum of understanding (MOU) was signed between CuDeco and China State-owned Sinosteel to complete the entire electrical installation.

Under the MOU, Sinosteel will take full responsibility of the installation of ~330,000 metres of electrical cable and Distributed Control System (DCS) cable installation.

Under the MOU agreement Sinosteel has been offered the option of converting all or part of the cost of the installation of the electrics systems into shares.

Oceanwide

China Oceanwide International Investment Co Limited received FIRB approval for the placement of 23.6 million new fully paid shares at $1.25 per share in CuDeco Limited.

The new issue of shares to Oceanwide, the Company’s largest shareholder, was completed in early April, increasing its shareholding to 19.99% of the issued shares in CuDeco.

The total consideration for the purchase of the shares was up to A$30,000,000.

Haitong-AC Asian Special Opportunities Master FundShare

Placement completed with investment fund Haitong-AC Asian Special Opportunities Master Fund, based in Hong Kong for the issue of 4,902,410 fully paid ordinary shares raising $6,152,525.

International shipping, logistical and transportation Company

Placement negotiated with international shipping, logistical and transportation company for 2,433,830 fully paid ordinary shares at $1.30 to pay $3,163,979 for services provided in transportation from China to Rocklands.

Shareholder vote against capital raising

On 30 June 2015, the Company held an Extraordinary General Meeting to approve the issue of 36m shares and 20m options to Focus Sun Holdings Ltd, for the purpose of financing the completion of the Rocklands Process Plant.

CuDeco’s shareholders did not support the resolution and it was subsequently defeated.

The action ultimately became the catalyst for change at board and senior management level.

At the close of business Friday 24th July, the following changes had been made to the board of directors:

- Appointment of Peter Hutchison as Managing Director.

- Appointment of David Taylor as Interim Chairman.
- Resignation of Wayne McCrae from the position of Chairman and CEO.
- Resignation of W McCrae as a Director and employee of the Company.
- Election of Mr Jiang Yongmin as a Non Executive Director. Mr Yongmin joind the Board as a nominee of Sinosteel Equipment and Engineering Co., Ltd.

Non-Renounceable Rights Issue

As this Annual Report goes to print, the Company has finalised a share placement for $30 million with Singaporean investment company and is in the process of finalising a timetable for a $63.1 million (before costs) non-renounceable rights issue. The issue will offer all existing shareholders 1 share for every 4 shares held at 80 cents per share. The Board strongly urges all shareholders to take up their entitlements.

The Company anticipates that, approximately 78,855,542 new shares will be issued.

Upon completion of the rights issue, and assuming it is fully subscribed, the issued capital of CuDeco will comprise approximately 394,277,709 shares and 22,599,423 listed options (ex $2.50 31 December 2015).

Delay issuing year-end accounts

Under the accounting standards a review is required at each reporting date for an asset when there is an indication of a possible impairment (a triggering event). For CuDeco, the triggering event has resulted from the current market capitalisation of the Company being significantly lower than the carrying value of its net assets.

The Company completed an internal assessment of the Rocklands asset, however the finalisation of the assessment is subject to; the Board receiving further input by third parties which may confirm or adjust the amount; approval by the Board to any amendments; and a review by the Company's external auditors.

Given the above assessment of the Rocklands asset is critical in determining its carrying value in the Financial Statements, the Board has resolved to defer the issuing of the Financial Statements for 30 June 2015 until the Rocklands asset impairment assessment can be completed.

2014 Annual General Meeting

The Company's 2014 Annual General Meeting (AGM) was held in Cloncurry on November 27th and was followed by a site tour of the Rocklands Project. Board members, executive directors and key management personnel were available to field questions.

The overwhelming message from those who attended the 2014 AGM was one of ongoing support, for which the Company thanks them sincerely. The Rocklands team works their hearts out in often very trying conditions and the encouragement received from shareholders is always appreciated.

Corporate

SECTION 02

FINANCIALS

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Section 02 - Financials

Corporate Directory

DIRECTORS	David Taylor Peter Hutchison Paul Keran Zhijun Ma Hongwei Liu Zhaoh ui Wu Jiang Yongmin Zhu Mu Po (Alternate Director to Zhijun Ma)
COMPANY SECRETARY	Bruno Bamonte
ADMINISTRATION AND REGISTERED OFFICE	Unit 33, Brickworks Annex 19 Brolga Avenue Southport Queensland 4215 Telephone: (617) 5503 1955 Facsimile: (617) 5503 0288
PRINCIPAL PLACE OF BUSINESS	Rocklands Mine Corella Park Road Cloncurry Queensland 4824 Telephone: (617) 4742 4800 Facsimile: (617) 4742 4898 Web site: www.cudeco.com.au
AUDITOR	KPMG Level 11, Corporate Centre One, Cnr Bundall Road and Slayter Avenue, Bundall Qld 4217
SHARE REGISTRY	Advanced Share Registry Services 110 Stirling Highway Nedlands Western Australia 6009 Telephone: (618) 9389 8033 Facsimile: (618) 9262 3723
STOCK EXCHANGE LISTING	The Company's securities are quoted on the Australian Securities Exchange. **ASX Codes** CDU - ordinary shares CDUO – Options exercisable at $2.50 by 31 December 2015
STATE OF INCORPORATION	New South Wales

During the year to 30 June 2015 CuDeco Limited ("Cudeco") continued its mine development activities on its 100% owned Rocklands Group Copper Project based in Cloncurry, Queensland, Australia ("Rocklands Project"). During the year the Company increased its investment in the development of the mine by $38m and in the plant and equipment associated with the project by $103m. At 30 June 2015 the Group completed an impairment assessment of the Rocklands project and recorded an impairment loss of $109 million in relation to mine development and property plant and equipment. Furthermore the Group recorded an impairment loss of $2.9 million in December 2014 in relation to its logistical assets.

Within the next year it is anticipated that the construction of the process plant and the required infrastructure will be completed, the plant will be commissioned and it should enter into the production phase. At this time the only major component still to be completed is the electrical cable installation.

The key highlights for the year include: -

1. Mine Development

The development of the mine continued throughout the year and during the year the Group removed 4.9 million tonnes of overburden. At the end of the financial year the company had stockpiled 2.2 million tonnes of ore which allows for the optimization of the blending of the ore once production commences.

During the financial year: -

a. Most areas of the process plant have reached the final stage of installation and construction. The installation of 20 E-houses (power switching and process control systems) was completed and the installation of the electrical cabling commenced during the year;
b. The crushing circuit was completed and commissioned; and
c. Most of the required infrastructure assets on the minesite were completed. The tailings storage facility was the most significant item constructed.

2. Exploration

During the period only a limited exploration programme was undertaken as the main focus of CuDeco was on mine development and the plant construction. The work undertaken related to a desk-top analysis of geophysical and geochemical surveys, field sampling and mapping and target generation was ongoing.

3. Corporate

Financing

The Company completed the following equity transactions throughout the year: -

a. To conserve cash the Group, negotiated to pay for certain goods and services through the issue of shares. The following share issues were made during the year
   i. For part payment for the transportation of Plant and Equipment from China to the site the company issued 2,739,713 shares for a total consideration of $3,775,745;
   ii. For part payment for the construction of the Tailings Storage Facility the company issued 294,118 shares for a total consideration of $500,000; and
   iii. For part payment for the supply of electrical cabling the company issued 5,666,666 shares for a total consideration of $8,500,000.

3. Corporate (continued)

Financing (continued)

b. The Company also completed the following share placements to raise cash for the company:-
   i. Share placement of 4,902,410 shares at $1.255 to raise $6,152,525; and
   ii. Share placements of 29,200,000 shares at $1.25 to raise $36,500,000.

Other – Rocklands Project Impairment Assessment

The Group each year as part of its financial reporting process assesses the carrying value of its Rocklands project assets for indications of impairment. As a result of declining commodity prices, significant delays in the completion of the Rocklands project and other factors outlined in Note 27, the Group has completed an impairment test of the Rocklands Project assets at 30 June 2015 using a discounted cash flow model. The key assumptions included in the model are:

- Forecast commodity prices, including copper, gold, silver, cobalt and magnetite;
- Foreign exchange rates;
- Mining, processing, administrative and capital costs; and
- Discount rate of 10%.

Based on the impairment review at 30 June 2015, the recoverable amount for the Rocklands Project was determined to be $405 million, resulting in a provision for an impairment loss of $109 million.

The Directors present their report together with the financial report of CuDeco Limited (the "Company") and its controlled entities (the "Consolidated Entity") for the year ended 30 June 2015. CuDeco Limited is a listed public company incorporated in and domiciled in Australia.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

David John Edward Taylor B.A. LL.B. Independent, Non-Executive Chairman (Director since 2009)	David Taylor (31 years) is a Solicitor and Mediator who was admitted to practice in the Supreme Court of Queensland and High Court of Australia in 2006. He holds Bachelor degrees in Law and Arts in addition to a Masters of Laws specialising in Legal Practice from Bond University. Mr Taylor has broad experience in the legal profession dealing across areas of law including administrative law, insurance law, workers compensation, industrial relations, media law and environmental law. He is also a nationally accredited mediator by the Queensland Law Society under the Australian National Mediator Standards, and is also Special Counsel at Taylors. Mr Taylor is the Chairman of the human resources, remuneration and nominations committee.
Peter Robert Hutchison MRACI Ch Chem Managing Director (Director since 2004)	Peter Hutchison (66 years) is a process chemist and hydrometallurgist with over 40 years industry experience involving the chemical, mineral processing and water treatment businesses Since 24 July 2015, he is the Managing Director of Cudeco and is responsible for the operations of the Rocklands Project including the metallurgical development work.
Vitie Paul Keran B.App.Sc., B.E. (Chemical), Dip. B.A. Independent, Non-Executive Director (Director since 2007)	Paul Keran (72 years) is a chemical engineer with more than 30 years of experience in the resource sector in Australia and internationally, in senior operations management and project development roles in base metals mineral processing, smelting and technology development. He was previously with MIM Holdings as General Manager - Group Metallurgical Development and Metallurgical Works Manager at Mt Isa. He also completed technical assessment and development of the US $1 billion Alumbrera copper/gold project in Argentina.
Zhijun Ma Independent Non-Executive Director (Director since 2011)	Mr Zhijun Ma (44 years) is a graduate from Engineering Management Tianjin University with a bachelor degree. Mr Ma is a specialised professional economist and during his career has been involved in a number of major investment projects covering a wide range of areas including finance, energy and real estate.
Hongwei Liu Non-Executive Director (Director since 2012)	Mr Liu (48 years) is a graduate from Mechanical Design and Manufacturing Dalian Ocean University with a bachelor degree, and a master degree of Management from Massey University New Zealand. He is specialized in professional management and administration and during his career has been involved in a number of major investment projects covering a wide range of areas including finance and energy. Mr Liu is a director of Oceanwide International Resources Investment Co., Ltd and is responsible for this company's investments for overseas projects especially within the finance, energy and resource sectors. He is also currently the Managing Director of Minsheng Investment Management Holdings Co Limited.

Zhaohui Wu
Non-Executive Director
(Appointed 2 July 2014)

Mr. Wu (48 years) is an executive director of Natsun Australia Pty Ltd and was nominated as a representative of New Apex Asia Investment Pty Ltd. Mr Wu graduated from Xiamen University in China with the degree of Bachelor of Economics. He has worked in the international trading sector since 1989. He was involved in the export business during his work in China with either state owned or private mineral companies, and kept working on import & export of alumina, aluminium, wool and wine when he moved to Australia in 2002. He also has been involved in acquisition of golf resort & farms and related activities from 2008.

Jiang Yongmin
Non-Executive Director
(Appointed 24 July 2015)

Mr Jiang Yongmin (52 years) is a senior engineer at professor grade, who graduated from Beijing University of Science and Technology, with a major in metallurgical machinery and a master's degree in engineering. He is currently Vice general manager and chief engineer of Sinosteel Equipment & Engineering CO., LTD

Zhu Mu Po
Alternate director to Mr Z Ma
(Appointed 3 September 2015)

Mr Zhu Mu Po (33 years) was educated in Accounting and Finance Department of Macquarie University. He specialised in professional management and investment. During his career, he has been involved in a number of major investment projects within the finance sectors.

Wayne Michael McCrae
Former Executive Chairman
(Director since 2002, resigned 24 July 2015)

Wayne McCrae (67 years) has been involved in the mining industry for most of his adult life. Mr McCrae has steered more than 6 mining operations from grass roots exploration through to production and experience includes all facets of mineral processing, mining, metallurgy, geology, underground and open cut mining, and on site and corporate management. He has been involved with exploration for and / or production of gold, copper, silver, lead, zinc, coal and diamonds.

Gerald Adrian Lambert
ACA GAICD BCom(Hnrs)
Independent, Non-Executive Director
(Director since 2010, resigned 18 September 2015)

Gerald (Gerry) Lambert (62 years) has had a 30 year corporate career with expertise and experience in the financial, strategic, systems compliance, management and human resource areas. He has held key financial roles in both listed and unlisted companies in the mining and exploration, property development and construction industries. Mr Lambert is a non-executive Deputy Chairman of Boystown, a national charitable organisation and is also a non-executive director of Villa World Limited, an ASX listed property development and construction company. Mr Lambert is a Chartered Accountant and has also been a lecturer/tutor at the University of Wollongong. Mr Lambert was the Lead Independent Director and the Chairman of the audit and risk committee.

None of the Company's Directors have held office as directors of other public listed companies in the three year period ended 30 June 2015 (except as disclosed above).

COMPANY SECRETARY

Bruno Joseph Bamonte
(Appointed June 2011)
Bruno Bamonte (aged 57 years) is an Australian Chartered Accountant and has more than 18 years of experience in the listed company area in roles ranging from Company Secretary to Finance Director.

BOARD COMPOSITION
The Board comprises seven Directors, six of whom are considered non-executive and three of whom meet the board's criteria to be considered independent. An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the independent exercise of their judgement. For a director to be considered independent, they must meet all of the following materiality thresholds: -

- is not a substantial shareholder of the company or an officer of or otherwise associated directly with, a substantial shareholder of the Company;
- not benefit, directly or through a related person or entity, from any sales to or purchases from the Company or any of its related entities;
- not derive significant income (more than 10% of the director's total income) either directly or indirectly through a related person or entity from a contract with the Company or any of its related entities.

During the year the Company had an Executive Chairman, which the company believed was appropriate given its size and its stage of development and the experience the Executive Chairman provided to the company. Subsequent to the end of the financial year the Executive Chairman resigned and an independent non-executive Chairman now holds the position.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the financial year were mineral exploration, evaluation, mine development and construction of the plant and other infrastructure related to the Rocklands Project in Cloncurry, Queensland.

RESULTS AND DIVIDENDS

The loss after tax for the year ended 30 June 2015 was $131,455,000 (30 June 2014: $4,546,000). The significant items that contributed to the result were;

• Impairment of mining assets	$109,000,000
• Impairment of logistical infrastructure assets	$ 2,914,000
• Foreign exchange loss	$ 11,792,000
• Employee and consultant expenses	$ 5,643,000

No dividends were paid during the year and the Directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

A review of operations of the Consolidated Entity during the year ended 30 June 2015 and the results of those operations is set out on pages 24 to 25 and forms part of this Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as detailed in other parts of the Directors' Report, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the year:

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in future financial years other than:

a. The Company has completed a share placement with Rich Lead Pte Limited of 37.5 million shares raising $30 million. Rich Lead Pte Limited is a Singaporean based investment fund.

b. Short term loans totalling $8.33 million was received by the Company. These loans were arranged by the company's major shareholders and are to be repaid from the rights issue or from future production.

c. The executive Chairman has resigned from the Board on 24 July 2015 and non-executive Director G. Lambert has also resigned on 18 September 2015. Jiang Yongmin joined the Board as Nominee of Sinosteel Equipment and Engineering Co., Ltd on 24 July 2015.

LIKELY DEVELOPMENTS

The Consolidated Entity will continue exploration, evaluation and development of its Rocklands Project. Further commentary on likely developments over the forthcoming year is provided in the "Review of Operations".

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors and the number of meetings attended by each Director during the year ended 30 June 2015 are:

	Full meetings of directors		Meetings of committees			
			Audit and risk		Human resources, remuneration and nominations	
	A	B	A	B	A	B
W McCrae	7	8	*	*	*	*
P Hutchison	8	8	*	*	*	*
P Keran	8	8	3	3	2	2
G Lambert	8	8	3	3	2	2
D Taylor	8	8	3	3	2	2
Z Ma	-	8	*	*	*	*
H Liu	5	8	*	*	*	*
Z Wu	6	8	*	*	*	*

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
* = Not a member of the relevant committee

In addition to the above Directors' meetings held during the year, matters of board business have also been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings of the Directors.

The audit and risk committee consists of G Lambert (Chairman), P Keran and D Taylor. Mr G Lambert resigned as Chairman of this committee on 30 September 2015. The human resources, remuneration and nominations Committee (formerly the remuneration committee) consists of D Taylor (Chairman), and P Keran. G Lambert resigned from this committee as at 18 September 2015.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares, options or other instruments issued by the Company, as notified by the Directors to the ASX Ltd in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

			Held as part of loan funded employee share plan	
	Fully Paid ordinary shares	Options exercisable at $2.50 by 31 December 2015	Fully Paid ordinary shares	Options exercisable at $2.50 by 31 December 2015
P Hutchison	1,075,534	40,000	291,666	41,666
P Keran	81,666	11,666	116,666	16,666
D Taylor	108,333	8,333	116,666	16,666
Z Ma	-	-	-	-
H Liu	112,000	-	100,000	-
Z Wu	-	-	-	-
J Yongmin	-	-	-	-
Z Mu Po	-	-	-	-

LISTED SHARE OPTIONS

As at the date of this report, there were 22,599,423 (2014: 22,599,423) unissued ordinary shares under option. No new options exercisable were granted during or since the end of the financial year. No option holder has any right to participate in any other share issue of the Company or of any other entity.

UNDER THE LOAN FUNDED EMPLOYEE SHARE PLAN

In November 2011 the Company was granted approval for the setting up of Loan Funded Employee Share Plan. For accounting purposes shares allocated to employees pursuant to this plan will be treated and valued as options.

During or since the end of the financial year: -

a. The Company has issued

- 1,450,000 loan shares to employees on 15 June 2015;
- 175,000 loan shares to an employee on 24 July 2014;

b. 1,001,165 loan shares and 94,165 related options have been forfeited by employees due to the termination of their employment with the Company.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the following Key Management Personnel ("KMP") of CuDeco Limited during or since the end of the financial year.

Executive Directors
Wayne McCrae – Executive Chairman and Chief Executive Officer (CEO)
Peter Hutchison – Chief Operating Officer (COO)

Other Senior Management
Robert Brougham - Project Manager (Resigned 8 December 2014)
David Wilson – Manager and Principal Advisor exploration, mineral resources, Corporate
Bruno Bamonte – Company Secretary and Chief Financial Officer
Ross Cook - Process Manager

Non-Executive Directors
David Taylor
Paul Keran
Gerald Lambert
Zhijun Ma
Hongwei Liu
Zhaohui Wu
Jiang Yongmin
Zhu Mu Po (Alternate Director to Mr Z Ma)

There have been no changes in KMP after the reporting date to the date the financial report was authorised for issue other than;

a. Wayne McCrae, the Executive Chairman and CEO resigning on 24 July 2015;
b. Peter Hutchison assumed the role as Managing Director from 24 July 2015;
c. Gerald Lambert, a non-executive director resigned on 18 September 2015; and
d. Zhu Mu Po was appointed as an Alternate Director to Mr Zhijun Ma on 3 September 2015.

Principles of compensation – audited

Remuneration may also be referred to as compensation in this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and the senior executives for the Group that are named in this report.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The remuneration committee obtains independent advice on the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control the relevant segment/s' performance
- the Group's performance

Compensation packages include a mix of fixed and variable compensation, and short-term and long-term performance-based incentives. There are no performance conditions associated with the remuneration of Directors of the company. For other KMP, the vesting of certain shares issued under the loan funded share plan will be conditional upon the successful commissioning of the process plant and certain other performance conditions.

REMUNERATION REPORT - AUDITED (continued)

The table below represents the remuneration mix for group executives in the current year. The short-term incentive relates to shares provided under the loan funded share plan that have vested whereas the long-term incentive relates to those loan funded shares that will vest on the successful commissioning of the plant.

		At risk	
	Fixed remuneration	**Short-term incentive**	**Long-term incentive**
CEO	99%	1%	0%
CFO, COO	93%	1%	6%
Other executives	85%	5%	10%

Remuneration Policy

The Board is responsible for determining remuneration policies applicable to the key management personnel. The remuneration must be commercially reasonable to attract, retain and motivate these people in order to achieve the Consolidated Entity’s objectives. When considered necessary, independent advice on the appropriateness of remuneration packages is obtained. No recommendations were made by independent remuneration consultants during the year.

The remuneration of key management personnel is primarily settled with cash. At times remuneration may be by way of shares or options over shares. Remuneration of this kind helps motivate key management personnel in line with the Consolidated Entity’s objectives.

Incentives may be provided to reward key management personnel for achievement of targets aligned with the Consolidated Entity’s objectives. These incentives are likely to consist of shares in the Company, options for shares to align their interests with the medium to long term interests of shareholders, or cash bonuses.

Human Resources, Remuneration and Nominations Committee (formerly Remuneration Committee)

The human resources, remuneration and nominations committee (“the Committee”) (formerly the remuneration committee) is a formally constituted committee, comprising non-executive independent Directors Mr. Taylor (Chairman), and Mr. Keran. The committee’s terms of reference include reviewing as appropriate and making recommendations to the board on:

- the remuneration guidelines for executive Directors, including base salary, bonuses, share options, salary packaging and final contractual agreements;
- non-executive directors fees and costs by seeking external benchmarks;
- the Consolidated Entity’s incentive schemes, such as the Employee Loan Funded Share Plan and on the Company’s superannuation arrangements;
- strategic human resources and practices;
- board appointments, re-elections and performance;
- directors’ induction programs and continuing development;
- succession planning; and
- the suitability of the current levels of skills, knowledge and experience on the board such that they continue to be relevant and effective to the Company’s present and future requirements.

Equity components of remuneration for any of the Directors, including the issue of shares and/or options, are required to be approved by shareholders prior to award.

The Committee assesses the appropriateness of the nature and amount of remuneration of key management personnel on a periodical basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and management team.

REMUNERATION REPORT - AUDITED (continued)

Directors and Executives Remuneration

Objective

The Consolidated Entity aims to reward the Directors and executives with a level of remuneration commensurate with their position and responsibilities within the Consolidated Entity and so as to:

- align the interests of the Directors and executives with those of shareholders;
- link reward with the strategic goals and performance of the Consolidated Entity; and
- ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable Remuneration

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration of executive Directors and other executives is reviewed annually by the Committee and the process consists of a review of company, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practice. When considered necessary independent advice on the appropriateness of remuneration packages is obtained.

Shareholders have approved a pool of $400,000 per annum for non-executive directors' fees. After an initial qualifying period the annual remuneration of non-executive Directors is set at $50,000 adjusted for CPI increases plus superannuation at the statutory guarantee level. Any services provided to the Consolidated Entity outside the scope of their duties as Directors will be entitled to receive fees at a commercial hourly rate.

In addition non-executive Directors who are members of various Board committees or who act as Chairman or Deputy Chairman receive additional fees.

The Committee reviews the remuneration packages applicable to the non-executive Directors on an annual basis. The Board considers fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Variable Remuneration – Short Term Incentive (STI) and Long Term Incentive (LTI)

Objective

The objective of the STI and LTI plans is to reward executive Directors and other executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTI grants are only made to Directors and key executives as their performance will influence the generation of shareholder wealth and thus have a direct impact on the Consolidated Entity's performance.

REMUNERATION REPORT - AUDITED (continued)

Structure

In prior years STI grants to executive Directors was made in the form of bonuses and LTI grants were delivered in the form of options or share issues through a loan funded share plan. No bonuses or options were granted to any of the Directors during the year.

This financial year the company has proposed that LTI take the form of share issues through a loan funded share plan. The issue of equity as part of the remuneration packages of Directors and executives is an established practice of public listed companies and, in the case of the Consolidated Entity, has the benefit of conserving cash whilst properly rewarding each of the Directors and executives.

Employment Contracts – Executive Directors

Formal employment contracts for the executive Directors have been in place since 31 March 2008. Under these contracts the annual base salaries of the executive Directors for the financial year are as follows:

	Base Salary $	Superannuation $
W. McCrae (CEO)	865,200	34,996
P. Hutchison (COO)	648,900	34,996

These executive Directors are also entitled to 20 days annual leave and an entitlement to long service leave calculated in accordance with the provisions of the relevant legislation. Employment contracts are unlimited in term however either party may elect to terminate the agreed arrangements by the giving of three (3) months notice.

In the case of the Consolidated Entity terminating employment, causing redundancy or change in the employees' job content, status or responsibility due to a change in control, the executive employee is entitled to the maximum amount of compensation allowable under the Corporations Act or relevant legislation. Current employment contracts do not provide for any other remuneration benefits other than as disclosed herein.

The executive Directors are also entitled to receive bonuses based on their performance during each year. The maximum amount of the bonus payable each year is the equivalent of 50% of their base salary for that year. The Remuneration committee review the performance of the Executive Directors and make recommendations to the Board as to the quantum of the bonuses to be paid. For the year ended 30 June 2015, no bonuses were agreed to be paid.

The share price and profitability of the Consolidated Entity over the past five years is summarised as follows:-

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share price	$1.70	$1.71	$2.00	$3.20	$3.30
Profit (loss)	$(131,455,000)	$(4,545,899)	$(3,993,189)	$776,899	($3,643,009)
Dividends	-	-	-	-	-

As the Consolidated Entity is still in the early production stages of its development it is not considered appropriate to link remuneration to company profitability and shareholder wealth. At this stage of its development the Company is not expected to be profitable. Therefore the performance of the executives was assessed against the milestones needed to advance the company's Rocklands Project to development, after which time the profitability is expected to be significant and the main criteria that the executives will be assessed. Due to the delays experienced in achieving production, and the need for the company to conserve cash the executives agreed not to seek any bonus until after production is achieved.

REMUNERATION REPORT - AUDITED (continued)

Employment Contracts – Other Executives

Robert Brougham is the Project manager and was appointed on 12 June 2013 on a three year contract. His employment contract includes remuneration of $200,000 per annum, plus statutory superannuation, use of a motor vehicle and accommodation in Cloncurry. The contract is able to be terminated by either party by providing one month's notice. There are no further entitlements to the executive on the termination of his agreement. Mr Brougham resigned on 8 December 2014.

David Wilson is the Manager and Principal Advisor Exploration, Mineral Resources, Corporate. He has been consulting to the Company since November 2006, and became a full-time employee on 19 September 2008. He entered into a new employment contract commencing on 22 October 2012 which includes remuneration of $175,000 per annum, plus statutory superannuation, use of a motor vehicle and accommodation in Cloncurry. There are no further entitlements to the executive on the termination of his agreement.

Bruno Bamonte has been the company secretary of the company since 6 June 2011 and in July 2013 he was appointed the Chief Financial Officer. A contract was entered into effective from 1 April 2015 and provides for remuneration of $180,000 p.a. The appointment can be terminated by either party by providing one month's notice. There are no further entitlements to the executive on the termination of his agreement.

Ross Cook was appointed the Process Manager on 2 July 2014. His current remuneration is $180,000 p.a. plus statutory superannuation and suitable accommodation in Cloncurry. The appointment can be terminated by either party by providing one month's notice. There are no further entitlements to the executive on the termination of his agreement.

REMUNERATION REPORT - AUDITED (continued)

The remuneration for the key management personnel, including Directors, of the Company during the year was as follows:

Director/ Executive		Salary / Fees	Cash Bonuses	Super-annuation	Value of options (1)	Increase/ decrease in Long Service Leave Provision	Total	Perfor-mance related	Paid as Options (1)
		$	$	$	$	$	$	%	%
W McCrae	**2015**	**865,200**	**-**	**34,996**	**5,010**	**27,751**	**932,957**	**1%**	**1%**
	2014	840,000	-	24,996	97,543	16,624	979,163	10%	10%
P Hutchison	**2015**	**648,900**	**-**	**34,996**	**5,010**	**18,106**	**707,012**	**1%**	**1%**
	2014	630,000	78,750	24,996	97,543	10,010	841,299	21%	12%
P Keran	**2015**	**60,000**	**-**	**5,700**	**2,004**	**-**	**67,704**	**3%**	**3%**
	2014	55,000	-	5,088	39,017	-	99,105	39%	39%
G Lambert	**2015**	**60,000**	**-**	**5,700**	**2,004**	**-**	**67,704**	**3%**	**3%**
	2014	55,000	-	5,088	39,017	-	99,105	39%	39%
D Taylor	**2015**	**120,000**	**-**	**12,350**	**2,004**	**-**	**134,354**	**1%**	**1%**
	2014	59,514	-	5,505	39,017	-	104,036	38%	38%
Zhijun Ma	**2015**	**12,500**	**-**	**-**	**-**	**-**	**12,500**	**0%**	**0%**
	2014	50,000	-	-	-	-	50,000	0%	0%
H Liu	**2015**	**37,500**	**-**	**-**	**46,344**	**-**	**83,844**	**55%**	**55%**
	2014	50,000	-	-	33,850	-	83,850	40%	40%
Z Wu	**2015**	**25,000**	**-**	**2,375**	**-**	**-**	**27,375**	**0%**	**0%**
	2014	25,000	-	2,891	-	-	27,891	0%	0%
R Brougham (note 2)	**2015**	**87,332**	**-**	**7,865**	**-**	**-**	**95,197**	**0%**	**0%**
	2014	198,462	-	18,348	79,597	-	296,407	0%	27%
D Wilson	**2015**	**175,000**	**-**	**16,625**	**20,841**	**-**	**212,466**	**10%**	**10%**
	2014	175,000	-	16,179	110,127	-	301,306	37%	37%
B Bamonte	**2015**	**180,000**	**-**	**-**	**47,158**	**-**	**227,158**	**21%**	**21%**
	2014	145,000	-	-	78,539	-	223,539	35%	35%
A. Kehoe (note 3)	**2015**	**26,554**	**-**	**88**	**-**	**-**	**26,642**	**0%**	**0%**
	2014	196,154	-	18,144	-	-	214,298	0%	0%
W Freeman (note 4)	**2015**	**-**	**-**	**-**	**-**	**-**	**0**	**0%**	**0%**
	2014	109,261	-	10,234	-	-	119,495	0%	0%
K Ramdeo (note 5)	**2015**	**-**	**-**	**-**	**-**	**-**	**0**	**0%**	**0%**
	2014	35,481	-	5,103	-	-	40,584	0%	0%
R. Cook (note 6)	**2015**	**175,154**	**-**	**16,640**	**74,965**	**-**	**266,759**	**28%**	**28%**
	2014	-	-	-	-	-	0	0%	0%
Total	**2015**	**2,473,140**	**-**	**137,335**	**205,340**	**45,857**	**2,861,672**	**7%**	**7%**
Total	2014	2,623,872	78,750	136,572	614,250	26,634	3,480,078	18%	18%

Notes to Remuneration table

(1) Shares issued pursuant to the loan funded employee share plan are treated as in-substance options.
(2) R Brougham – appointed 12 June 2013 and resigned 8 December 2014
(3) A Kehoe - appointed 3 July 2013 and resigned on 27 June 2014
(4) W Freeman - resigned 6 December 2013
(5) K Ramdeo - resigned on 27 August 2013
(6) R Cook was appointed as the Process manager on 2 July 2014.

REMUNERATION REPORT - AUDITED (continued)

Compensation options exercised during the year

No equity instruments were issued during the year to key management personnel as a result of options exercised that had previously been granted as compensation.

Options (Loan Funded Shares) granted during the year end

Shares were issued pursuant to the Loan Funded Share Plan ("Share Plan"). Under the terms and conditions of the Share Plan the participants are loaned the value of the shares at the date of their allocation and the shares are held in trust until the loan is repaid. The loan is a non-interest bearing loan and any recourse is limited to the value of the shares. The shares are issued at the weighted average of the share price over the five trading days before the shares were allocated. The loan funded shares for accounting purposes are considered to be in-substance options and are treated as such in the accounts.

During the year the Company issued the following employee shares under the Loan Funded Share plan to KMP:-

a. On 24 July 2014 175,000 shares were allocated to Ross Cook at a conversion price of $1.73 per share. These shares vest with the employee in three tranches as follows: -

   - 1st Tranche of 25,000 shares on successful commissioning of the process plant at Rocklands;
   - 2nd Tranche of 50,000 shares 3 months after production commences; and
   - 3rd Tranche of 100,000 shares on 4 July 2016.

   The fair value of these shares was $0.86 and has been calculated by using the Black-Scholes valuation method. The expiry date is 24 July 2019.

b. On 15 June 2015 shares were allocated to B. Bamonte (150,000 shares) and Ross Cook (50,000 shares) at a conversion price of $1.24 per share. These shares vest with the employee in two tranches as follows

   - 1st Tranche of 50% on the process plant at Rocklands achieving full production; and
   - 2nd Tranche of 50% 12 months after the date of the first tranche.

   The fair value of these shares was $0.69 and has been calculated by using the Black-Scholes valuation method. The expiry date is 15 June 2020.

REMUNERATION REPORT - AUDITED (continued)

The number of shares allocated to KMP is as follows:-

	No of Shares Allocated	No of Shares vested	Average Exercise price	Weighted Average fair value per share [1]	Total amount of Loan	Expiry date	Estimated Vesting dates [2]
W McCrae	291,666	291,666	$3.60	$2.25	$1,050,321	23/12/17	n/a – fully vested
P Hutchison	291,666	291,666	$3.60	$2.25	$1,050,321	23/12/17	n/a – fully vested
P Keran	116,666	116,666	$3.24	$2.25	$378,000	23/12/17	n/a – fully vested
G Lambert	116,666	116,666	$3.24	$2.25	$378,000	23/12/17	n/a – fully vested
D Taylor	116,666	116,666	$3.24	$2.25	$378,000	23/12/17	n/a – fully vested
H Liu	100,000	100,000	$1.86	$1.05	$185,564	10/12/18	n/a – fully vested
D Wilson	275,000	175,000	$2.63	$1.42	$723,067	Between 30/06/2017 and 30/04/2019	Between 31/3/2016 and 30/06/2017
B Bamonte	291,666	29,167	$2.13	$1.62	$621,990	Between 30/06/2017 and 15/06/2020	Between 31/3/2016 and 30/06/2017
R Cook	225,000	-	$1.62	$0.98	$364,750	Between 04/07/2019 and 15/06/2020	Between 31/3/2016 and 04/07/2017

[1] The weighted average fair value of the shares has been calculated by using the Black-Scholes valuation method.

[2] The vesting date for the shares that remain unvested is determined based on the Company reaching production. At this stage this date can only be estimated.

The movement in the holdings of Shares issued to KMP under the Share Plan are summarised as follows:-

	Held at 1 July 2013	Granted as Compen -sation in 2014	Held at 30 June 2014	Vested and Exercisabl e at 30 June 2014	Granted as Compen-sation 2015	Forfeited	Held at 30 June 2015	Vested during the year 2015	Vested and Exercisable at 30 June 2015
W McCrae	250,000	41,666	291,666	291,666	-	-	291,666	-	291,666
P Hutchison	250,000	41,666	291,666	291,666	-	-	291,666	-	291,666
P Keran	100,000	16,666	116,666	116,666	-	-	116,666	-	116,666
G Lambert	100,000	16,666	116,666	116,666	-	-	116,666	-	116,666
D Taylor	100,000	16,666	116,666	116,666	-	-	116,666	-	116,666
H Liu	-	100,000	100,000	-	-	-	100,000	100,000	100,000
R Brougham	-	175,000	175,000	-	-	(175,000)	-	-	-
D Wilson	150,000	125,000	275,000	175,000	-	-	275,000 [1]	-	175,000
B Bamonte	87,500	54,166	141,666	29,167	150, 000	-	291,666 [1]	-	29,167
R Cook	-	-	-	-	225,000	-	225,000 [2]	-	-

REMUNERATION REPORT - AUDITED (continued)

(1) For the remaining shares that have not vested,

- 50% will vest on successful commissioning of the process plant at Rocklands; and
- 50% will vest 12 months after production is achieved.

(2) These shares will vest
- 25,000 shares on successful commissioning of the process plant at Rocklands;
- 50,000 shares 3 months after production commences; and
- 100,000 shares on 4 July 2016.

No Shares issued under the Share Plan were exercised during the above periods.

Shares have been issued under the Share Plan to other KMP that have left the Company. These shares have been cancelled and the former KMP have no further rights to those shares under the Share Plan.

Shareholdings
The number of Ordinary Shares in the company held during the financial year by KMP, including shares held by related parties, are set out below: -

KMP	Balance 1 July 2014	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2015
W. McCrae	10,353,159	-	-	235,639	10,588,798
P. Hutchison	1,075,534	-	-	-	1,075,534
P. Keran	81,666	-	-	-	81,666
G. Lambert	23,333	-	-	-	23,333
D. Taylor	58,333	-	-	50,000	108,333
Z. Ma	-	-	-	-	-
H. Liu	111,400	-	-	600	112,000
Z. Wu	-	-	-	-	-
R Brougham	-	-	-	-	-
D Wilson	-	-	-	-	-
B Bamonte	13,139	-	-	-	13,139
R Cook	-	-	-	-	-

REMUNERATION REPORT - AUDITED (continued)

Option holdings

The numbers of options in the Company held during the financial year by key management personnel, including options held by their related entities, are set out below.

	Balance 30 June 2014	Movement during the year				Balances as at 30 June 2015		
Key management personnel	Total Options	Granted through the employee share plan as remuneration	Acquired	Exercised	Forfeited / Expired	Total Options	Options Unvested	Total Vested & Exercisable
W. McCrae	493,332	-	-	-	-	493,332	-	493,332
P. Hutchison	373,332	-	-	-	-	373,332	-	373,332
P. Keran	144,998	-	-	-	-	144,998	-	144,998
G. Lambert	136,665	-	-	-	-	136,665	-	136,665
D. Taylor	141,665	-	-	-	-	141,665	-	141,665
Z. Ma	-	-	-	-	-	-	-	-
H. Liu	100,000	-	-	-	-	100,000	-	100,000
Z. Wu	-	-	-	-	-	-	-	-
R Brougham	175,000	-	-	-	(175,000)	-	-	-
D Wilson	275,000	-	-	-	-	275,000	100,000	175,000
B Bamonte	141,666	150,000	-	-	-	291,666	262,499	29,167
R Cook	-	225,000	-	-	-	225,000	225,000	-
	1,981,658	375,000	-	-	(175,000)	2,181,658	587,499	1,594,159

All shares issued pursuant to the loan funded employee share plan are treated as in-substance options and included above.

Options (Loan Funded Shares) granted since year end

The Company has not granted any options over unissued ordinary shares in CuDeco Limited since the end of the financial year to any key management personnel or executives as part of their remuneration.

Transactions with Directors and Director-Related Entities

A number of Directors of the Company, or their personally related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The results for the year include the following expenses that resulted from transactions with Directors of the Company and their personally related entities.

	2015	2014
	$'000	$'000
Rents paid or payable to Mr McCrae and his director-related entities.	**371**	306

There were no balances due to Directors and Director Related Entities at period end.

Other Transactions with Key Management Personnel

In the 2015 financial year there were no other transactions between the Consolidated Entity and Key Management Personnel.

This is the end of the audited remuneration report

ENVIRONMENTAL REGULATION

There are significant regulations under the environmental and mining laws and regulations of Queensland that apply to the exploration and mining tenements the Consolidated Entity holds in that State, including license requirements relating to ground disturbance, rehabilitation and waste disposal.

The Directors believe that the Consolidated Entity has adequate systems in place for management of its environmental requirements in relation to all its tenement holdings and are not aware of any significant breaches of these environmental requirements during the period covered by this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, CuDeco Ltd paid a premium of $ 51,500 (2014:$36,967) to insure the Directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company.

The Company has not indemnified or insured its auditor.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance, except where disclosed in the corporate governance statement.

This year the Company has adopted Listing Rule 4.10.3 which allows companies to publish their corporate governance statement on their website rather than in their annual report. The directors have reviewed the statement and a copy of the statement along with any related disclosures is available at http://www.cudeco.com.au/governance.asp/.

PROCEEDINGS ON BEHALF OF THE COMPANY

A former employee has commenced legal action against the company for an amount of approximately $340,000 being the alleged loss incurred by the employee as a result of the cancellation of options previously issued to him under the Company's Employee Option Plan. No provision has been made in the financial statements in respect of this claim as the parent company considers it will be able to successfully defend the claim

A claim has been brought by the Company against a supplier of plant and equipment for damages and losses suffered as a result of the plant and equipment not being to the required standard. The claim exceeds $10m. The supplier has lodged a counter-claim where the net liability to the parent company would be approximately $1.78m should the claim be successful and costs awarded. The parent company believes that it will be able to successfully defend the counter-claim and no provision has been made in the financial statements.

Other than the matters detailed above, no person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity, or to intervene in any proceedings to which the Consolidated Entity is a party, for the purpose of taking responsibility on behalf of the Consolidated Entity for all or part of those proceedings. The Consolidated Entity was not a party to any such proceedings during the year.

NON AUDIT SERVICES

KPMG provided non-audit services, being the provision of tax services. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. The following fees for non-audit services were paid or were payable to the external auditors during the year ended 30 June 2015:

- $33,858 (2014: $26,000) for the provision of tax services.

ROUNDING OFF

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor, KPMG, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001.

The independence declaration is attached to and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors

D Taylor
Chairman

18 November 2015

KPMG

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Cudeco Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Adam Twemlow
Partner

Gold Coast
18 November 2015

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Finance income	8	**126**	641
Other income	8	**1**	1,624
		127	2,265
Expenses			
Depreciation expense		**(830)**	(772)
Employee and consultancy expenses		**(5,643)**	(4,534)
Insurance expense		**(120)**	(174)
Occupancy expenses		**(430)**	(594)
Stock exchange and shareholder communication expenses		**(383)**	(309)
Travel		**(333)**	(163)
Foreign exchange loss		**(11,792)**	-
Impairment of mining assets	27	**(109,000)**	-
Impairment of logistical infrastructure assets	27	**(2,914)**	-
Other		**(137)**	(265)
Total Expenses		**(131,582)**	(6,811)
Loss from continuing operations before related income tax expense/benefit		**(131,455)**	(4,546)
Income tax benefit	11	**-**	-
Net loss for the year		**(131,455)**	(4,546)
Other comprehensive income		**-**	-
Total comprehensive income (loss) for the year		**(131,455)**	(4,546)
		Cents	Cents
Earnings per share:			
Basic earnings (loss) per share	12	**(53.7)**	(2.1)
Diluted earnings per share	12	**(53.7)**	(2.1)

The above financial statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2015

	Notes	2015 $'000	2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	13	**3,574**	9,231
Trade and other receivables	14	**636**	960
Inventory	15	**5,001**	11,141
TOTAL CURRENT ASSETS		**9,211**	21,332
NON-CURRENT ASSETS			
Inventory	15	**18,344**	-
Property, plant and equipment	16	**238,792**	219,219
Exploration and evaluation assets	17	**9,166**	16,627
Development costs	18	**166,351**	149,689
Other assets	19	**3,519**	2,231
TOTAL NON-CURRENT ASSETS		**436,172**	387,766
TOTAL ASSETS		**445,383**	409,098
CURRENT LIABILITIES			
Trade and other payables	20	**40,735**	7,467
Loans and borrowings	21	**19,589**	-
Provisions	22	**1,375**	1,374
TOTAL CURRENT LIABILITIES		**61,699**	8,841
NON-CURRENT LIABILITIES			
Loans and borrowings	21	**58,766**	-
Provisions	22	**6,455**	6,286
TOTAL NON-CURRENT LIABILITIES		**65,221**	6,286
TOTAL LIABILITIES		**126,920**	15,127
NET ASSETS		**318,463**	393,971
EQUITY			
Contributed equity	23	**478,535**	424,602
Reserves	25	**58,779**	56,765
Accumulated losses		**(218,851)**	(87,396)
TOTAL EQUITY		**318,463**	393,971

The above financial statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

	Contributed Equity	Accumulated Losses	Option Reserve	Capital Realisation Reserve	Capital Redemption Reserve	Total Equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance – 1 July 2013	**367,829**	**(82,850)**	**36,694**	**95**	**432**	**322,200**
Profit (Loss) for the year	-	(4,546)	-	-	-	(4,546)
Total comprehensive income	-	(4,546)	-	-	-	(4,546)
Shares issued						
To pay for Goods and Services	24,603	-	-	-	-	24,603
Rights issue including issue to underwriters	38,185	-	18,314	-	-	56,499
Share issue costs	(2,092)	-	(925)	-	-	(3,017)
Share based payment expense	-	-	2,155	-	-	2,155
Less Shares transferred to Employee Share Plan	(3,923)	-	-	-	-	(3,923)
Balance - 30 June 2014	**424,602**	**(87,396)**	**56,238**	**95**	**432**	**393,971**
Profit (Loss) for the year	-	(131,455)	-	-	-	(131,455)
Total comprehensive income	-	(131,455)	-	-	-	(131,455)
Shares issued						
Share Placements	42,653	-	-	-	-	42,653
To pay for Goods and Services	12,776	-	-	-	-	12,776
Share issue costs	(7)	-	-	-	-	(7)
Share based payment expense	-	-	2,014	-	-	2,014
Less Shares transferred to Employee Share Plan	(1,489)	-	-	-	-	(1,489)
Balance - 30 June 2015	**478,535**	**(218,851)**	**58,252**	**95**	**432**	**318,463**

The above financial statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		**1**	18,723
Payments in the course of operations		**(5,562)**	(23,111)
Interest received		**128**	766
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	29	**(5,433)**	(3,622)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(55,702)**	(51,443)
Payments for exploration and evaluation assets		**(42)**	(1,468)
Payments for mine development costs		**(47,497)**	(31,056)
Proceeds from sale of plant and equipment		**191**	111
Decrease (Increase) in security deposits		**32**	(245)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(103,018)**	(84,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**42,653**	55,575
Proceeds from loan		**62,609**	951
Cost of on-market share buy-back/employee share plan		**(1,496)**	(3,923)
Share issue / buy back costs		**(933)**	(2,092)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		**102,833**	50,511
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(5,618)**	(37,212)
Cash and cash equivalents at the beginning of the financial year		**9,231**	45,522
Effect of foreign exchange rates on cash and cash equivalents		**(39)**	921
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	13	**3,574**	9,231

The above financial statement should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity
Cudeco Limited (the "Company") is a company domiciled in Australia.

The Company's registered office is at Unit 33, Brickworks Annex, 19 Brolga Avenue, Southport Queensland. The consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" or "consolidated entity" and individually "Group companies").

The Group is a for-profit entity and primarily is involved in mineral exploration, evaluation, mine development and construction of the plant and other infrastructure related to the Rocklands Project in Cloncurry, Queensland.

2. BASIS OF ACCOUNTING

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

They were authorised for issue by the Board of Directors on 18 November 2015.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(a) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 17 – Exploration and evaluation expenditure

  The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

4. USE OF JUDGEMENTS AND ESTIMATES (continued)

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2015 are included in the following notes:

- Note 5 - Going Concern;
- Note 15 – Inventory;
- Note 16 – Property plant and equipment;
- Note 17 – Exploration and evaluation expenditure
- Note 18 – Development costs;
- Note 22 – Recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 24 – Share-based payment transactions; and
- Note 27 - Impairment

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values and is overseen by the CFO.

The CFO regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24 – share-based payment arrangements;
- Note 26 – financial instruments; and
- Note 27 – impairment.

5. GOING CONCERN

The consolidated financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2015 the Group had cash on hand of $3.6m, net assets of $318.5m and a net current asset deficiency of $52.5m. The Group recorded a loss of $131.5m for the year ended 30 June 2015 including impairment of $111.9m relating to the Rocklands Project. During the year the Group raised $42.7m through the issue of shares and utilised US$60.0m of an approved finance facility to fund mine development and further construction costs relating to the Rocklands Project. At 30 June 2015, an amount of $36.9m was included in current liabilities for construction costs in relation to the processing plant. The supplier has agreed to accept deferred settlement payments over a period of approximately 12 months.

Subsequent to year end, the Group received $8.3m in short term loans from three of its shareholders to provide short term funding. Additionally, the Group has raised $30.0m subsequent to year end through a share placement to a Singaporean entity. The Group will need to raise significant additional equity beyond these amounts.

The Group is currently in the process of completing the Rocklands Project including mine development, associated infrastructure and commissioning of the processing plant. The Group plans to fund the majority of the remaining capital expenditure through funds raised subsequent to year end and further capital raisings.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections are based on the successful completion of the Rocklands Project including associated infrastructure and commissioning of the Rocklands mine processing plant, with commercial production expected to commence in February 2016. The cash flow projections assume significant additional equity funding is raised in addition to the $38.3m raised subsequent to year end and positive cash flows being generated through the sale of processed ore commencing in early 2016.

The feasibility of the Rocklands Project is dependent on the key assumptions as set out in Note 27. In the event these assumptions are not achieved, this may result in further material impairment and the Group may not continue as a going concern.

The ongoing operation of the Group is critically dependent upon:

- The Group raising significant additional equity funding from shareholders or other parties; and
- Successful and timely commissioning of the Rocklands mine processing plant and generating significant cash flows from mining activities.

In the event the Group does not raise sufficient equity funding from shareholders or other parties and receive significant cash flows from mining activities, the Group will be required to reduce planned expenditure in-line with available funding and may not be able to continue as a going concern. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

In the event the Group cannot continue as a going concern it may not realise its assets and settle its liabilities in the normal course of operations and at the amounts set out in the consolidated financial report.

6. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (a)(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (u)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(c) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

CuDeco Limited and its wholly-owned Australian subsidiaries are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity, The head entity within the tax-consolidated group is Cudeco Limited.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Receivables

The collectability of receivables is assessed at balance date and specific provision is made for any doubtful accounts.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:-

- Copper and other metals on hand are valued on average total production cost method.
- Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage.
- A proportion of related depreciation and amortisation charge is included in the cost of inventory.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories (continued)

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated future selling price in the ordinary course of business, based on the prevailing metal prices, less the estimated costs of completion and estimated costs necessary to make the sale.

(h) Exploration and Evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Consolidated Entity's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation assets are assessed for impairment if:

(i) Sufficient data exists to determine technical feasibility and commercial viability; and
(ii) Facts and circumstances suggest the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

(i) Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Mining assets (continued)

Deferred stripping costs

Under AASB Interpretation ("IFRIC") 20, *Stripping Costs in the production Phase of a Surface Mine*, production stripping costs are now capitalised as part of an asset, if it can be demonstrated that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The asset is called "deferred stripping asset". The deferred stripping asset is amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied. Production stripping costs that do not satisfy the asset recognition criteria are expensed.

(j) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss or capitalised as development costs. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.
The depreciation rates of property, plant and equipment are as follows:

- buildings 10%
- plant and equipment 20% – 33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Research and Development Expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Research and Development Expenditure (continue)

attributable to the project can be measured reliably. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired.

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are unsecured and normally settled within 30 days.

(m) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Rehabilitation and dismantle costs

The consolidated entity has a constructive obligation under the Environmental Protection Act to rehabilitate areas on mining leases disturbed by mining activities. The consolidated entity calculates its rehabilitation liability to reflect the costs to rehabilitate significantly disturbed land from mining activities, in accordance with the Department of Environmental and Heritage Protection (EHP) Guideline: Financial Assurance under the Environmental Protection Act 1994. Significantly disturbed land is defined in the Environmental Protection Regulation 2008 and refers to land that is contaminated or disturbed and requires human intervention to rehabilitate it.

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the operation of the mine up to reporting date but not yet rehabilitated, as if the mine was shut down at reporting date. Provision has been made for the estimated cost of rehabilitation which includes the current cost of recontouring, topsoiling and revegetation employing current technology while having regard to current legislative requirements. An asset is created as part of the non-current development assets, to the extent that the development relates to future productions activities, which is offset by a current and non-current provision for rehabilitation.

The rehabilitation liability is estimated as part of the preparation of the annual Plan of Operations of each mine which is reviewed by the Department of Natural Resources and Mines as required by the Mineral Resources Act.

Changes in estimates are dealt with on a prospective basis as they arise. Significant uncertainty exists as to the amount of rehabilitation obligations under which will be incurred due to the following factors:

- uncertainty as to the remaining life of existing operating sites; and
- the impact of changes in environmental legislation.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee Benefits

The Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date is accrued. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Issued Capital

Ordinary shares issued are classified as contributed equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds.

(p) Share-Based Payments

The Company may provide benefits to Directors, employees and suppliers of the Consolidated Entity in the form of share-based payment transactions, whereby Directors, employees and suppliers render services in exchange for shares or options to purchase shares in the Company (equity-settled transactions).There is currently a loan funded share plan and an Employee Option Plan in place to provide these benefits to employees.

The cost of these share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the life of the option, the current price of the underlying instrument, the price volatility of the underlying instrument, the expected dividend yield and the risk-free rate for the life of the option, further details of which are given in Note 24.

The assessed fair value at grant date is recognised as an expense or is capitalised to mine development costs or exploration and evaluation expenditure, together with a corresponding increase in equity, pro rata over the life of the option from grant date to expected vesting date. No amount is recognised for awards that do not ultimately vest because internal vesting conditions were not met. An amount is still recognised for options that do not ultimately vest because a market condition was not met.

Where options are cancelled, they are treated as if they had vested on the date of cancellation, and any unrecognised expenses are immediately recognised. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leases (continued)

between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(r) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(s) Earnings per Share

(i) *Basic Earnings per Share* – Basic earnings per share is determined by dividing the net profit or loss by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Earnings per Share* – Diluted earnings per share adjusts the figures used in the determination of basic earnings per share for the after tax effect of financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Financial instruments

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(u) Impairment

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Impairment (continued)

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

(i) Non-derivative financial assets

Equity-accounted investees
An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Government grants

The consolidated entity recognises an unconditional government grant related to research and development expenditure as deferred income and is offset against mine development costs.

(w) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guide in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The consolidated entity is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 1 18 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The consolidated entity is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

7. OPERATING SEGMENTS

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographical basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level. The consolidated entity does not have any products or services it derives revenue from.

Accordingly, management currently identifies the consolidated entity as having only one reportable segment, being exploration for copper in Australia. There have been no changes in operating segments during the financial year. Accordingly all significant operating decisions are based upon the analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

	2015 $'000	2014 $'000
8. FINANCE AND OTHER INCOME		
Finance income	**126**	641
	126	641
Other income		
Foreign exchange gain	**-**	921
Sundry income	**1**	703
	1	1,624
9. EXPENSES		
Profit (loss) before income tax has been arrived at after the following items:		
Operating lease rental – director-related entity	**126**	152
Operating lease rental – other	**2**	50
Share based payment expense – employees and consultants	**945**	1,169
Defined contribution superannuation expense	**173**	157

	2015 $	2014 $
10. AUDITORS' REMUNERATION		
Audit and review services		
Auditors of the Company - KPMG		
Audit and review of financial statements	**94,416**	105,000
	94,416	105,000
Other auditors		
Audit and review of financial statements	**-**	11,000
	-	11,000
Other services		
Auditors of the Company - KPMG		
In relation taxation services	**33,858**	26,000
	33,858	26,000
Other auditors		
In relation to other assurance, taxation and due diligence services	**494,548**	34,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

11. INCOME TAX BENEFIT (EXPENSE)

	2015 $'000	2014 $'000
Reconciliation		
Current Income Tax Expense	**-**	-
Deferred Income Tax Expense	**35,855**	1,874
Deferred tax not recognised	**(35,855)**	(1,874)
Total	**-**	-
The prima facie income tax profit (loss) is reconciled to the income tax provided in the financial statements as follows:		
The prima facie income tax expense (benefit) (30%) on profit/(loss) before income tax	**(39,437)**	(1,364)
Permanent differences	**285**	359
Deferred tax not recognised	**39,152**	1,005
Income tax expense/benefit	**-**	-
Deferred Tax Balances		
Unused tax losses	**1,810**	27,604
Temporary differences	**30,093**	6,053
	31,903	33,657
Deferred tax liabilities	**(31,903)**	(33,657)
Assessable temporary differences	**-**	-
Net deferred tax recognised	**-**	-
Unrecognised deferred tax assets		
Unrecognised tax losses	**140,593**	21,074
Unrecognised temporary differences	**-**	-
Deferred tax assets not taken up at 30% (2014: 30%)	**42,178**	6,322

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2015 under COT.

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

(i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;

(ii) the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the losses.

For the purposes of taxation, CuDeco Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group.

Franking credits
There are no franking credits available to shareholders of CuDeco Limited.

12. EARNINGS PER SHARE

	2015 No.	2014 No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**244,598,767**	214,768,324
Weighted average number of ordinary shares and potential ordinary outstanding during the year used in calculation of diluted EPS	**244,598,767**	214,768,324
	$'000	**$'000**
Earnings (loss) used to calculate basic earnings per share	**(131,455)**	(4,546)
Earnings used to calculate diluted earnings per share	**(131,455)**	(4,546)

The Company has a total of 22,599,423 (2014: 26,376,811) share options outstanding. Options are considered to be potential ordinary shares and are used in the calculation of the Diluted Earnings per share where the exercise price of the options is lower than the prevailing share price. For the 30 June 2015 year nil (2014:nil) share options were included in the calculation of the Diluted Earnings per share. As the Consolidated Entity's continuing operation was in a loss position for the year ended 30 June 2015 they were considered anti-dilutive in nature, as their exercise will not result in diluted earnings per share that shows an inferior view of earnings performance of the Consolidated Entity than is shown by basic earnings per share.

13. CASH AND CASH EQUIVALENTS

	$'000	$'000
Cash at bank and in hand	**551**	1,288
Deposits at call	**3,023**	7,943
	3,574	9,231

- Cash at bank and deposits on call earn interest at floating rates based on daily bank deposit rates.

14. TRADE AND OTHER RECEIVABLES

Current

Accrued interest	**5**	7
GST receivable	**274**	519
Prepayments	**195**	320
Other receivables	**162**	114
	636	960

No receivables are past due or impaired at year end.

Terms and conditions relating to the above financial instruments:

- Trade and sundry debtors are non-interest bearing and generally on 30 day terms.

15. INVENTORIES

	2015 $'000	2014 $'000
Current		
Ore stockpiles	**5,001**	8,705
Consumables	**-**	1,516
Spare parts	**-**	920
	5,001	11,141
Non-current		
Ore stockpiles	**10,386**	-
Consumables	**4,063**	-
Spare parts	**3,895**	-
	18,344	**-**
Total Inventories	**23,345**	11,141

Current inventory includes high grade ore stockpiles which are expected to be processed and realised within 12 months on the basis of the successful commissioning of the Rocklands processing plant within the planned timeframes. Consumables and spare parts are classified as non-current due to the fact that the current plan for mining operations does not anticipate these items to be consumed within 12 months of balance date.

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 $'000	2014 $'000
Land and buildings			
At cost		**15,961**	15,905
Accumulated depreciation		**(3,954)**	(2,529)
Impairment loss	**27**	**(2,541)**	-
Total land and buildings		**9,466**	13,376
Plant and equipment			
At cost		**35,232**	32,316
Accumulated depreciation		**(22,074)**	(16,457)
Impairment loss	**27**	**(2,785)**	-
Total plant and equipment		**10,373**	15,859
Plant and equipment (work-in-progress)		**285,596**	189,984
Impairment loss	**27**	**(60,627)**	-
		224,969	189,984
Total property, plant and equipment		**244,808**	219,219

During 2015 the Consolidated Entity recognised an impairment loss of $68.867m with respect to the plant and equipment and logistical infrastructure assets relating to the Rocklands project. Further information about the impairment loss is included in Note 27.

The majority of the property, plant and equipment relates to the Rocklands Project. The ultimate recoupment of costs carried forward is dependent upon the successful development and commercial exploitation or sale of the Rocklands Project.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year

	Note	2015 $'000	2014 $'000
Land and buildings			
Carrying amount at the beginning of year		**13,376**	9,005
Additions during the year		**56**	4,023
Disposals during the year		**-**	(14)
Depreciation for the year		**(1,425)**	(1,133)
Reclassification of assets		**-**	1,495
Provision for impairment	**27**	**(2,541)**	-
Carrying amount at the end of the year		**9,466**	13,376
Plant and equipment			
Carrying amount at the beginning of year		**15,859**	21,014
Additions during the year		**2,393**	1,750
Equipment transferred from plant and equipment being commissioned		**713**	1,096
Disposals		**(191)**	(49)
Depreciation charged		**(5,616)**	(5,376)
Reclassification of assets		**-**	(2,576)
Provision for impairment	**27**	**(2,785)**	-
Carrying amount at the end of the year		**10,373**	15,859
Plant and equipment (work-in-progress)			
Carrying amount at the beginning of year		**189,984**	117,229
Additions during the year		**101,223**	72,770
Equipment transferred to plant and equipment		**(713)**	(1,096)
Reclassification of assets		**-**	1,081
Equipment transferred to development costs		**(1,984)**	-
Impairment of logistical infrastructure assets	**27**	**(2,914)**	-
Provision for impairment – processing plant	**27**	**(66,627)**	-
		224,969	189,984
Carrying amount at the end of the year		**224,808**	219,219

17. EXPLORATION AND EVALUATION ASSETS

	2015 $'000	2014 $'000
Costs carried forward in respect of areas of interest in exploration and/or evaluation phase:		
Balance at the beginning of the year	**16,627**	39,168
Exploration costs incurred	**177**	1,624
Transferred to development costs	**(7,638)**	(24,165)
	9,166	16,627

The ultimate recoupment of costs carried forward for exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

	2015 $'000	2014 $'000
18. DEVELOPMENT COSTS		
Costs carried forward in respect of areas of interest in the development phase:		
Balance at the beginning of the year	**149,689**	90,250
Development costs incurred	**37,776**	29,537
Transferred from property, plant and equipment	**1,984**	-
Depreciation capitalised to development costs	**6,295**	5,737
Transferred from exploration and evaluation assets	**7,638**	24,165
Provision for impairment (refer Note 27)	**(43,047)**	-
	160,335	149,689

The development costs relate to the Rocklands Project. The ultimate recoupment of costs carried forward for the development phases is dependent on the successful development and commercial exploitation or sale of the Rocklands project. To date there has been no amortisation of the costs as production has not commenced.

19. Other Assets

Non-current		
Security deposits	**2,199**	2,231
Borrowing expenses	**1,320**	-
	3,519	2,231

Included in the Security deposits is $1,922,464 for an environmental bond with the State of Queensland against rehabilitation attributable to mining operations at Rocklands Copper Project.

20. TRADE AND OTHER PAYABLES

Current		
Unsecured liabilities:		
Trade creditors	**2,536**	4,322
Sundry creditors and accrued expenses	**1,292**	3,145
Amounts payable under the construction contract	**36,907**	-
	40,735	7,467

Terms and conditions relating to the above financial instruments:

- Trade and sundry creditors are non-interest bearing and are normally settled on 30 day terms.
- The amounts payable under the construction contract are non interest bearing and the supplier has agreed to accept a deferred settlement until production commences.

	2015 $'000	2014 $'000
21. LOANS AND BORROWINGS		
Current		
Secured bank loans	**19,589**	-
Non-current		
Secured bank loans	**58,766**	-
Total secured bank loans	**78,355**	-

The Group has secured two finance facilities from the China Minsheng Banking Corporation Limited. These facilities include;

- Facility A – US$60m facility for construction costs; and
- Facility B – US$5m to assist with working capital requirements post commissioning of the processing plant.

At 30 June 2015, the US$5m working capital facility has not been drawn.

At 30 June 2015, the US$60m facility to fund construction costs has been fully drawn. This facility is repayable in four quarterly tranches. The first tranche is due on the earlier of the following key milestone dates;

- A date 21 months from the day the facility was drawn (the facility was drawn in July 2014); or
- Three months following the last day of the relevant month when the commissioned processing plant achieves 9,000 tonnes of throughput per day for three consecutive days. The directors believe the plant will achieve this output in March 2016.

Both facilities are secured by a registered charge over the assets of the Group.

The interest rate payable on both facilities is the aggregate of LIBOR for three months plus 3.50% margin plus 2% management fee. A commitment fee calculated at the rate of 1% per annum is also payable on funds not drawn down under either facility.

	2015 $'000	2014 $'000
22. PROVISIONS		
Current		
Annual leave provision	**1,186**	1,087
Long service leave provision	**189**	287
	1,375	1,374
Non-current		
Long service leave provision	**209**	40
Rehabilitation provision (a)	**6,246**	6,246
	6,455	6,286

(a) Land disturbed by mining activities is required to be restored to its original condition. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the future costs that will be incurred. The Group has assumed that the site will be restored using technology and materials that are available currently.

	2015 $'000	2014 $'000
23. CONTRIBUTED EQUITY		
Issued and paid-up share capital		
2015: 271,214,099 (2014: 229,486,354) ordinary shares, fully paid	**478,535**	424,602

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

(a) Ordinary Shares

Movements in ordinary share capital over the past two years were as follows:

Date	Details	Number of Shares	Issue Price	$'000
1 July 2013	**Opening Balance**	**201,200,722**		**367,829**
5 July 2014	Placement for acquisition of plant and equipment	139,880	$2.60	364
19 December 2013	Share Issue pursuant to rights issue	2,599,423	$1.69	4,392
24 December 2013	Placement for acquisition of plant and equipment	6,376,811	$3.45	22,000
24 December 2013	Placement for acquisition of plant and equipment	20,000	$1.90	38
6 January 2014	Issue to Underwriters of Rights Issue	20,000,000	$1.69	33,792
12 February 2014	Placement for acquisition of plant and equipment	20,000	$1.50	30
8 April 2014	Placement for acquisition of plant and equipment	550,000	$2.00	1,100
24 June 2014	Placement for acquisition of plant and equipment	535,852	$2.00	1,072
July 2013 to June 2014	Shares acquired for the loan funded share plan	(1,956,334)	$2.01	(3,923)
	Share issue costs / cancellation costs	-		(2,092)
30 June 2014	**Closing Balance**	**229,486,354**		**424,602**
8 August 2014	Placement for acquisition of plant and equipment	305,883	$2.00	612
17 December 2014	Placement for tailings dam construction and mine development	294,118	$1.70	500
22 December 2014	Placement for acquisition of plant and equipment	2,433,830	$1.30	3,164
22 December 2014	Share placement	4,902,410	$1.255	6,153
31 January 2015	Placement for acquisition of plant and equipment	5,666,666	$1.50	8,500
27 February 2015	Share placement	23,600,000	$1.25	29,500
4 May 2015	Share placement	5,600,000	$1.25	7,000
July 2014 to June 2015	Shares acquired for the loan funded share plan	(1,075,162)	$1.39	(1,489)
	Share issue costs / cancellation costs			(7)
30 June 2015	**Closing Balance**	**271,214,099**		**478,535**

23. CONTRIBUTED EQUITY (continued)

(b) Share Options

Exercise Period	Exercise Price	Opening Balance 1 July 2014	Options Issued 2014/ 2015	Options Exercised 2014/2015	Options Expired/ Forfeited 2014/2015	Closing Balance 30 June 2015
		Number	*Number*	*Number*	*Number*	*Number*
31/12/2015	$2.50	22,599,423	-	-	-	22,599,423
		22,599,423	-	-	-	22,599,423

None of the options have any voting rights, any entitlement to dividends or any entitlement to the proceeds on liquidation in the event of a winding up.

Listed Options

During the year ended 30 June 2014 the Company undertook a Rights Issue and pursuant to this issue, granted options. The following table illustrates the number and weighted average exercise prices of and movements in the listed options during the year

	2015 No.	**2015 Weighted average exercise price**	2014 No.	2014 Weighted average exercise price
Granted during the year				
- Pursuant to rights issue	-	-	22,599,423	$2.50
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	**22,599,423**	**$2.50**	22,599,423	$2.50
Exercisable at the end of the year	**22,599,423**	**$2.50**	22,599,423	$2.50

The weighted average for the remaining contractual life of share options outstanding at the end of the year is 6 months (2014: 1.5 years). Share options outstanding at the end of the year have an exercise price of $2.50 (2014: $2.50).

2014

The fair value of options issued on 19 December 2013 under the rights issue were estimated as at the date of grant based on the share price at the date of announcement of the rights issue. The fair value of $0.81 per option was calculated using a Black – Scholes model and based on the conversion price of $2.50 per right and the share price of $1.69.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

24. SHARE BASED PAYMENTS

Loan Funded Share Plan

In November 2011, the Company sought, and was granted, approval for setting up of Loan Funded Employee Share Plan ("Share Plan"). The Plan allows Directors from time to time to invite eligible employees to participate in the Share Plan and offer shares to those eligible persons. The Share Plan is designed to provide incentives, assist in the recruitment, reward, retention of employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The participant will be provided with an interest free, non-recourse loan for the consideration payable for the shares. The vesting of the shares will be subject to performance or service conditions as determined by the Board. The shares allocated to employees under the Share Plan are held in trust for eligible persons as security for the loans. There are no cash settlement alternatives.

In the year ended 30 June 2015 1,625,000 (2014: 2,295,417) shares were issued under the Share Plan.

				Vesting Details					
				First Tranche		Second Tranche		Third Tranche	
Options Issued	**Exercise price**	**No. of options vested**	**No. of options not vested**	**Vesting date**	**No. Vesting**	**Vesting date**	**No. Vesting**	**Vesting date**	**No. Vesting**
To Directors									
- December 2011	$3.60	800,000	-	-	-	-	-	-	-
- December 2013	$1.86	100,000	-	-	-	-	-	-	-
To employees									
- June 2012	$3.14	200,000	-	-	-	-	-	-	-
- November 2012	$3.93	-	1,619,072	31/03/2016	809,536	30/06/2017	809,536	-	-
- June 2013	$3.93	-	100,000	31/03/2016	50,000	30/06/2017	50,000	-	-
- July 2013	$1.80	-	1,087,500	31/03/2016	543,750	30/06/2017	543,750	-	-
- April 2014	$1.90	-	1,207,917	31/03/2016	603,959	30/06/2017	603,958	-	-
- July 2014	$1.73	-	175,000	31/03/2016	25,000	30/06/2016	50,000	04/07/2016	100,000
- June 2015	$1.24	-	1,450,000	31/03/2016	725,000	31/03/2017	725,000	-	-

The key terms and conditions related to the grants under the Share Plan are as follows;

Grant date/ employees entitled	**Number of instruments in thousands**	**Vesting conditions**	**Contractual life of options**
December 2011	800	2 years' service from grant date	5 years
June 2012	200	2 years' service from grant date	5 years
November 2012	1,619	3 months after processing plant is commissioned and 18 months after commissioning date	5 years
June 2013	100	Same as above (Nov 12)	5 years
July 2013	1,088	Same as above (Nov 12)	5 years
December 2013	100	2.5 years' service from grant date	5 years
April 2014	1,208	Date the company reaches full production and 12 months after full production	5 years
July 2014	175	Successful commissioning of the plant; 3 months after meeting agreed production targets; and 2 years from grant date	5 years
June 2015	1,450	Date the process plant achieves full production and 12 months after the processing plant achieves full production	5 years

24. SHARE BASED PAYMENTS (continued)

Measurement of fair values

For accounting purposes shares allocated to employees pursuant to the Share plan will be treated and valued as options. The fair value of the Share Plan has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the Share Plan were as follows.

	2015		2014		
	Issued 15 June 2015	**Issued 24 July 2014**	**Issued 24 April 2014**	**Issued 10 December 2013**	**Issued 29 July 2013**
Fair value at grant date	$1.24	$1.90	$1.90	$1.86	$1.80
Share price at grant date	$1.26	$1.74	$1.89	$1.81	$1.66
Exercise price	$1.24	$1.90	$1.90	$1.86	$1.80
Expected volatility (weighted average)	48.86%	48.86%	48.86%	48.86%	56.83%
Expected dividends	-	-	-	-	-
Risk-free interest rate (based on government bonds)	2.5%	2.5%	3.0%	3.0%	3.0%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

The value of the options is allocated over their vesting period as part of the remuneration of the individual they relate to.

The following is a summary of the allocation of these values as share based payments:-

	2015	2014
	$'000	$'000
Share based payment included as an expense	**945**	1,169
Share based payments capitalised to exploration and evaluation asset	**120**	155
Share based payments capitalised to mine development expenditure	**949**	831
Total share based payments for the year	**2,014**	2,155

25. RESERVES

	2015 $'000	2014 $'000
Capital Realisation	**95**	95
Capital Redemptions	**432**	432
Option [a]	**58,252**	56,238
	58,779	56,765

	2015 $'000	2014 $'000
[a] **Movement during the year – Option Reserve**		
Opening balance	**56,238**	36,694
Issue of options to directors/employees /consultants	**2,014**	2,155
Value of options issued pursuant to rights issue	**-**	18,314
Costs of rights issue allocated to options	**-**	(925)
Closing balance	**58,252**	56,238

Option Reserve

The option reserve is used to record the fair value of options issued but not exercised.

26. FINANCIAL INSTRUMENT DISCLOSURES

To ensure a prudent approach to risk management the Consolidated Entity's exposure to the following key risks have been assessed where applicable; market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Consolidated Entity through regular reviews of the risks.

The Groups financial assets and liabilities primarily comprise:

	2015 $'000	2014 $'000
Cash and cash equivalents	**3,574**	9,231
Other assets – security deposits	**2,199**	2,231
Trade and other receivables	**636**	3,191
Total Assets	**6,409**	14,653
Secured bank loans	**78,355**	-
Trade and other payables	**40,735**	7,467
Total Liabilities	**119,090**	7,467

26. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The entity does not have any material exposure to market risk other than interest rate risk and foreign exchange risk.

(i) Interest rate risk

The Consolidated Entity's exposure to the risk of changes in market interest rate relates primarily to the Consolidated Entity's secured bank loans although through its cash deposits it is also exposed to a lesser extent to changes in interest rates.

For the secured bank loans the loans are fixed against the movement in the LIBOR (London Interbank Offered Rate) and as such the Consolidated Entity remains exposed to changes in this rate.

For cash deposits the Consolidated Entity has fixed interest term deposit facilities with a secure banking institution to maximise its interest income from surplus cash. The Consolidated Entity holds working capital in transaction accounts at variable interest rates.

Fixed interest term deposit accounts have been included in the sensitivity analysis as they generally mature within a 1 - 3 month period. A change of 100 basis points (100bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for last year except there were no bank loans in place at 30 June 2014.

		Profit or (Loss)		**Equity**	
	Carrying Amount $'000	**100bps increase $'000**	**100bps decrease $'000**	**100bps increase $'000**	**100bps decrease $'000**
30 June 2015					
Cash and cash equivalents	**3,574**	**36**	**(36)**	**36**	**(36)**
Total increase / (decrease)		**36**	**(36)**	**36**	**(36)**
Bank Loans	78,355	-	-	-	-
Total increase / (decrease		-	-	-	-
30 June 2014					
Cash and cash equivalents	9,231	92	(92)	92	(92)
Total increase / (decrease)		92	(92)	92	(92)

26. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(ii) Foreign exchange risk

The Consolidated Entity is exposed to foreign currency fluctuations risks. This arises from cash held in US dollars and Loan Borrowings in US dollars. The funds held in US dollars were acquired when the Consolidated Entity made commitments to acquire plant and equipment which was priced in this currency. The Directors at the time believed that the rate at which the US dollars were acquired was favourable and limited the Consolidated Entity to any additional risk to foreign exchange fluctuations.

The Loans and Borrowings are in US dollars. The company once it achieves production will be selling a commodity in US dollars and therefore this provides a natural hedge against movements in the US dollar currency.

A change of 1 cent in the US Dollar equivalent of an Australian dollar exchange rate at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The amounts disclosed below are the Australian dollar equivalents.

		Profit or (Loss)		Equity	
	Carrying Amount $'000 (AUD)	**1 cent US increase $'000 (AUD)**	**1 cent US decrease $'000 (AUD)**	**1 cent US increase $'000 (AUD)**	**1 cent US decrease $'000 (AUD)**
30 June 2015					
Cash and cash equivalents	**164**	**(2)**	**2**	**(2)**	**2**
Loans and borrowings	**78,355**	**1,023**	**(1,023)**	**1,023**	**(1,023)**
Total increase / (decrease)		**1,021**	**(1,021)**	**1,021**	**(1,021)**
30 June 2014					
Cash and cash equivalents	7,920	(84)	84	(84)	84
Total increase / (decrease)		(84)	84	(84)	84

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	**2015**	2014
AUD/USD	0.8291	0.9179	0.7657	0.9040

(b) Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash on deposit.

(i) Cash on deposit

The Consolidated Entity limits its exposure to credit risk by only depositing its funds with reputable financial institutions. Cash at year end was deposited with National Australia Bank.

26. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(b) Credit risk (continued)

(ii) Receivables

As the Consolidated Entity has not commenced production, it does not have trade receivables and therefore is not exposed to material credit risk in relation to trade receivables.

The Consolidated Entity's maximum exposure to credit risk is the carrying amount of its financial assets as disclosed in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation. The Consolidated Entity currently has secured bank loans.

The Consolidated Entity aims to manage liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and it aims to repay the bank loan from its expected revenue from production within the next two years.

Due to the nature of the Consolidated Entity's activities and the present lack of operating revenue, the Consolidated Entity has to raise additional capital from time to time in order to fund its exploration and development activities. The decision on how and when the Consolidated Entity will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure.

At the reporting date the contractual maturity of trade and other payables are all less than 12 months. The Bank Loans are to be repaid quarterly and the timing for the repayments coinciding with the Company entering into production. The first repayment is due in May 2016 and it is to be fully repaid over the ensuing 9 Months by the payment of quarterly instalments.

(d) Capital Management

The capital structure of the Company consists of contributed equity and reserves less accumulated losses.

Management controls the capital of the Company in order to ensure that the Company can fund its operations on an efficient and timely basis and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's cash projections up to twelve months in the future and any associated financial risks. Management will adjust the Company's capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

(e) Measurement of fair values

The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values or the instruments have variable interest rates.

(f) Finance facilities

During the year the Group completed its drawdown of its finance facility with the China Minsheng Banking Corporation for $US60m. The balance of the facility of $US5 was undrawn at balance date.

27. IMPAIRMENT OF ASSETS

Property plant and equipment and development costs

In assessing the value of the assets relating to the Rocklands project, the Group has assessed the recoverable amount at 30 June 2015 using a discounted cash flow model. The key assumptions to which the model is most sensitive include:

- Forecast commodity prices, including copper, gold, silver, cobalt and magnetite
- Foreign exchange rates
- Mining, processing, administrative and capital costs
- Discount rate of 10%

In determining the value assigned to each key assumption, management has used external sources of information and utilised external consultants where possible and personnel within the Group to determine key inputs.

Furthermore, the Group's cash flow forecasts are based on estimates of future commodity prices and exchange rates. The Group has reviewed long term forecast data from externally verifiable sources when determining its forecasts, making adjustments for specific factors relating to the Group. Copper prices used in the model range from $3.40 to $3.90 per pound.

Production and capital costs are based on the Group's estimate of the forecast grade of its resource and future production levels. This information is obtained from internally maintained budgets, life of mine models and project evaluations performed by the Group in its ordinary course of business.

The Group has applied a discount rate of 10% to the forecast future attributable post-tax cash flows. This discount rate represents an estimate of the rate the market would apply having regard to the time value of money and the risk specific to the project.

The recoverable amount has been determined based on the life of mine of 10 years. This is calculated based on the Group's existing resource statement and its existing mine plan.

Based on the impairment review at 30 June 2015, the recoverable amount for the Rocklands Project was estimated to be $405 million, which results in an impairment loss of $109 million.

The main factors that the Company believes contributed to this loss include: -

a. A general decline in the Australian mining industry requires the Group to revise estimates and assumptions;

b. Recent declines in commodity prices (copper and cobalt in particular), and a general far more bearish outlook by the market suggests an expected reduction in revenues to be generated from the project; and

c. Significant delays in the completion of the construction phase have increased the costs incurred on the Project.

The impairment loss is allocated on a pro rata basis to the individual assets constituting the project as follows.

	Notes	**2015 $'000**	2014 $'000
Development costs	18	37,031	-
Property plant and equipment.	16	71,969	-
		109,000	-

In addition, during the year the Group impair its logistical infrastructure assets associated with the multi-load facility resulting in an impairment of approximately $2.914 million (refer note 16).

Following the impairment loss, the recoverable amount of the Rocklands project was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment, which may be material.

28. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Incorporated in	Interest held %	
Name of Chief Entity		**2015**	**2014**
CuDeco Limited	Australia		
Controlled Entities Consolidated			
Cloncurry Infrastructure Pty Ltd	Australia	**100**	100
CuDeco Logistics Pty Ltd	Australia	**100**	100
CuDeco Employee Share Plan Pty Ltd	Australia	**100**	100

29. NOTES TO THE STATEMENT CASH FLOWS

	2015	2014
Reconciliation of profit after income tax to net cash inflows from operating activities	**$'000**	$'000
Loss after income tax	**(131,455)**	(4,546)
Add/(less) non-cash items		
Share based payments	**946**	1,169
Impairment of mining assets	**109,000**	-
Impairment of logistical infrastructure assets	**2,914**	-
(Profit) loss on sale of assets	**-**	(48)
Depreciation expense	**830**	772
Unrealised foreign exchange (gain) loss	**11,792**	(921)
(Increase) / decrease in trade and other receivables	**2**	94
Increase / (decrease) in trade creditors and accruals	**368**	(338)
Increase / (decrease) in provisions	**170**	196
Cash outflows from operations	**(5,433)**	(3,622)

30. COMMITMENTS

Mineral Tenement

Mining Leases

In order to maintain current rights of tenure to its mining leases, the Consolidated Entity will be required to outlay amounts of approximately $2,570 per annum on an ongoing basis in respect of tenement lease rentals, rates and other costs of keeping tenure. The annual expenditure commitment is $10,000. These obligations are expected to be fulfilled in the normal course of operations by the Consolidated Entity.

The Department of Environment and Heritage Protection ("DEHP") requires the company to provide security for the rehabilitation of the mine site at the end of the mining operations. The company has fully provided for the future Rehabilitation liability as determined by DEHP and is required to pay a further $4.3 million to secure a bank guarantee to be provided by the consolidated entity to DEHP as security for the rehabilitation liability.

EPMs

The Consolidated Entity also has commitments to conduct exploration activities on its exploration permits (EPMs) as a condition of maintaining the EPMs. The requirement under the EPMs is for an expenditure of $1.548m over five years in total.

Native Title

Under the Native Title Agreements concluded, CuDeco Ltd is committed to making certain payments. The payments are:

1) Annual administration payment of $15,000;

2) $50,000 on commencement of production of minerals from the mining licence areas; and

3) Annual payment of 0.25% of the value of minerals sold from the mining licence areas.

Operating lease commitments – Consolidated Entity as Lessee

The Consolidated Entity has entered into rental agreements for premises in Cloncurry and Southport. These leases have an average life of up to three years. One option of five (5) years is included in all current contracts. There are no restrictions placed upon the lessee in entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2015	2014
	$'000	$'000
Within one year	**647**	667
After one year but not more than five years	**542**	1,111
More than five years	**-**	-
	1,189	1,778

30. COMMITMENTS (continued)

Mining plant and mine development

The Consolidated Entity has entered into a number of contracts relating to the Process Plant components and structures for its Rocklands Project. As at 30 June 2015 the only remaining contractual commitment related to the electrical installation contract which was estimated to be 38% complete. The total contract sum was $30 million and a progress payment of $5 million was paid before the end of the year. The Consolidated Entity has a commitment not included in trade and other payables of $18.6 million that that will fall due within 12 months of balance date, in relation to construction commitments.

The Consolidated Entity also had an amount of $4.3 million required to be provided as financial assurance in relation to environmental bonds.

At 30 June 2014 the capital contractual commitments in relation to mine development infrastructure and mining plant for the Rocklands Project was $48.9m.

31. CONTINGENCIES

There were no contingent liabilities or contingent assets as at 30 June 2015 other than: -

a. A former employee has commenced legal action against the parent company for an amount of approximately $340,000 being the alleged loss incurred by the employee as a result of the cancellation of options previously issued to him under the Company's Employee Option Plan. No provision has been made in the financial statements in respect of this claim as the parent company considers it will be able to successfully defend the claim.

b. A claim has been brought by the parent company against a supplier of plant and equipment for damages and losses suffered as a result of the plant and equipment not being to the required standard. The claim exceeds $10m. The supplier has lodged a counter claim where the net liability to the parent company would be approximately $1.78m should the claim be successful and costs awarded. The parent company believes that it will be able to successfully defend the counter claim and no provision has been made in the financial statements.

32. KEY MANAGEMENT PERSONNEL

The key management personnel ("KMP") compensation is as follows:

	2015	2014
	$'000	$'000
Short-term employee benefits	**2,473**	2,702
Post-employment benefits (superannuation)	**137**	137
Share-based payments	**205**	614
Other long term benefits	**46**	27
	2,861	3,480

33. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity and ultimate controlling entity is CuDeco Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 28.

(c) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report contained in the Directors' Report and in Note 32 of the Financial Statements.

34. PARENT ENTITY INFORMATION

Selected financial information of the parent company is as follows:-

	2015 $'000	2014 $'000
Financial performance		
Profit / (loss) for the year	**(152,315)**	(3,441)
Total comprehensive income for the year	**(152,315)**	(3,441)
Financial position		
Current assets	**9,095**	21,058
Total assets	**445,908**	428,304
Current liabilities	**91,856**	8,802
Total liabilities	**101,411**	15,087
Contributed equity	**497,310**	442,382
Accumulated losses	**(238,246)**	(85,931)
Capital Realisation Reserve	**95**	95
Capital Redemption Reserve	**432**	432
Option Reserve	**58,872**	56,239
Total equity	**318,463**	413,217

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Capital commitments

Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the parent company will be required to outlay amounts of approximately $2,570 per annum on an ongoing basis in respect of tenement lease rentals, rates and other costs of keeping tenure. The annual expenditure commitment is $10,000. These obligations are expected to be fulfilled in the normal course of operations by the parent company.

The parent company also has commitments to conduct exploration activities on its exploration permits (EPMs) as a condition of maintaining the EPMs. The requirement under the EPMs is for an expenditure of $1.548m over five years in total.

Native Title

Under the Native Title Agreements concluded, the parent company is committed to making certain payments. The payments are:

1) Annual administration payment of $15,000;
2) $50,000 on commencement of production of minerals from the mining licence areas; and
3) Annual payment of 0.25% of the value of minerals sold from the mining licence areas.

Operating lease commitments – Consolidated Entity as Lessee

The parent company has entered into rental agreements for premises in Cloncurry and Southport. These leases have an average life of up to three years. One option of five (5) years is included in all current contracts. There are no restrictions placed upon the lessee in entering into these leases.

34. PARENT ENTITY INFORMATION (continued)

Operating lease commitments – Consolidated Entity as Lessee (continued)

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2015 $'000	2014 $'000
Within one year	**647**	667
After one year but not more than five years	**542**	1,111
More than five years	**-**	-
	1,189	1,778

Mining plant and mine development

The Parent Entity has entered into a number of contracts relating to the Process Plant components and structures for its Rocklands Project. As at 30 June 2015 the only remaining contractual commitment related to the electrical installation contract which was estimated to be 38% complete. The total contract sum was $30 million and a progress payment of $5 million was paid before the end of the year. The Parent Entity has a commitment not included in trade and other payables of $18.6 million that will fall due within 12 months of balance date in relation to construction contracts.

The Parent Entity also had an amount of $4.3 million required to be provided as financial assurance in relation to environmental bonds.

At 30 June 2014 the capital contractual commitments in relation to mine development infrastructure and mining plant for the Rocklands Project was $48.9m.

Contingent liabilities

There were no contingent liabilities or contingent assets as at 30 June 2015 other than: -

a. A former employee has commenced legal action against the parent company for an amount of approximately $340,000 being the alleged loss incurred by the employee as a result of the cancellation of options previously issued to him under the Company's Employee Option Plan. No provision has been made in the financial statements in respect of this claim as the parent company considers it will be able to successfully defend the claim.

b. A claim has been brought by the parent company against a supplier of plant and equipment for damages and losses suffered as a result of the plant and equipment not being to the required standard. The claim exceeds $10m. The supplier has lodged a counter claim where the net liability to the parent company would be approximately $1.78m should the claim be successful and costs awarded. The parent company believes that it will be able to successfully defend the counter claim and no provision has been made in the financial statements.

35. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years, other than: -

a. The Company has completed a share placement with Rich Lead Pte Limited of 37.5 million shares raising $30 million. Rich Lead Pte Limited is a Singaporean based investment fund.

b. Short term loans totalling $8.33 million was received by the Company. These loans were arranged by the company's major shareholders and are to be repaid from the rights issue or from future production.

c. The executive Chairman has resigned from the Board on 24 July 2015 and non-executive Director G. Lambert has also resigned on 18 September 2015. Jiang Yongmin joined the Board as Nominee of Sinosteel Equipment and Engineering Co., Ltd on 24 July 2015.

CuDeco Limited
Directors' declaration

1 In the opinion of the directors of CuDeco Limited ('the Company'):

(a) the consolidated financial statements and notes that are set out on pages 23 to 62 and the Remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

18 November 2015.
Gold Coast

D. Taylor
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUDECO LIMITED

Report on the financial report

We have audited the accompanying financial report of CuDeco Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 5, Going Concern, in the financial report. The conditions disclosed in Note 5, including the Group's ability to continue as a going concern being critically dependant upon raising additional equity funding and the successful and timely commissioning of the Rocklands mine processing plant, including the Group receiving cash flows from mining activities within forecast timeframes, indicate the existence of a material uncertainty. These material uncertainties may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. In addition as set out in Note 5, in the event that the key assumptions outlined in Note 27 are not achieved further material impairment may arise.

Report on the remuneration report

We have audited the Remuneration Report included in pages 31 to 40 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of CuDeco Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Adam Twemlow
Partner
Gold Coast
18 November 2015

Shareholder Information

The shareholder information set out below was applicable as at 31 October 2015.

Twenty Largest Shareholders as at 31 October 2015

	Number of Shares	% Held
Citicorp Nominees Pty Ltd	69,842,882	25.13
New Apex Asia Investment Limited	23,087,206	8.31
Sinosteel Equipment and Engineering Co Ltd	17,310,144	6.23
HSBC Custody Nominees (Australia) Limited	9,959,555	3.58
Mr Dehou Liu	7,000,000	2.52
Cudeco Employee Share Plan Pty Ltd	6,708,068	2.41
Mr Zeqiao Hua	6,500,000	2.34
Lippo Securities Limited	5,531,842	1.99
J P Morgan Nominees Australia Limited	5,293,596	1.90
HSBC Custody Nominees 9AUSTRALIA Limited)	4,315,590	1.55
Haitong-AC Asian Special Opportunities Master Fund	4,200,000	1.51
Focus Sun Holdings Limited	4,000,000	1.44
Mr Hendericus and Mrs Noreen Van De Berg	3,216,499	1.16
Camsport Pty Ltd	3,153,616	1.13
ABN Amro Clearing Sydney Nominees Pty Ltd	3,111,047	1.12
Gredeara Pty Limited	3,100,000	1.12
Calbee Nominees Pty Ltd	2,571,733	0.93
McCrae Super Pty Ltd	2,263,478	0.81
Mr Gregory Clyde & Mrs Diane Sue Campbell	1,620,941	0.58
National Nominees Limited	1,390,879	0.50
	184,177,076	66.26

Twenty Largest Optionholders as at 31 October 2015

	Number of Shares	% Held
Mr Dehou Liu	7,000,000	30.97
Citicorp Nominees Pty Ltd	6,505,689	28.79
Mr Zeqiao Hua	6,500,000	28.76
Cudeco Employee Share Plan Pty Ltd	710,287	3.14
Mr Hendericus and Mrs Noreen Van De Berg	458,333	2.03
Calbee Nominees Pty Ltd	362,533	1.60
C4 Shares Pty Ltd	160,000	0.71
HSBC Custody Nominees (Australia) Limited	74,300	0.33
Mrs Lorraine Frances Larkin & Mrs Christine Coutts & Hendericus Van de Berg	62,599	0.28
RBS Investor Services Australia Nominees Pty Ltd	40,000	0.18
Mr Christopher James Watt & Mrs Catherine Elizabeth Watt	33,063	0.15
Mr Brett Holterman	25,369	0.11
Mr Ian John Sullivan & Mr Benjamin John Sullivan	25,000	0.11
Mr Timothy Arduino Zuccolo	24,000	0.11
Profin Pty Ltd	20,000	0.09
Mr Peter Hanson	15,184	0.07
Budreel Pty Ltd	15,164	0.07
Mr Daryl Lindon Hall	14,000	0.06
Mr Chris Kouteris	13,934	0.06
Clarks of Swan Hill Pty Ltd	13,666	0.06
	22,073,121	97.68

On-market buy-back

The Company currently does not have an on-market buy-back programme.

Substantial shareholders

An extract of the Company's register of substantial shareholders is set out below.

Shareholder(s)	Number of Shares
Oceanwide International Resources Investment Co., Limited, China Oceanwide Holdings Group Co., Ltd, Oceanwide Group Co., Ltd, Oceanwide Holdings Co., Ltd, Zhiqlang Lu.	30,338,774
New Apex Asia Investment Limited	23,087,206
Sinosteel Equipment and Engineering Co. Ltd	17,310,144

Distribution of equity security holders

Size of Holding	Ordinary Shares	Listed Option exercisable at $2.50 before 31 December 2015
1 to 1,000	2,134	213
1,001 to 5,000	2,3173	87
5,001 to 10,000	855	29
10,001 to 100,000	1,242	15
100,001 and over	184	7
	6,732	351

The number of shareholdings comprising less than a marketable parcel was 1,070.

Unquoted Options

There were no unquoted options on issue at 31 October 2015.

Mining tenements held at 31 October 2015 are as follows:-

Project	Tenement Reference	Company Interest %
Morris Creek	EPM 18054	100
Camelvale	EPM25426	100
Rocklands	ML 90177, ML 90188 and ML 90219	100

Section 03 - Competent Person Statements

SECTION 03

COMPETENT PERSON STATEMENTS

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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.

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

CuEq% = Cu% +Co ppm*0.001232 + Au ppm*0.5182 + Mag %*0.035342

The recoveries used in the calculations are the average achieved to date in 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

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.

Measured Rocklands Resource November 2013 at various cut-off grades										
cut-off	Tonnes	Estimated Grade				Copper Equivalents		Contained Metal & Equivalent		
CuCoAu*		Cu	Co	Au	Mag	CuCoAu*	CuEq*	Cu	CuCoAu*	CuEq*
%	Mt	%	ppm	ppm	%	%	%	Mlb	Mlb	Mlb
0.20	83	0.36	273	0.09	6.4	0.74	1.0	669	1,369	1,787
0.40	44	0.63	355	0.13	5.6	1.13	1.3	614	1,108	1,300
0.80	19	1.23	504	0.22	5.8	1.96	2.2	506	809	894
Indicated Rocklands Resource November 2013 at various cut-off grades										
cut-off	Tonnes	Estimated Grade				Copper Equivalents		Contained Metal & Equivalent		
CuCoAu*		Cu	Co	Au	Mag	CuCoAu*	CuEq*	Cu	CuCoAu*	CuEq*
%	Mt	%	ppm	ppm	%	%	%	Mlb	Mlb	Mlb
0.20	98	0.16	226	0.07	6.5	0.47	0.7	339	1,021	1,518
0.40	40	0.32	287	0.13	4.1	0.74	0.9	282	652	779
0.80	11	0.68	405	0.19	3.0	1.28	1.4	170	319	346
Total Measured and Indicated Rocklands Resource November 2013 at various cut-off grades										
cut-off	Tonnes	Estimated Grade				Copper Equivalents		Contained Metal & Equivalent		
CuCoAu*		Cu	Co	Au	Mag	CuCoAu*	CuEq*	Cu	CuCoAu*	CuEq*
%	Mt	%	ppm	ppm	%	%	%	Mlb	Mlb	Mlb
0.20	181	0.25	248	0.08	6.5	0.60	0.8	1,008	2,390	3,306
0.40	84	0.48	323	0.13	4.9	0.95	1.1	896	1,759	2,079
0.80	30	1.02	467	0.21	4.8	1.71	1.9	676	1,128	1,240
Inferred Rocklands Resource November 2013 at various cut-off grades										
cut-off	Tonnes	Estimated Grade				Copper Equivalents		Contained Metal & Equivalent		
CuCoAu*		Cu	Co	Au	Mag	CuCoAu*	CuEq*	Cu	CuCoAu*	CuEq*
%	Mt	%	ppm	ppm	%	%	%	Mlb	Mlb	Mlb
0.20	91	0.06	146	0.09	4.6	0.3	0.4	117	573	902
0.40	12	0.24	200	0.10	2.6	0.5	0.6	63	142	166
0.80	0.5	0.54	413	0.12	3.2	1.1	1.2	6	12	13
Total Resource Rocklands Resource November 2013 at various cut-off grades										
cut-off	Tonnes	Estimated Grade				Copper Equivalents		Contained Metal & Equivalent		
CuCoAu*		Cu	Co	Au	Mag	CuCoAu*	CuEq*	Cu	CuCoAu*	CuEq*
%	Mt	%	ppm	ppm	%	%	%	Mlb	Mlb	Mlb
0.20	272	0.19	214	0.08	5.9	0.5	0.7	1,125	2,962	4,208
0.40	96	0.45	308	0.13	4.6	0.9	1.1	959	1,902	2,244
0.80	30	1.01	466	0.21	4.8	1.7	1.9	681	1,140	1,253

Additional Magnetite only Inferred Resource Rocklands Resource November 2013 at various cut-off grades						
cut-off	Tonnes	Estimated Grade				Contained Magnetite
Magnetite		Cu	Co	Au	Mag	
%	Mt	%	ppm	ppm	%	Mt
10	328	0.02	70	0.01	14.3	47
15	102	0.02	78	0.01	19.5	20
20	26	0.01	77	0.00	26.6	7

Note - Figures have been rounded to reflect level of accuracy of the estimates
*Copper equivalent CuCoAu% = Cu % + Co ppm*0.001232 + Au ppm*0.518238
*Copper equivalent CuEq% = Cu % + Co ppm *0.001232 + Au ppm *0.518238 + magnetite %*0.035342

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. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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