

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CUDECO LIMITED

ACN

000 317 251

Quarter ended ("current quarter")

31 December 2010

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(3,158)	(5,657)
(b) development	-	-
(c) production	-	-
(d) administration	(1,088)	(2,303)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	463	1,021
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Rental bond (paid) / received	(18)	(16)
Other - R&D tax concession received	-	299
Other - Trainee grant received	2	2
<b>Net Operating Cash Flows</b>	<b>(3,799)</b>	<b>(6,654)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(574)	(1,768)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	850
(c) other fixed assets	6	6
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(568)</b>	<b>(912)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,367)</b>	<b>(7,566)</b>

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1.13	Total operating and investing cash flows (brought forward)	(4,367)	(7,566)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	20,000	20,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - share issue costs	(1,023)	(1,023)
	Other - on-market share buy back	-	(2,205)
	<b>Net financing cash flows</b>	18,977	16,772
	<b>Net increase (decrease) in cash held</b>	14,610	9,206
1.20	Cash at beginning of quarter/year to date	31,017	36,430
1.21	Exchange rate adjustments to item 1.20	(160)	(169)
1.22	<b>Cash at end of quarter</b>	45,467	45,467

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	590
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	\$A'000
Directors' and their related parties remuneration	\$541
Rent paid to director & director-related entity	\$ 49

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	3,000
4.2 Development	-
4.3 Production	-
4.4 Administration	1,200
<b>Total</b>	<b>4,200</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	10,467	1,017
5.2 Deposits at call	35,000	30,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>45,467</b>	<b>31,017</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Not applicable		
6.2	Interests in mining tenements acquired or increased	Not applicable		

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 <b>*Ordinary securities</b>	145,412,643	145,412,643		
7.4 Changes during quarter				
(a) Increases	10,000,000	10,000,000	\$2.00	\$2.00
(b) Decreases	-	-		
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
Employee options	100,000	-	\$3.50	25.11.11
Consultant options	300,000	-	\$3.50	10.06.12
Employee options	2,400,000	-	\$4.00	31.07.12
Employee options	200,000	-	\$4.50	31.07.12
Directors options	2,700,000	-	\$6.50	31.12.12
Employee options	100,000	-	\$4.50	22.02.13
Employee options	600,000	-	\$2.50	15.09.13
Employee options	200,000	-	\$2.50	13.09.13
Consultant options	600,000	-	\$2.50	15.09.13
7.8 <b>Issued during quarter</b>	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	250,000	-	\$6.00	07.11.10
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

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**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 27 January 2011  
(Secretary)

Print name: LISA ROWE

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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