MARKET RELEASE **22 September 2016**

OPERATIONAL UPDATE

Rocklands picks up speed as 2,000t copper metal produced

- **Term Sheet received for Extension of Minsheng Loan**
- **Rocklands Operations reoptimised for copper-gold only production**
- **Exploration recommenced in boost for project's expansion potential**

In another milestone for North Queensland's newest copper mine, Queensland copper producer CuDeco Limited (ASX:CDU) announced today that it has now produced in excess of 2,000 tonnes of copper metal in both native copper and sulphide copper concentrates to date, from its flagship Rocklands Operations near Cloncurry.

CuDeco's Managing Director, Dr Dianmin Chen said: "It is very pleasing to see material movements of Rocklands copper concentrates beginning to leave site for export to our buyers in China, particularly whilst we are still essentially in the commissioning phase. I expect commissioning throughput to increase towards nameplate capacity in the period ahead, and with it an increase in concentrate exports.

"This is another significant step towards the generation of substantial cash flows from our project and the delivery of increased shareholder value."

CuDeco remains on track to commence continuous bulk shipments of sulphide copper concentrates from Rocklands in late September or early October 2016.

Figure 1: Over 1,000 tonnes of copper concentrates ready for export to China.

Term Sheet received for Minsheng

CuDeco advises that it has received a term sheet from China Minsheng Banking Corporation looking at the option to extend the repayment terms of the existing bank facilities. Documentation is now being prepared to give effect to these changes which propose that the facility is repaid over the 2017 year. Once the documentation is completed the market will be advised of the new terms for the repayment of the facility.

Rocklands operation reoptimised for copper-gold production

The Company has also reassessed operational budgets following a review of all costs and revenues associated with production from Rocklands. At this stage the company proposes not to commission the Cobalt and Magnetite circuits and focus on copper and gold production.

Indicative changes identified from the preliminary reoptimisation study include:

- Ore tonnage reduced by approx. 36%
- Copper grade increased by approx. 32%
- Contained copper metal reduced by approx. 15%
- Total material mined reduced by approx. 70Mt

Note: the above indicative changes are provided as a guide only, and will be subject to change in an Ore Reserve Update.

Exploration recommences

In a boost for Rocklands' future expansion potential, exploration activity has recommenced.

An exploration budget of $1.2 million has been allocated for fiscal 2017, with planned or recently completed activity including: field mapping and geochemical soil sampling; airborne geophysics; geomechanical and structural analysis; Rotary Air Blast (RAB), Reverse Circulation (RC) and Diamond (DD) drilling.

Anomalous copper zones that were identified from previous exploration activity at EPM18054 will now be drill tested, including the first of several priority exploration targets where visible fine-grain native copper, (and minor malachite and chalcocite) has been observed in shallow RAB drilling over a wide area.

Activities on EPM25426 have also commenced, including RAB drilling across areas of identified surface copper occurrences, and will be concurrently explored with EPM18054.

EPM25426 includes the historic Priceless prospect, where drilling in 1992 (Dominion Mining) targeted a copper-in-soil anomaly based on a single anomalous stream sample result, previously obtained by Jododex Pty Ltd. Four RC drill holes were subsequently drilled into the anomaly with the best result being 36m @ 0.36% Cu and 0.55ppm Au, which included 8m @ 0.32%Cu and 1.13ppm Au.

Current drilling and sampling activity includes:

- Total RAB drilling from end Nov 2012 to May 2016, includes 877 RAB holes.
- Assaying at SGS Townsville using ICP-OES for a suite of 29 elements (Ag, As, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, FE, K, La, Mg, Mn, Mo, Ni, PB, S, Sb, Se, Sn, Te, Th, Ti, U, V, W, Y and Zn).

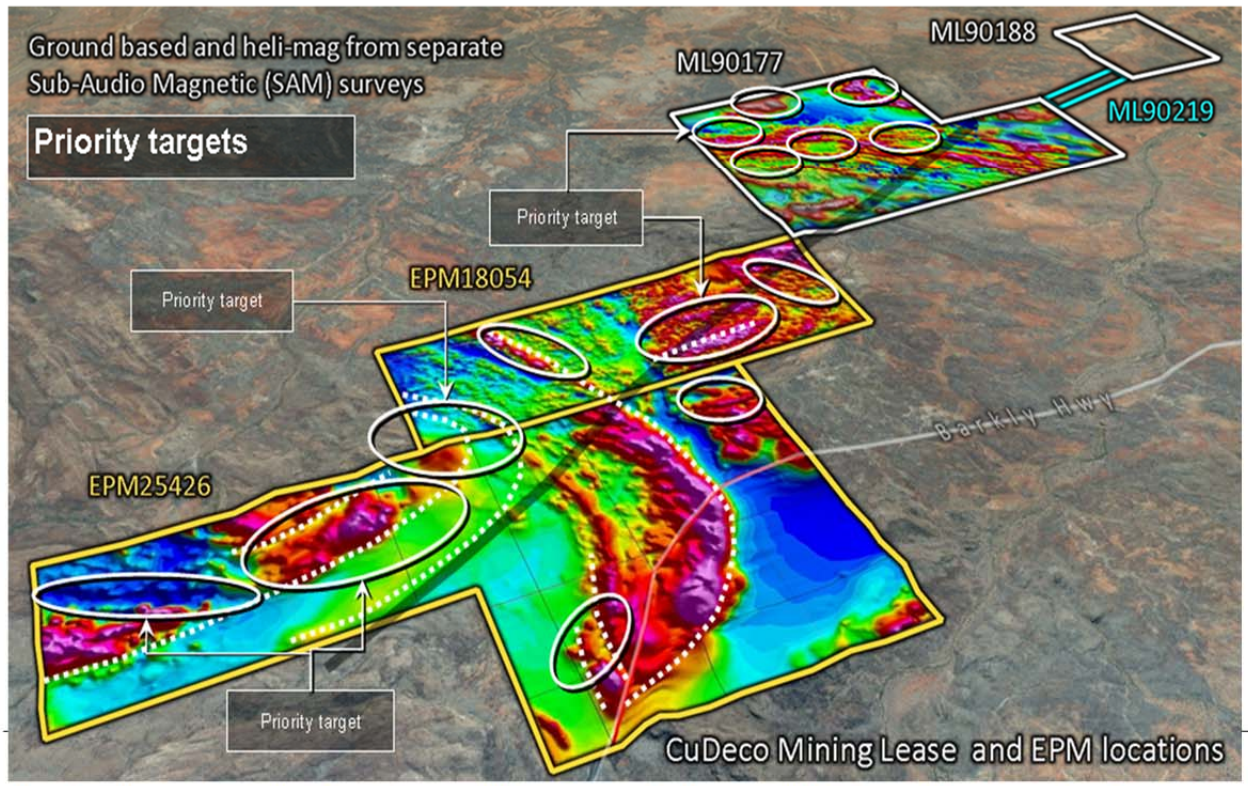

Figure 2: Plan showing Cudeco Mining Lease and EPM's, with priority targets highlighted over total magnetic intensity image.

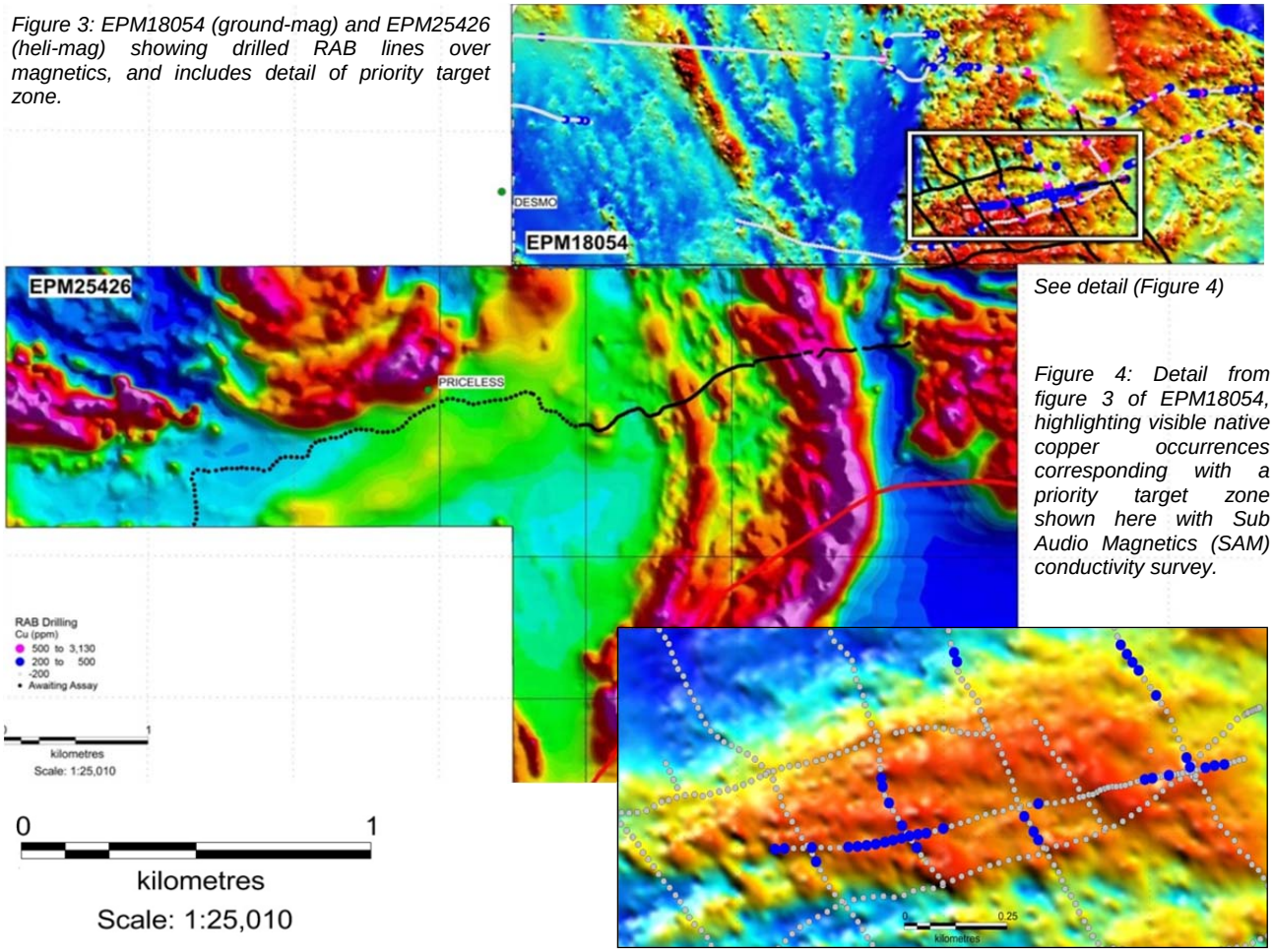

Figure 3: EPM18054 (ground-mag) and EPM25426 (heli-mag) showing drilled RAB lines over magnetics, and includes detail of priority target zone.

See detail (Figure 4)

Figure 4: Detail from figure 3 of EPM18054, highlighting visible native copper occurrences corresponding with a priority target zone shown here with Sub Audio Magnetics (SAM) conductivity survey.

- Results to date include 16 of 877 holes returning >=0.05% Cu with best result of 0.31% Cu and 38 holes intersecting traces of native copper (see Figure 4).
- A new programme of shallow bedrock drilling using an RC rig has recently been completed, to expand the priority target drill pattern on EPM18054 and extend coverage onto the adjoining EPM25426. Drilling commenced on 24 August and by close of program on 9 September, 2,691m had been drilled in 461 holes, with average depth of 5.8m, minimum depth of 5m and maximum depth of 19m vertical.
- A total of 594 samples were recently dispatched for assay including 93 samples outstanding from the previous RAB programs. Assays are expected by end of September 2016.

Other exploration activity includes:

- Consultancies GMEX (Dr John McLellan - Managing Director & Principal Geoscientist) and HCOV Global (Dr Nick Oliver - Principal & Director) have undertaken a combined geomechanical modelling study of the Rocklands copper system, using Discrete Element Analysis to assist with targeting possible host sites conducive to mineralisation on the Rocklands ML and EPM's.
- UTS Geophysics Pty Ltd has been engaged to fly a 231km Helicopter-borne Time Domain Electromagnetic (VTEM^{MAX}) geophysical survey over the Rocklands ML and EPM's over the coming months.

ENDS

Competent Person Statement

JORC Table 1 - Section 1 - Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Bedrock, Rotary Air Blast (RAB) drilling involves drilling through thin topsoil and cover to point of refusal of drilling, then a further 1m is drilled and sampled and sent to the lab for assay. Bedrock, Reverse Circulation (RC) drilling involves drilling to base of partially oxidized rock and collecting final meter of sample.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Rotary Air Blast (RAB) drilling through either a blast rig (prior June 30th 2016) and RC rig (after June 30th 2016) of vertical and angled holes to varying depths.

Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	RAB drilling with blast rig averaged 70% recovery. RAB drilling with RC rig averaged 80% recovery.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	Drill samples were logged for lithology, mineralisation and alteration using a standardised logging system, including the recording of visually estimated volume percentages of major minerals.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Samples sent for analysis are collected in a slide-tray placed beneath and around the RAB hole during the last meter of drilling. Bedrock RC samples sent for analysis are collected from a riffle splitting system mounted beneath the cyclone attached to the RC rig. SGS Minerals Townsville Sample Preparation: All samples were dried. Drill core was placed through jaw crusher and crushed to approx. 8mm. RAB chips were split if necessary to a sample of less than approximately 3.5kg.

Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Cu and Co grades were determined by 3 acid digest with either an ICP-AES (Inductively-Coupled Plasma Atomic Emission Spectrometer) or AAS (Atomic absorption Spectrometer) determination (SGS methods, ICP22D, ICP40Q, AAS22D AAS23Q, AAS40G). Au grades were determined by 50g Fire Assay (at SGS Townsville method FAA505). All analyses were carried out at internationally recognised, independent assay laboratories SGS. Quality assurance was provided by introduction of known certified standards, blanks and duplicate samples on a routine basis. Assay results outside the optimal range for methods were re-analysed by appropriate methods. Copper assay results differ little between acid digest methods but cobalt assay results show a significant underestimation when analysed using the AAS. Ore Research Pty Ltd certified copper and gold standards have been implemented as a part of QAQC procedures, as well as coarse and pulp blanks, and certified matrix matched copper-cobalt-gold standards. Performance for standards has been adequate. QAQC monitoring is an active and ongoing process on batch by batch basis by which unacceptable results are re-assayed as soon as practicable.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	No adjustments have been made to assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	All drill holes have been surveyed with a differential global positioning system (DGPS) to within 10 cm accuracy and recorded. All drill holes were vertical.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	Drilling has been completed on multiple roads that transect the leases, commencing at 40m spacing and then closing to 20m then 10m and 5m for further delineation when warranted. Holes have been drilled to a maximum of 19m vertical depth
Orientation of data in	*Whether the orientation of sampling achieves unbiased*	Drilling was completed on road ways across the EPM18054 and EPM25426, and later on a grid across EPM18054 on an area identified by

relation to geological structure	*sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	geophysics and field reconnaissance that identified minor and sporadic copper minerals at surface. The drill program is preliminary and the orientation of the mineralisation is unknown at this time.
Sample security	*The measures taken to ensure sample security.*	Samples are either dispatched from site through a commercial courier or company employees to the Laboratories. Samples are signed for at the Laboratory with confirmation of receipt emailed through. Samples are then stored at the laboratory and returned to a locked storage shed on site.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	CuDECO conducts internal audits of sampling techniques and data management on a regular basis, to ensure industry best practice is employed at all times.
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The "Morris Creek" tenement EPM18054 is located adjacent to the granted mining lease ML90177. EPM25426 "Camelvale" tenement is located adjacent to EPM25426. Both EPM18054 and EPM25426 are 100% owned by Cudeco Ltd. Native Title clearances for drilling activities are obtained prior to drilling commencing as targets are identified.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	No known results are reported in open-file documentation that indicate possible mineralisation in EPM18054, other than; two rock-chip samples in the south-west corner (adjacent to mineralisation found west of the EPM), and; several BLEG testing locations with results below levels of interest. In 1992, Dominion Mining identified a soil anomaly which was named "Priceless" based on a stream anomaly identified by Jododex. Four RC drill holes were subsequently drilled into the anomaly with the best results, 36m @ 0.36% Cu and 0.55ppm Au which included 8m @ 0.32%Cu and 1.13ppm Au.
Geology	*Deposit type, geological setting and style of mineralisation.*	Hosted within metamorphosed meso-Proterozoic age volcano-sedimentary rocks and intrusive dolerites of the Eastern Fold Belt of the Mt Isa Inlier.

Drill hole Information

A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:

- *easting and northing of the drill hole collar*
- *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
- *dip and azimuth of the hole*
- *down hole length and interception depth*
- *hole length*

If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.

Drill hole locations where minor native copper and chalcocite were observed.

Hole ID	Easting	Northing	RL (m)	Azi (°)	Dip (°)	Hole Depth (m)
RAB674	429681.2	7711664.1	238.2	000	-90	3
RAB675	429657.2	7711662.0	238.1	000	-90	7
RAB676	429635.1	7711657.2	237.7	000	-90	9
RAB680	429546.8	7711639.7	238.0	000	-90	14
RAB682	429506.7	7711633.1	237.8	000	-90	12
RAB683	429488.4	7711630.3	237.8	000	-90	17
RAB695	429597.5	7711658.1	238.0	000	-90	18
RAB696	429589.3	7711679.8	238.5	000	-90	12
RAB703	429515.6	7711820.0	240.3	000	-90	18
RAB706	429473.2	7711876.5	241.1	000	-90	9
RAB707	429458.7	7711895.1	241.0	000	-90	15
RAB708	429444.6	7711913.3	240.7	000	-90	12
RAB709	429429.7	7711934.4	239.8	000	-90	9
RAB727	429229.7	7711575.8	240.7	000	-90	8
RAB738	428999.5	7711519.7	245.5	000	-90	8
RAB740	428958.5	7711509.1	246.1	000	-90	3
RAB741	428938.3	7711506.3	246.3	000	-90	3
RAB742	428918.0	7711502.7	246.4	000	-90	8
RAB743	428898.5	7711497.6	246.4	000	-90	6
RAB744	428878.2	7711493.2	246.5	000	-90	8
RAB745	428857.7	7711488.4	246.9	000	-90	6
RAB746	428836.0	7711484.6	247.1	000	-90	8
RAB747	428814.0	7711481.3	247.9	000	-90	5
RAB748	428791.8	7711479.4	248.6	000	-90	6
RAB749	428769.0	7711477.8	249.3	000	-90	10
RAB753	428681.4	7711476.6	249.0	000	-90	5
RAB756	428614.6	7711474.5	249.8	000	-90	3
RAB757	428592.1	7711473.3	250.6	000	-90	6
RAB759	429230.1	7711494.0	239.5	000	-90	6
RAB760	429218.5	7711512.5	240.3	000	-90	12
RAB762	429195.8	7711547.3	241.1	000	-90	9
RAB781	7711896.4	429033.1	238.3	000	-90	6
RAB782	7711917.2	429025.9	237.2	000	-90	7

Datum: MGA94 Project: UTM54 surveyed with Differential GPS with 10cm accuracy.

Data aggregation methods

In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are

No aggregated assay results are reported. No adjustments have been made to assay data.

	usually Material and should be stated. *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Drill holes reported here are vertical holes.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	See body of report for diagrams.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	No assay results are reported.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	First release on new exploration permit EPM25426.

Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	RAB drilling will continue within the EPM's to delineate the boundary of the native copper zone and define other targets, to facilitate analysis possibly leading to further drilling including RC and/*or* diamond holes.

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.

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.