CuDeco Limited

ABN 14 000 317 251

Financial Report 2012

Corporate Directory

DIRECTORS

Wayne McCrae
Peter Hutchison
Paul Keran
Gerry Lambert
David Taylor
Zhijun Ma
Hongwei Liu

COMPANY SECRETARY

Bruno Bamonte

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STOCK EXCHANGE LISTING

The Company’s securities are quoted on the Australian Securities Exchange.

ASX Code:
CDU - ordinary shares

STATE OF INCORPORATION

New South Wales

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Review of Operations

Review of Operations

Project development activities have commenced in earnest at the Company's 100% owned Rocklands Group Copper Project, located in Cloncurry, Queensland, Australia ("Rocklands"), during the year ended 30 June 2012 fuelled by the successful completion of the following key developments and highlights;

Development and Mining

Queensland Minister for Mines approved the grant of the 2,200Ha, 30 year term Mining Leases over Rocklands (ML90177 and ML90188). The project has been designed around a 480,000 tonne concentrate production rate per year, producing Copper, Gold, Cobalt, Pyrite, Magnetite and Native Copper minerals. Subsequently the Queensland Government granted a Mining Lease for the corridor between these two mining leases. The corridor Mining Lease will provide critical access for power supply to the tailings dewatering and return water pumps and pipelines between the process plant and the tailings dam.

Compensation agreements with the landowner and the Cloncurry Shire Council were signed.

Long lead items have been ordered and/or are currently under construction including: -

- the Ball Mill, expected to be completed by the end of 2012;
- Primary Jaw Crusher and two secondary Rolls Crushers, as part of the crushing circuit; and
- The High-pressure Grinding Rolls (HPGR) and associated circuit which has been chosen in place of a Sag Mill due to the size of the native copper resource. This circuit will be combined with a 4.8MW Ball Mill grinding circuit, to deliver a final product to the flotation and concentrator circuits for recovery of sulphide ores and magnetite.

Update on status of major componentry: -

- Ball-mill (5800 diameter x 8300mm long) - *ahead of schedule;*
- Alljigs® - *on schedule;*
- High Pressure Grinding Rolls (HPGR) - *on schedule;*
- Basic Engineering for the processing plant to be completed by 30 September, 2012 - *on schedule;*
- Entered into a contract in February for $8 Million for a 3 Million tonne per annum primary crushing and tertiary crushing and screening plant. Crusher circuit on track for completion of commissioning by 23rd December, 2012 - *on schedule;*
- Signed major agreement in April for the supply of 100% of structural steel requirements for the Rocklands mineral processing plant. The supply agreement requires all steel to be pre-fabricated prior to export to Rocklands, which will reduce the expensive costs associated with the onsite fabrication, cutting and handling. Construction steel to be delivered in four shipments, the first on schedule for embarking China December, 2012 and the last embarking March, 2013 - *on schedule; and*
- Tenders have been called for the Process Control System - *on schedule.*

Third instalment of $US10 million paid in relation to the construction of its 3 million tonnes per annum mineral processing plant for the Rocklands Group Copper project, bringing the total paid to date $US30.9 million, of the original $US58 million.

In May the Port of Townsville Authority granted the Company Development Approval for the proposed 400,000 tonne concentrate storage facility terminal and 2,000 tonnes per hour Ship-loading facility for the export of mineral concentrates to be produced from Rocklands. The proposed storage facility provides capacity to store the Company's Native Copper Metal, Copper/Gold and Cobalt/Sulfur concentrates that will be produced and exported from Rocklands.

Review of Operations

Review of Operations (continued)

The Company received approval in April 2012 from the Queensland Government's Department of Environment and Resource Management (DERM), for the Plan of Operations for Rocklands. The approval of the Plan of Operation is the final regulatory requirement to enable the development of Rocklands to formally commence, and is the culmination of more than six years work by the Company.

Major site activity including the construction of major structures and service buildings, civil infrastructure and pit strip-back operations, and construction of accommodation and housing in Cloncurry has commenced.

Exploration

Las Minerale & Rocklands South

Las Minerale is the Company's flagship orebody, with a large supergene zone that continues from surface to 170m deep in places, containing significant resources of coarse native copper and high-grade chalcocite. Las Minerale is one of a group of clustered, sub-parallel striking orebodies that will be collectively mined over the first 10 years of planned mining operations at Rocklands.

A geologically important diamond drill hole was drilled into Las Minerale in a section of the orebody where no diamond drilling had been completed. The purpose of the hole was to verify the grade of limited Reverse Circulation (RC) drilling data within this area and to provide valuable information for pit optimisation work. Previous drilling from this area was limited due to the existence of a water harvesting facility in the area, which was recently moved. The drill hole confirmed the grades of surrounding RC holes, but extended high-grade mineralisation 30m past the current planned pit depth, providing valuable information in this previously lightly drilled area.

A deep diamond hole was drilled under Las Minerale, targeting interpreted extensions to high-grade mineralisation at depth and intersected grades and widths suitable for underground mining at Rocklands. Deep drilling was temporarily suspended due to the termination of a follow-up hole prior to reaching target due to the inability of the drill rig to drill below 800m. The hole will be re-entered, and further deep holes drilled, once a suitable rig is available.

A number of heavily oxidised native copper nuggets (up to 80mm in size) were identified just 5m from surface during excavation of a deep costean in central Las Minerale. The native copper zone, (which includes all grain sizes), as defined in the current resource estimate, commences from approximately 15m from surface for the most part, with occasional zones as shallow as 8-10m from surface. Coarse native copper however is identified as commencing from approximately 20-25m depth, although some shallower zones do exist.

The area defined as the "native copper domain" within the current resource block model, **did not** identify native copper to be present at the depths being targeted in the deep costean, suggesting the currently defined native copper zone may need to be expanded.

In addition to native copper nuggets, soft "sooty" chalcocite mineralisation was identified throughout the entire oxide zone below 3m, and appears to be far more widespread than anticipated, particularly from 5m to the maximum depth of the costean at 12m. Assays for copper in these areas were previously thought to be mostly attributable to traditional oxide copper-ores.

Chalcocite has not been identified above 14m in either RC or diamond drilling in the immediate area. Copper is more easily recovered from chalcocite ore than it is from traditional oxide ores (malachite/azurite), so the identification of more than anticipated chalcocite within the oxide zone may well result in an upgrade of overall copper recoveries from these zones. The extent of the chalcocite zone, as defined in the current resource estimate, may also need to be expanded.

Wilgar (diamond drilling)

One of the most exciting prospects at the Rocklands Project, for which a resource estimate has not yet been completed, is the Wilgar Prospect. Significant zones of gold and silver are being intersected in diamond and bedrock drilling that is continuously expanding the size of the mineralised footprint.

Some of the highest grades yet received from Wilgar were returned during the period, including 6m @ 185g/t Au which included a record intersection of 1090g/t Au intersected in DODH264.

Review of Operations

Review of Operations (continued)

Wilgar (bedrock drilling)

Bedrock drilling was completed with the Company's owned Rotary Air Blast (RAB) drill rig. Each hole ends once it has drilled into approximately 1m of bedrock, which is typically encountered at depths of 2 to 14 metres at Wilgar. The bedrock holes are drilled at close spacing and are designed to pinpoint with accuracy the positioning of subsequent diamond holes, which are expensive to drill. Bedrock drilling continued over the 6 months period with outstanding results with grades up to;

Gold: 39.1g/t Au
Silver: 350g/t Ag
Molybdenum: 6460ppm Mo
Uranium: 13,700ppm U
Tellurium: 990ppm Te

Fairfield prospect

The Fairfield prospect is characterised by encouraging geophysical anomalies, such as Sub Audio Magnetics (SAM) EQMMR (Conductivity) high and magnetic-high anomalies. The SAM survey has proved extremely successful in application and exploration in other parts of the Rocklands Mining Lease, and has been instrumental in the extensional drilling of the Rocklands ore bodies.

Historic records reveal historic mining at Fairfield produced 1,118 tonnes of ore at an average grade of 6.50% Cu from 1968-1972. Workings evident today include an open cut pit to a depth of approximately 15m with exposed copper oxide minerals (malachite, azurite) clearly evident on the pit walls. CuDeco has drilled several Diamond and Reverse Circulation (RC) drill holes beneath the old pit, based on surface mapping and interpretation of mineralisation observed from the pit walls, all of which have intersected high-grade mineralisation.

A resource estimate has not yet been prepared for Fairfield, which will potentially add additional tonnes to supplement the high-grade inventory planned to be processed at Rocklands.

Recent exploration success has highlighted that the Fairfield Project contains a zone of mineralisation of sufficient grade, to warrant inclusion in the Rocklands Resource Inventory. Current plans are to add Fairfield to the Rocklands Resource Inventory as High-grade Supplementary Feed to Rocklands.

Large IOCC Style Geophysical Anomaly

The observed mineralisation in several diamond drill holes in the north-west of the Rocklands Mining Lease (ML90177), are consistent with "Rocklands Style Mineralisation" in terms of mineralogy, host rock, alteration assemblage and mineralising style. However they are unique in that mineralisation has been intersected within a dolerite intrusion in the Corella Formation. Prior to these intersections, "Rockland's Style Mineralisation" has only been encountered within the overhang Jaspilite unit at Rocklands.

It is thought mineralisation being encountered is potentially peripheral to hidden structures that could host hydrothermal breccias or shear zones, not encountered to date, the surface expression of which are likely to be hidden by the relatively shallow Corella unit now identified to exist in this area.

The North-west Prospect corresponds with a coincident, large east-dipping gravity-high anomaly and magnetic-high anomaly, and is a major IOCG target.

A significant RC programme designed to cover a large area is planned for the North-west Prospect, which is potentially highly-prospective over a very large area and would be impractical to fully explore with diamond drilling alone.

Review of Operations

Review of Operations (continued)

South-west Corner Prospect

The south-west area of the Rocklands Mining Lease (ML90177) remains relatively unexplored and has long been an area of interest for the exploration team due to numerous geophysical and geochemical anomalies, and potentially prospective geology.

Due to commitments in other areas of Rocklands, and the large scale nature of the south-west anomalies, a decision was made to postpone advanced exploration in this area until such time as a comprehensive programme could commence, without the need to take drill-rigs away from resource and geotechnical based drilling activities, important for development of Rocklands.

In the meantime, a substantial geophysical database has been compiled for the area and towards the end of 2011, geochemical (soil sampling), programmes were completed.

A series of short (approximately 100m) reconnaissance diamond drill holes were completed in 2011 primarily targeting shallow IP anomalies. Pyrite and pyrrhotite was intersected in calcite rich sedimentary unit, but not in sufficient quantities to explain high-intensity of anomalies.

Amphibolite Unit

A unit of massive amphibolite, (medium-high temperature metamorphic rock), has been observed in the far south of the Mining Lease, throughout which anomalous disseminated copper mineralisation has been observed, suggesting it may have been altered by a mineralising metamorphic-hydrothermal system.

The surface outcropping material appears to be of low magnetic content, however the identified zone generally corresponds with a magnetic high response in several geophysical surveys, suggesting the unit may be underlain by a magnetite rich rock type. A moderate to low-level Sub-audio Magnetic (SAM), EQMMR (conductivity) anomaly also coincides with the identified zone.

Sample rock-chips from outcrop, within as little as 10cm from surface, can be readily found containing disseminated copper oxide mineralisation, from trace up to 1.4% Cu using hand-held XRF, over an exposed width of approximately 150m.

A significant RC programme is also planned for the both the South-west and Amphibolite Prospects, which collectively cover a very large area and would be impractical to fully explore with diamond drilling alone.

Exploration to Begin on New EPM18054

Preliminary desk-top investigations have been completed over the Company's new Exploration Permit EPM18054, located immediately south-west of the Rocklands. EPM18054 shares a common boundary point with the Company's existing Mining Leases, and provides both strategic significance and exploration attraction.

There are no records of previous drilling activity within the new EPM area, however historic drilling campaigns have been conducted adjacent to the western boundary, where minor and significant intersections of both copper and gold were encountered, and to the north, where zinc was encountered.

Previous workings and mining leases are known in EPM18054, covering multiple commodities. Initial ground reconnaissance has discovered copper minerals malachite and chalcopyrite at various locations, however for the most part there appears to be limited outcrop over vast alluvial plains, potentially obscuring mineralised structures.

Review of Operations

Review of Operations (continued)

Corporate

The Company completed a capital raising in December 2011 of $86.3 Million through the issue of 23,977,000 shares at a price of $3.60 per share with New Apex Asia Investment Limited, a Hong Kong Based Resource Fund.

The Company completed a capital raising in January 2012 of $32 Million through the issue of 8,000,000 shares at a price of $4.00 per share, principally with M&G Investments (M&G).

In March 2012 the Company completed its first national road-show in over six years. The visit included lead brokers, analysts, fund managers, institutions and large shareholders in Sydney, Melbourne and Brisbane.

In April 2012 the Company appointed Mr. Hongwei Liu as a new Non-Executive Director of CuDeco Limited.

The Company's on-market 12 month share buy-back programme that was announced on 31 May 2011 has ended. Under this programme a total of 11,333,453 shares were bought at an average price of $3.26 per share.

Sinosteel Equipment and Engineering Co Ltd ("Sinosteel"), one of China's largest state owned enterprises, and supplier of the componentry for the processing plant for the Rocklands Project, agreed to exercise an option to receive CuDeco shares in lieu of cash for additional/alternative componentry ordered for the Rocklands 3mtpa process plant. Sinosteel will be issued 3,333,333 fully paid shares at an issue price of $3.90 per share, in lieu of $13m cash.

Key representatives of the Company embarked on an international road-show, including visits with various funds, institutions and commodity investment groups throughout Hong Kong, London, Toronto and New York. A total of 60 meetings were conducted in four countries over 15 days.

The Company acquired additional office space in Southport for $360,000 in anticipation of the planned expansion of the group's operations.

Events Subsequent To Balance Date

1. Coarse native copper has been intersected in bedrock drilling approximately 50m offset to the southern side of Las Minerale, during shallow infill bedrock drilling. The area is a new zone within the existing starter-pit outline, previously not considered to host native copper, and represents additional "free dig" ore not presently accounted for. The mineralised area is thought to be typical of zones that have been omitted from the resource estimate due to drilling "voids", often immediately adjacent to the vertical orebody.

   The bedrock infill drilling programme is designed to test the existence of copper minerals potentially missed in surface material (to 25m depth), adjacent to Las Minerale and Rocklands South orebodies, and is ongoing.

2. Fairfield Diamond Drill Hole DODH443 intersected significant zones of massive and semi-massive chalcocite, and zones of chalcopyrite, bornite and pyrite;

   DODH443 intersected; **18m @ 5.31% CuEq**
   Including; **5m @ 7.78% CuEq**
   Within a wider copper-dominated zone of; **25m @ 3.96% CuEq**

   Fairfield is one of several prospects at Rocklands for which a resource estimate has not yet been completed and will potentially add to high-grade inventory to be processed through the Rocklands Plant.

3. The consolidated entity has provided an environmental rehabilitation guarantee to the Department of Natural Resources and Mines for $1,922,464, as a condition of its mining leases for the Rocklands Project.

4. In September 2012, the consolidated entity and the Port of Townsville Limited, signed a Lease for 1.506 ha of land at the Port of Townsville. The Lease formalises an option to lease CuDeco previously had over the land. The Lease allows construction and operation of a bulk materials receival, storage and export facility.

5. In July, 2012, the Company signed a joint memorandum of understanding with Xstrata Copper and Minmetals Group, for the joint development of the Company's Multi-user Rail Load-out Facility. The agreement highlights the Company's foresight in recognising the need for enhanced regional infrastructure and taking the necessary steps to address the issue more than 12 months ago.

Review of Operations

Review of Operations (continued)

Equivalent calculations

Note A. COPPER (Cu) EQUIVALENT CALCULATION (pre 18th August 2010)

The formula is based on the metal prices of:

Copper	*$2.00 US$/lb*	*Recovery:*	*95.00%*
Cobalt	*$26.00 US$/lb*	*Recovery:*	*90.00%*
Gold	*$700.00 US$/troy ounce*	*Recovery:*	*75.00%*

The recoveries used in the calculations are the average achieved to date in the metallurgical test work on primary sulphide, supergene, oxide and native copper zones. Higher recoveries have been achieved during test work. Copper recoveries to date for copper are above 98%, and above 92% for cobalt.

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

Calculated Co and Au grades are also reported for relevant intersections.

All analyses were carried out at internationally recognised, independent, assay laboratories. Quality assurance for the analyses is provided by continual analysis of known standards, blanks and duplicate samples.

Reported intersections are down-hole widths.

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

Note B. COPPER (Cu) EQUIVALENT CALCULATION (post 18th August 2010)

The formula is based on the metal prices of:

Copper	*$2.00 US$/lb*	*Recovery:*	*95.00%*
Cobalt	*$26.00 US$/lb*	*Recovery:*	*85.00%*
Gold	*$900.00 US$/troy ounce*	*Recovery:*	*75.00%*

The recoveries used in the calculations are the average achieved to date in the metallurgical test work on primary sulphide, supergene, oxide and native copper zones. Higher recoveries have been achieved during test work. Copper recoveries to date for copper are above 98%, and above 92% for cobalt.

Notes on Assay Results

In order to be consistent with previous reporting, the drill intersections reported above have been calculated on the basis of copper cutoff grade of 0.2% or Co cutoff grade of 200ppm or a combined equivalent, with an allowance of up to 4m of internal waste. Calculated Co and Au grades are also reported in relevant intersections.

Calculated Co and Au grades are also reported for relevant intersections.

All analyses were carried out at internationally recognised, independent, assay laboratories. Quality assurance for the analyses is provided by continual analysis of known standards, blanks and duplicate samples.

Review of Operations

Review of Operations (continued)
Reported intersections are down-hole widths.

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

Previously announced results may have changed due to Parameters of the Copper Equivalent Calculation changing

Results may have changed from those previously announced, due to a re-assay program for Cobalt after the identification of issues with previous assaying methods.

Note C. GOLD (Au) EQUIVALENT CALCULATION

The formula is based on the metal prices of:

Gold	*$1,000.00 US$/troy ounce*	*Recovery:*	*80.00%*
Silver	*$15.00 US$/troy ounce*	*Recovery:*	*80.00%*
Tellurium	*$200 US$/kg*	*Recovery:*	*80.00%*

In the absence of metallurgical work on this new style of mineralisation, a conservative nominal recovery of 80% was used.

Au = Gold
Te = Tellurium
Ag = Silver
AuEq = Gold Equivalent

DIRECTORS' REPORT

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 2012. 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:

Wayne Michael McCrae Executive Chairman (Director since 2002)	Wayne McCrae (64 years) has been involved in the mining industry for most of his adult life. Wayne's experience is bringing grass roots operations to production, and he has been involved with exploration for and / or production of gold, copper, silver, lead, zinc, coal and diamonds.
Peter Robert Hutchison MRACI Ch Chem Executive Director (Director since 2004)	Peter Hutchison (63 years) is a process chemist with over 35 years industry experience involving the chemical, mineral processing and water treatment businesses. He was responsible for the operations and handover of the Mt Norma project and is the Site Senior Executive and responsible for the metallurgical development work and other aspects of the Definitive Feasibility Study, for the Rocklands Copper Project.
Vitie Paul Keran B.App.Sc., B.E. (Chemical), Dip. B.A. Independent, Non-Executive Director (Director since 2007)	Paul Keran (69 years) is a chemical engineer with more than 30 years 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.
Gerald Adrian Lambert ACA MAICD BCom(Hnrs) Independent, Non-Executive Director (Director since 2010)	Gerald (Gerry) Lambert (59 years) has had a 30 year corporate career with expertise/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 Director of Boystown, a national charitable organisation and has previously been a director/CFO of Villa World Limited and a director of City Resources Limited. Mr Lambert is a Chartered Accountant and has also been a lecturer/tutor at the University of Wollongong. Mr Lambert is the Lead Independent Director and the Chairman of the audit committee.
David John Edward Taylor B.A. LL.B. Independent, Non-Executive Director (Director since 2009)	David J. E. Taylor (28 years) 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, with a specialisation in Legal Practice. Mr Taylor is the Chairman of the remuneration committee.
Zhijun Ma Independent Non-Executive Director (Director since 2011)	Mr Zhijun Ma (41 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. Mr Ma is currently the Chairman on Minseng Investment Management Holdings Co Limited, and director of the Guangxi Bank and Minseng Securities Co., Ltd He was a former director and general manager of Oceanwide International Resource Co Limited and was responsible for this company's investments for overseas projects especially within the energy and resources sectors.

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

Hongwei Liu
Non-Executive Director
(Appointed 4 April 2012)

Mr Liu (45 years) of 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.

None of the Company's Directors have held office as directors of other public listed companies in the three year period ended 30 June 2012 (except as disclosed above).

COMPANY SECRETARY

Bruno Joseph Bamonte
(Appointed June 2011)
Bruno Bamonte (aged 54 years) is an Australian Chartered Accountant and has more than 16 years of experience in the listed company area in roles ranging from Company Secretary to Finance Director.

BOARD COMPOSITION
The Board comprises seven Directors, five of whom are considered non-executive and four 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 reasonable 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.

The Company has an Executive Chairman, which the company believes is appropriate given its size and its stage of development and the invaluable experience the Executive Chairman provides to the company. The Board has also since the end of the financial year appointed a Lead Independent Director to serve in a lead capacity to coordinate the activities of the other Independent Directors and to perform such other duties and responsibilities as the Board of Directors may determine. The Lead Independent Director when acting as such shall have the following specific responsibilities:

- Provide the Chairman with input as to the preparation of the agendas for the Board of Directors' and Board Committee meetings;
- Provide the Chairman with input as to the quality, quantity and timeliness of the information submitted by the Company's management that is necessary or appropriate for the Independent Directors to effectively and responsibly perform their duties;
- Assist the Board of Directors to improve its compliance with Corporate Governance Issues;
- Serve as principal liaison between the Independent Directors and the Chairman on sensitive issues;
- Make recommendations to the Board of Directors on behalf of the Independent Directors; and
- Undertake such further responsibilities that the Independent Directors as a whole may designate to the Lead Independent Director from time to time.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was mineral exploration evaluation and development, primarily of the Rocklands Group Copper Project in Cloncurry, Queensland.

RESULTS AND DIVIDENDS

The profit (loss) after tax for the year ended 30 June 2012 was $776,899 (30 June 2011: $(3,643,009)). The significant items that contributed to the result were;

- Interest received $4,817,798
- Foreign exchange gain $1,206,802
- Employee expenses $4,281,270

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 2012 and the results of those operations is set out on pages 3 to 9 and forms part of this Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the year:

- The Company raised $118,317,200 (before costs) throughout the year through the placement of 31,977,000 ordinary shares. This represents an average price of $3.70;
- The Company bought back 10,519,281 ordinary shares pursuant to the Company's on-market share buy-back scheme and loan funded employee share plan. These shares were bought back at a total cost of approximately $35.2 Million, representing an average price of $3.35;
- The Consolidated Entity has continued towards the development of the Rocklands project and during the year expended approximately $25.1 Million on the proposed processing plant and approximately $6.2 Million on mine development expenditure.

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:

1. The consolidated entity has provided an environmental rehabilitation guarantee to the Department of Natural Resources and Mines for $1,922,464, as a condition of its mining leases for the Rocklands Project.
2. In September 2012, the consolidated entity and the Port of Townsville Limited, signed a Lease for 1.506 ha of land at the Port of Townsville. The Lease formalises an option to lease CuDeco previously had over the land. The Lease allows construction and operation of a bulk materials receival, storage and export facility.
3. In July, 2012, the Company signed a joint memorandum of understanding with Xstrata Copper and Minmetals Group, for the joint development of the Company's Multi-user Rail Load-out Facility. The agreement highlights the Company's foresight in recognising the need for enhanced regional infrastructure and taking the necessary steps to address the issue more than 12 months ago.

DIRECTORS' REPORT (continued)

LIKELY DEVELOPMENTS

The Consolidated Entity will continue exploration, evaluation and development of its Rocklands Group Copper 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 2012 are:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
W McCrae	6	6	*	*	*	*
P Hutchison	6	6	*	*	*	*
P Keran	6	6	2	2	1	1
G Lambert	6	6	2	2	1	1
D Taylor	6	6	2	2	1	1
Z Ma	3	6	*	*	*	*
H Liu	1	1	*	*	*	*

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

There were six Directors' meetings held during the year. However, 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 committee consists of G Lambert (Chairman), P Keran and D Taylor. The remuneration committee consists of D Taylor (Chairman), P Keran and G Lambert.

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:

	CuDeco Limited		
	Fully Paid ordinary shares	Shares issued pursuant to Loan funded share plan	Options over ordinary shares
W McCrae	10,120,906	250,000	-
P Hutchison	1,032,534	250,000	2,500,000
P Keran	70,000	100,000	100,000
G Lambert	20,000	100,000	-
D Taylor	32,000	100,000	100,000
Z Ma	-	-	-
H Liu	23,000	-	-

DIRECTORS' REPORT (continued)

SHARE OPTIONS

As at the date of this report, there were 3,585,000 (2011: 6,825,000) unissued ordinary shares under option.

	Number	Exercise Price	Expiry Date
Directors Unlisted Options	2,700,000	$6.50	31 December 2012
Employee Unlisted Options	100,000	$4.50	22 February 2013
Employee Unlisted Options	225,000	$2.50	15 September 2013
Consultants Unlisted Options	560,000	$2.50	15 September 2013

During or since the end of the financial year: -

a. The following options were exercised
- 300,000 employee options were exercised at $2.50 each resulting in the issue of 300,000 ordinary shares by the Company;
- 100,000 consultant options were exercised at $3.50 each resulting in the issue of 100,000 ordinary shares by the Company; and
- 40,000 consultant options were exercised at $2.50 each resulting in the issue of 40,000 ordinary shares by the Company.

b. 250,000 employee options exercisable at $4.00 each – expiry date 31 July 2012 were forfeited due to the employee leaving the company.

c. The following options expired:-
- 200,000 consultant options exercisable at $3.50 each – expiry date 10 June 2012
- 2,150,000 employee options exercisable at $4.00 each – expiry date 31 July 2012
- 200,000 employee options exercisable at $4.50 each – expiry date 31 July 2012

No new options were granted during the year.

`No option holder has any other rights to participate in any other share issue of the Company or of any other entity.

DIRECTORS' REPORT (continued)

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
Peter Hutchison

Other Senior Management
Noel Everon - Project Manager (Appointed 10 October 2011)
Ian Carroll - Mine Manager (Appointed 20 February 2012)
Wade Freeman - Process Manager (Appointed 9 January 2012)

Non-Executive Directors
Paul Keran
Gerald Lambert
David Taylor
Zhijun Ma
Hongwei Liu (Appointed 4 April 2012)

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

a. The appointment of Kamlesh Ramdeo on 9 July 2012 as the Commercial Manager for the Company. She will oversee all financial and commercial areas and functions for the Rocklands project and any associated infrastructure projects;
b. The departure of Noel Everon as the Project Manager on 21 September 2012; and
c. The departure of Ian Carroll as Mine Manager on 9 July 2012.

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.

Remuneration Committee

The Remuneration Committee is a formally constituted remuneration committee, comprising non-executive independent Directors Mr. Taylor (Chairman), Mr. Lambert and Mr. Keran. The Committee's terms of reference include the following duties:

- reviewing the remuneration guidelines for executive Directors, including base salary, bonuses, share options, salary packaging and final contractual agreements.
- reviewing non-executive directors fees and costs by seeking external benchmarks.

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.

DIRECTORS' REPORT (continued)

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 Remuneration 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.

At the 2010 Annual General Meeting shareholders approved a pool of $300,000 per annum for non-executive directors' fees. Annual remuneration of non-executive Directors is $50,000 plus superannuation at the statutory guarantee level. In addition non-executive Directors providing services to the Consolidated Entity outside the scope of their duties as Directors will be entitled to receive fees at an hourly rate.

The Remuneration 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 – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward Directors and 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.

Structure

Prior to this financial year LTI grants to Directors and executives were delivered in the form of options. No 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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (continued)

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 are as follows:

	Base Salary $	Superannuation $
W McCrae	840,000	50,000
P Hutchison	630,000	50,000

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. Current employment contracts do not provide for any other remuneration benefits other than as disclosed herein.

These 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 2012, the bonuses paid represented 80% of the maximum allowable and the remainder of any maximum allowable bonus was forfeited. The following bonuses were granted on 16 July 2012 as follows:-

Wayne McCrae	$336,000
Peter Hutchison	$252,000

The performance of the Consolidated Entity over the past five years is summarised as follows:-

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Share price	$3.20	$3.30	$4.60	$3.50	$2.80
Profit (loss)	$776,899	($3,643,009)	($5,138,795)	($5,518,515)	860,410
Dividends	-	-	-	-	-
Return of capital (1)	-	-	-	-	-

Note (1) - Although there was no return of capital, the Company conducted as part of its capital management plan, a share buy-back programme that was completed on 31 May 2012, effectively buying back shares that were considered under-valued. Under this programme a total of 11,333,453 shares were bought at an average price of $3.26 per share. During the same period, the Company issued 31.9 Million shares at an average price of more than $3.79 per share.

As the Consolidated Entity is still in the exploration and development stage it is not anticipated that there is a link between remuneration, 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. Due to the continued progress made by the Consolidated Entity during the year towards production, and the achievement of these key milestones, cash bonuses were paid to the executive Directors as outlined above.

DIRECTORS’ REPORT (continued)

REMUNERATION REPORT - AUDITED (continued)

Employment Contracts – Executive Directors

The significant key performance conditions met during the financial year include:-

- Development Permit from DERM and POTL Development Approval for the Export facility in Townsville;
- Management of exploration programme with new zone of mineralisation identified at Wilgar, Fairfield and Las Minerales;
- Primary and tertiary crushing circuit design, purchase and fabrication and construction awarded to EMS Index;
- Placement of 8,000,000 shares at $4.00 per share (premium to share price) to raise $32 million;
- Placement of 23,977,000 shares at $3.60 per share (premium to share price) to raise $86,317,200;
- Plan of Operation for the Rocklands project approved;
- Mining Lease and Environmental Authority approval received for the Rocklands Project;
- Compensation agreements finalised with Landowner and Cloncurry Shire Council; and
- The performance of the company’s share price relative to the general market.

Employment Contracts – Other Executives

Noel Everon held the position of Project Manager and Operations Manager designate for the Rocklands Group Copper Project. He joined the Company on 10 October 2011 on a 38 Month contract. His employment contract included remuneration of $220,000 per annum, plus 9% superannuation, use of a motor vehicle and accommodation in Cloncurry. He was employed on a six month probationary period, after which the contract was 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.

Ian Carroll held the position of Mine Manager and he joined the Company on 20 February 2012 on a three year contract. His employment contract included remuneration of $230,000 per annum, plus 9% superannuation, use of a motor vehicle and accommodation in Cloncurry. He was employed on a six month probationary period, after which the contract was 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.

Wade Freeman is the Process Manager and he joined the Company on 9 January 2012 on a three year contract. His employment contract includes remuneration of $180,000 per annum, plus 11.5% superannuation, use of a motor vehicle and accommodation in Cloncurry. He was employed on a six month probationary period, after which 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.

Kamlesh Ramdeo is the Commercial Manager and she joined the Company on 9 July 2012 on a three year contract. Her employment contract includes remuneration payable at $170,000 per annum, plus 9% superannuation. She was employed on a six month probationary period, after which 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 her agreement.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (continued)

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

		Short-Term Benefits		Post Employ-ment	Share-Based Payments	Other Long-Term Benefits		% of Total	
Director/ Executive		**Salary / Fees $**	**Cash Bonuses $**	**Super-annuation $**	**Value of options [1] $**	**Increase in Long Service Leave Provision $**	**Total $**	**Perfor-mance related**	**Paid as Options[1]**
W McCrae	**2012**	**840,000**	**336,000**	**50,000**	**231,146**	**16,196**	**1,473,342**	**23%**	**16%**
	2011	800,000	100,000	50,000	-	14,816	964,816	10%	-
P Hutchison	**2012**	**630,000**	**252,000**	**50,000**	**231,146**	**9,163**	**1,172,309**	**21%**	**20%**
	2011	600,000	225,000	50,000	-	11,067	886,067	25%	-
P Keran	**2012**	**50,000**	**-**	**4,500**	**92,458**	**-**	**146,958**	**-**	**63%**
	2011	45,000	-	4,050	-	-	49,050	-	-
G Lambert	**2012**	**50,000**	**-**	**4,500**	**92,458**	**-**	**146,958**	**-**	**63%**
	2011	45,000	-	4,050	-	-	49,050	-	-
D Taylor	**2012**	**50,000**	**-**	**4,500**	**92,458**	**-**	**146,958**	**-**	**63%**
	2011	45,000	-	4,050	-	-	49,050	-	-
Zhijun Ma	**2012**	**48,082**	**-**	**-**	**-**	**-**	**48,082**	**-**	**-**
	2011	-	-	-	-	-	-	-	-
H Liu (Appointed 4 April 2012)	**2012**	**10,875**	**-**	**-**	**-**	**-**	**10,875**	**-**	**-**
	2011	-	-	-	-	-	-	-	-
Noel Everon (Appointed 10 October 2011)	**2012**	**147,332**	**-**	**13,260**	**-**	**-**	**160,592**	**-**	**-**
	2011	-	-	-	-	-	-	-	-
Ian Carroll (Appointed 20 February 2012)	**2012**	**76,962**	**-**	**6,927**	**-**	**-**	**83,889**	**-**	**-**
	2011	-	-	-	-	-	-	-	-
Wade Freeman (Appointed 9 January 2012)	**2012**	**82,241**	**-**	**9,482**	**-**	**-**	**91,723**	**-**	**-**
	2011	-	-	-	-	-	-	-	-
Ian Hunt (resigned 30 June 2011)	**2012**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2011	180,000	-	27,000	-	-	207,000	-	-
Total	**2012**	**1,985,492**	**588,000**	**143,169**	**739,666**	**25,359**	**3,482,019**		
	2011	1,715,000	325,000	139,150	-	25,883	2,205,033		

[1] Shares issued pursuant to the loan funded employee share plan are treated as in-substance options.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (continued)

The board's current policy does not allow Directors and executives to limit their risk exposure in relation to equities or options without the approval of the board.

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. Under the terms and conditions of the 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 issued to the Directors were issued on 23 December 2011 at $3.78 per share being 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 an in-substance option and are treated as such in the accounts. 50% of the shares will vest on the first anniversary of their allocation and the balance will vest on the second anniversary of their allocation. The recipients of the shares have five years from the date of their issue to repay the loans. This allocation was approved by the shareholders of the Company at the Annual General Meeting held on 24 November 2011. The plan was introduced to align the interests of key management personnel with those of shareholders. The vesting of shares is not dependent on any performance condition, only service conditions.

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

	No of Shares Allocated	No of Shares vested	Exercise price	Weighted Average fair value per share (1)	Total amount of Loan	Expiry date	Dates of exercise
W McCrae	250,000	-	$3.78	$2.245	$945,000	23/12/17	23/12/12 to 23/12/13
P Hutchison	250,000	-	$3.78	$2.245	$945,000	23/12/17	23/12/12 to 23/12/13
P Keran	100,000	-	$3.78	$2.245	$378,000	23/12/17	23/12/12 to 23/12/13
G Lambert	100,000	-	$3.78	$2.245	$378,000	23/12/17	23/12/12 to 23/12/13
D Taylor	100,000	-	$3.78	$2.245	$378,000	23/12/17	23/12/12 to 23/12/13
N. Everon	-	-	-	-	-	-	-
I. Carroll	-	-	-	-	-	-	-
W. Freeman	-	-	-	-	-	-	-

(1) The weighted average fair value of the shares has been calculated by using the Black-Scholes valuation method

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.

Results of 2011 Annual General Meeting

At the Annual General Meeting of the Company held on 24 November 2011, the remuneration report was approved by less than 75% of the shareholders eligible to vote. As a result, under the Corporations Act, if at the 2012 Annual General Meeting less than 75% of the eligible shareholders do not approve the report, a spill motion will be considered by the meeting, to determine whether the position of all Directors, excluding the Chief Executive Officer, becomes vacant and the election of Directors will be considered by the meeting.

The Directors have discussed the results of the vote, taking into account input from a number of institutional shareholders and has consequently provided a more detailed disclosure in this year's report.

This is the end of the audited remuneration report

DIRECTORS' REPORT (continued)

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 $26,591 (2011: $26,629) 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.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

The following non-audit services were provided by our auditors, BDO Audit Pty Ltd. 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 2012:

$24,816 (2011 $30,601) for the provision of tax services.

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

The auditor, BDO Audit Pty Ltd, 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

W McCrae
Chairman

27 September 2012

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF CUDECO LIMITED

As lead auditor of CuDeco Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect CuDeco Limited and the entities it controlled during the year.

C R JENKINS

Director

BDO Audit Pty Ltd

Brisbane, 27 September 2012

Consolidated Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	2012 $	2011 $
Revenue	2	**4,992,798**	1,982,951
Other income	2	**1,889,052**	370,439
Expenses			
Repairs and maintenance		**(43,778)**	(68,493)
Employee expenses		**(4,281,270)**	(3,687,370)
Shareholder expenses		**(225,624)**	(393,731)
Occupancy expenses		**(489,572)**	(322,422)
Depreciation expense		**(130,854)**	(73,612)
Travel		**(401,274)**	(267,695)
Gain/(Loss) on disposal of available for sale financial assets		**-**	9,096
Write off of project costs and other mine related costs		**(325,370)**	-
Foreign exchange loss		**-**	(1,093,573)
Other		**(207,209)**	(98,599)
Total Expenses		**(6,104,951)**	(5,996,399)
Profit (loss) from continuing operations before related income tax expense/benefit	3	**776,899**	(3,643,009)
Income tax expense/benefit	5	**-**	-
Net profit (loss) for the year		**776,899**	(3,643,009)
Other comprehensive income		**-**	-
Total comprehensive income (loss) for the year		**776,899**	(3,643,009)
		Cents	Cents
Earnings per share:			
Basic earnings (loss) per share	6	**0.4**	(2.5)
Diluted earnings per share	6	**0.4**	(2.5)

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

Consolidated Statement of Financial Position as at 30 June 2012

	Notes	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	7	**127,441,676**	103,128,760
Trade and other receivables	8	**2,441,192**	643,305
TOTAL CURRENT ASSETS		**129,882,868**	103,772,065
NON-CURRENT ASSETS			
Trade and other receivables	8	**49,895**	59,867
Other non-current asset	9	**-**	11,388,379
Property, plant and equipment	10	**58,315,165**	12,355,260
Exploration and evaluation assets	11	**31,189,674**	62,344,851
Development costs	12	**51,961,685**	1,590,831
TOTAL NON-CURRENT ASSETS		**141,516,419**	87,739,188
TOTAL ASSETS		**271,399,287**	191,511,253
CURRENT LIABILITIES			
Trade and other payables	13	**3,012,047**	3,868,750
Provisions	14	**174,357**	-
TOTAL CURRENT LIABILITIES		**3,186,404**	3,868,750
NON-CURRENT LIABILITIES			
Provisions	14	**583,067**	229,029
TOTAL NON-CURRENT LIABILITIES		**583,067**	229,029
TOTAL LIABILITIES		**3,769,471**	4,097,779
NET ASSETS		**267,629,816**	187,413,474
EQUITY			
Contributed equity	15	**311,312,946**	232,613,169
Reserves	17	**35,174,231**	34,434,565
Accumulated losses		**(78,857,361)**	(79,634,260)
TOTAL EQUITY		**267,629,816**	187,413,474

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 2012

	Contributed Equity	Accumulated Losses	Option Reserve	Capital Realisation Reserve	Capital Redemption Reserve	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2010	**139,893,702**	**(75,991,251)**	**32,919,838**	**95,113**	**432,000**	**97,349,403**
Loss for the year	-	(3,643,009)	-	-	-	(3,643,009)
Total comprehensive income	-	(3,643,009)	-	-	-	(3,643,009)
Shares issued during the year	102,160,000	-	-	-	-	102,160,000
Share issue costs	(3,224,238)	-	-	-	-	(3,224,238)
Share buy-back	(6,216,295)	-	-	-	-	(6,216,295)
Share based payments	-	-	987,614	-	-	987,614
Balance at 30 June 2011	**232,613,169**	**(79,634,260)**	**33,907,452**	**95,113**	**432,000**	**187,413,474**
Profit for the year	-	776,899	-	-	-	**776,899**
Total comprehensive income	-	776,899	-	-	-	**776,899**
Shares issued during the year	119,167,200	-	-	-	-	**119,167,200**
Share issue costs	(5,272,459)	-	-	-	-	**(5,272,459)**
Share based payment expense	-	-	739,666	-	-	**739,666**
Share buy-back	(35,194,964)	-	-	-	-	**(35,194,964)**
Balance at 30 June 2012	**311,312,946**	**(78,857,361)**	**34,647,118**	**95,113**	**432,000**	**267,629,816**

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

Consolidated Statement of Cash Flows for the year ended 30 June 2012

	Notes	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations (including GST)		**4,657,211**	1,607,774
Payments in the course of operations (including GST)		**(11,486,477)**	(4,888,752)
Interest received		**4,164,415**	2,196,184
Research & development tax concession		**650,153**	299,114
NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES	20	**(2,014,698)**	(785,680)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(36,817,318)**	(3,278,691)
Payments for exploration and evaluation assets		**(10,625,322)**	(10,566,305)
Payments for mine development costs		**(4,122,420)**	(1,550,084)
Proceeds from sale of plant and equipment		**-**	91,510
Proceeds from sale of equity investments		**-**	849,617
Payments for deposit on contract to acquire plant and equipment		**-**	(11,388,379)
Increase in deposits		**9,972**	(17,901)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(51,555,087)**	(25,860,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**119,167,200**	102,160,000
Cost of on-market share buy-back		**(37,321,544)**	(4,497,119)
Share issue / buy back costs		**(5,272,459)**	(3,224,238)
NET CASH INFLOWS (OUTFLOWS) FROM FINANCING ACTIVITIES		**76,573,197**	94,438,643
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**23,003,412**	67,792,730
Cash and cash equivalents at the beginning of the financial year		**103,128,760**	36,429,603
Effect of foreign exchange rates on cash and cash equivalents		**1,309,504**	(1,093,573)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**127,441,676**	103,128,760

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

CuDeco Limited is a listed public company, incorporated in and domiciled in Australia.

The financial statements of CuDeco Limited (the "Company") for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the Directors on 27 September 2012 and covers the consolidated entity consisting of CuDeco Ltd and its subsidiaries as required by the Corporations Act 2001. Separate financial statements of CuDeco Ltd as an individual entity are not required to be presented however, limited financial information for CuDeco Ltd as an individual entity is included in note 26.

The financial statements are presented in Australian currency.

(a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes, comply with International Financial Reporting Standards (IFRS). The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have also been prepared on a historical cost basis and, except where stated, do not take into account changing money values or fair values of non-current assets.

The financial statements have also been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Directors believe sufficient funds are held for committed arrangements and existing liabilities over the next 12 months for exploration purposes. The consolidated entity is currently in the mine development phase for its major area of interest (Rocklands). Whilst various committed arrangements have been entered into for components of the mine development and associated infrastructure which can be funded from existing resources, there remain significant components of the mine development where both pricing and timing of development remains at the discretion of the consolidated entity. To finalise mine development and enter the mining production phase, the consolidated entity will seek to source funding through a combination of debt and/or equity. The ability of the consolidated entity to remain as a going concern beyond that period or for mine development and mining production purposes, is dependent on the discretion of the consolidated entity in remaining flexible in its development phase and/or the ability of the consolidated entity to successfully raise additional funding and/or the successful exploration and subsequent exploitation of areas of interest. The Directors also remain satisfied that once in production, the forecasts for the operations are of a profitable and positive operating cash flow nature.

The following accounting policies have been adopted in the preparation and presentation of the financial statements. Unless otherwise stated, these accounting policies are consistent with those of the previous year.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by CuDeco Limited at the end of or during the reporting period. A controlled entity is any entity over which CuDeco Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of Consolidation (continued)

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to the parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue is capable of being reliably measured. Revenue is recognised at the fair value of consideration received or receivable.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest income is recognised as it accrues, using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

(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) Taxation

The current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the profit or loss except where it relates to items that may be recognised directly in other comprehensive income or equity, in which case the deferred tax is recognised directly against other comprehensive income or equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Taxation (continued)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

CuDeco Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. CuDeco Limited is responsible for recognising the current tax assets and liabilities and deferred tax assets arising from unused losses of the group for the tax consolidated group.

(f) Receivables

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

(g) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Business Combinations (continued)

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

(h) 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.

(i) 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.

(j) 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 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.

(k) Impairment of Non Financial Assets

At each reporting date the Consolidated Entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of comprehensive income where the asset’s carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are 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.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, Plant and Equipment

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

Property, plant and equipment acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation and Amortisation

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads. Assets under construction are not depreciated.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate
Buildings	10%
Plant and equipment	20% – 33%

(m) 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.

(n) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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 16.

The assessed fair value at grant date is recognised as an expense or is capitalised to 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) 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.

(r) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Significant accounting judgments, estimates and assumptions (continued)

Key judgments:
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

Key estimates:
Share-based payment transactions
The Consolidated Entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 16.

Rocklands Project
As disclosed in Note 1(a), the financial statements have been prepared on a going concern basis. The company has secured its mining leases, and has commenced the development of the Rocklands mine. The company has capitalised some early stage development expenditure and paid a significant portion for the design and construction of the processing plant. These amounts have been capitalised on the basis the Directors believe that it is highly probable the development of the Rocklands Project will be completed within the next 12 to 18 months and production will commence soon thereafter. The company has prepared a cashflow forecast for its existing commitments and on the basis that development proceeds as planned, the cashflow forecast identifies the need to secure additional funding in excess of existing cash levels to complete development and provide the necessary working capital. For the additional funding required, the Directors have a range of options available to them and will determine the appropriate source of funding as the needs arise.

Rehabilitation
The consolidated entity has not yet commenced significant mining operations, but through its initial development activities have made various disturbances. These disturbances are relatively minor in nature and most of the assets in situ are both transportable and demountable with no significant cost to remove and rectify the land on which they are located. Due to the level of disturbance from these activities a provision for Rehabilitation as at the end of the financial year in the financial statements has been recognised for $500,000. The timing and final costs for rehabilitation is based on estimates available as at 30 June 2012 and could be subject to uncertainty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus transaction costs. Purchases and sales of investments are recognised on trade date which is the date on which the Consolidated Entity commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of reporting date). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income and accumulated in equity. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to equity, is recognised in profit or loss.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through profit or loss.

The fair value of quoted investments are determined by reference to quoted market bid prices at the close of business on the balance date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(t) Comparative figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to presentation for the current financial year.

(u) Operating segments

The Group has applied AASB 8 Operating Segments which requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the company as the Executive Chairman and other members of the Board of Directors.

(v) New and amended standards and interpretations

The following new and amended standards and interpretations have been adopted in the current year:

- AASB2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* – the amendments clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
- AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards *arising from Trans-Tasman Convergence Project* – the application of these standards in the current year has resulted in the simplification of disclosures in regards to audit fees, and capital and other expenditure commitments as well as additional disclosure on whether the Group is a for-profit or not-for-profit entity.

The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Accounting standards issued not yet effective

The following new and amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2012. They have not been adopted in preparing the financial statements for the year ended 30 June 2012 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated below:-

(i) AASB 9 *Financial Instruments* (effective from 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Financial assets are to be classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139. The Consolidated Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

(ii) AASB 10 Consolidated Financial Statements (effective from 1 January 2013)
AASB 10 replaces parts of AASB127 Consolidated and Separate Financial Statements and interpretation 12: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this standard on its financial statements.

(iii) AASB 11 Joint Arrangements (effective from 1 January 2013)
AASB 11 replaces AASB131 – Interest in Joint Ventures. AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangements have rights to assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

(iv) AASB 12 Disclosure of Interest in Other Entities (effective from 1 January 2013)

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity" replacing "special purpose entity" concept currently used in interpretation 112, and requires specific disclosure in respect of any investments in unconsolidated structured entities. The Standard will affect disclosures only and is not expected to significantly impact the Group.

(v) AASB 13 Fair Value Measurement (effective from 1 January 2013)

AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.

(vi) Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (effective from 1 January 2013)

This interpretation provides clarification that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset). At this stage the entity plans to operate a surface mine and there may be some impact on the financial statements when this interpretation is first adopted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

	2012 **$**	2011 $
2. REVENUE AND OTHER INCOME		
Revenue		
Interest	**4,817,798**	1,977,828
Contribution received for Infrastructure asset	**175,000**	-
Equipment hire rental	**-**	5,123
Total revenue	**4,992,798**	1,982,951
Other income		
Foreign exchange	**1,206,802**	-
Diesel fuel rebate	**26,830**	66,789
Insurance claim	**-**	4,536
R&D tax concession	**650,153**	299,114
Sundry income	**5,267**	-
	1,889,052	370,439
3. EXPENSES		
Profit (loss) before income tax has been arrived at after the following items:		
Operating lease rental – director-related entity	**224,941**	213,571
Operating lease rental – other	**209,542**	72,844
Share based payment expense – employees and consultants	**-**	843,604
Share based payment expense – Directors	**739,666**	-
Defined contribution superannuation expense	**86,828**	101,107
4. AUDITORS' REMUNERATION		
Amounts received or due and receivable by BDO Audit Pty Ltd:		
- Auditing or reviewing the financial report	**100,636**	69,494
- Tax services	**24,816**	30,601
Total	**125,452**	100,095

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

5. INCOME TAX EXPENSE

	2012 $	2011 $
Reconciliation		
Current Income Tax Expense	**110,834**	(1,852,650)
Deferred Income Tax Expense	**(356,145)**	255,496
Under/Over provision in prior year	**245,311**	1,597,154
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	**233,070**	(1,092,903)
Permanent differences	**(122,236)**	587,803
Current tax loss not recognised	**7,762,846**	3,064,300
Temporary differences related to deferred tax assets not recognised	**(2,408,380)**	(347,482)
Temporary differences related to deferred tax liabilities not recognised	**(3,883,562)**	(3,397,248)
Temporary differences on deferred tax assets in equity	**(1,581,738)**	(411,642)
Prior year write-back of reclassified exploration expenditure	**13,034,100**	-
Prior year write-back of reclassified exploration expenditure not recognised	**(13,034,100)**	-
Prior year loss under/(over) provision	**(255,800)**	1,597,154
Loss under/over not recognised	**255,800**	-
Prior year temporary differences under/(over) provision	**(10,489)**	-
Temporary/differences under/over not recognised	**10,489**	-
Income tax expense	**-**	-

	2012 $	2011 $
Deferred Tax Balances		
Recognised deferred tax assets	**(640,780)**	15,646,833
Deductible temporary differences	**8,894,185**	1,767,600
Unused tax losses	**8,253,405**	17,414,433
Recognised deferred tax liabilities	**-**	-
Assessable temporary differences	**(8,253,405)**	(17,414,433)
Net deferred tax recognised	**-**	-
Unrecognised deferred tax assets		
Unrecognised tax losses	**53,071,429**	5,539,117
Deferred tax assets not taken up at 30% (2011: 30%)	**15,921,429**	1,661,735

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

5. INCOME TAX EXPENSE (continued)

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 2012 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.

6. EARNINGS PER SHARE

	2012 No.	2011 No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**175,911,200**	147,757,451
Weighted average number of ordinary shares and potential ordinary outstanding during the year used in calculation of diluted EPS	**177,207,785**	147,757,451

	2012 $	2011 $
Earnings used to calculate basic earnings per share	**776,899**	(3,643,009)
Earnings used to calculate diluted earnings per share	**776,899**	(3,643,009)

The Company has granted a total of 6,075,000 (2011: 6,825,000) share options. 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 2012 year, 1,425,000 options were included in the calculation of the Diluted Earnings per share. However, as the Consolidated Entity's continuing operation was in a loss position for the year ended 30 June 2011 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.

7. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**1,478,191**	75,433
Deposits at call	**125,963,485**	103,053,326
	127,441,676	103,128,760

- Cash at bank earns interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

	2012	2011
	$	$
8. TRADE AND OTHER RECEIVABLES		
Current		
Accrued interest	**893,672**	240,288
GST receivable	**1,475,839**	276,334
Prepayments	**71,466**	46,985
Other receivables	**215**	79,699
	2,441,192	643,305
Non-current		
Security deposits	**49,895**	59,867

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.

9. OTHER NON-CURRENT ASSETS		
Deposit on contract for plant and equipment	-	11,388,379
10. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
At cost	**7,396,461**	2,744,570
Accumulated depreciation	**(499,384)**	(183,765)
Total land and buildings	**6,897,077**	2,560,805
Land and Buildings (work-in-progress)		
At cost	**-**	125,041
Plant and equipment		
At cost	**18,454,436**	7,571,870
Accumulated depreciation	**(6,270,592)**	(4,293,197)
Total plant and equipment	**12,183,844**	3,278,673
Plant and equipment (work-in-progress)	**39,234,244**	6,390,741
Total property, plant and equipment	**58,315,165**	12,355,260

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

	2012 $	2011 $
10. 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		
Land and buildings		
Carrying amount at the beginning of year	**2,560,805**	446,001
Transferred from Work in Progress	**-**	2,148,344
Additions during the year	**4,651,889**	133,015
Depreciation capitalised to exploration and evaluation assets	**(209,396)**	(48,496)
Depreciation capitalised to development costs	**(64,759)**	-
Depreciation expense	**(41,462)**	(53,124)
Transferred to exploration	**-**	(64,935)
Carrying amount at the end of the year	**6,897,077**	2,560,805
Land and buildings (work-in-progress)		
Carrying amount at the beginning of year	**125,041**	1,392,190
Additions during the year	**15,302**	881,195
Transfer to land and buildings	**-**	(2,148,344)
Costs written off	**(140,343)**	-
Carrying amount at the end of the year	**-**	125,041
Plant and equipment		
Carrying amount at the beginning of year	**3,278,673**	3,416,647
Additions during the year	**7,197,421**	1,455,240
Equipment transferred from plant and equipment being commissioned	**3,686,290**	-
Depreciation capitalised to exploration and evaluation assets	**(1,207,699)**	(1,291,281)
Depreciation capitalised to development costs	**(681,449)**	(22,002)
Depreciation expense	**(89,392)**	(20,487)
Disposals	**-**	(259,444)
Carrying amount at the end of the year	**12,183,844**	3,278,673
Plant and equipment (work-in-progress)		
Carrying amount at the beginning of year	**6,390,741**	5,531,308
Additions during the year	**25,141,414**	859,433
Transfer from other assets – deposit paid on plant	**11,388,379**	-
Equipment transferred to plant and equipment	**(3,686,290)**	-
Carrying amount at the end of the year	**39,234,244**	6,390,741
Total property, plant and equipment	**58,315,165**	12,355,260

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

11. EXPLORATION AND EVALUATION ASSETS

	2012 $	2011 $
Costs carried forward in respect of areas of interest in exploration and/or evaluation phase:		
Balance at the beginning of the year	**62,344,851**	50,238,553
Exploration costs incurred	**10,874,728**	10,557,576
Depreciation capitalised to exploration	**1,417,095**	1,339,777
Transfer to development costs	**(43,447,000)**	-
Transferred from land and buildings	**-**	64,935
Share based payments expense capitalised to exploration	**-**	144,010
Total exploration and evaluation assets	**31,189,674**	62,344,851

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.

12. DEVELOPMENT COSTS

	2012 $	2011 $
Costs carried forward in respect of areas of interest in the development phase:		
Balance at the beginning of the year	**1,590,831**	18,745
Development costs incurred	**6,177,646**	1,550,084
Depreciation capitalised to development costs	**746,208**	22,002
Transferred from exploration and evaluation assets	**43,447,000**	-
Total development costs	**51,961,685**	1,590,831

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

13. TRADE AND OTHER PAYABLES

	2012 $	2011 $
CURRENT		
Unsecured liabilities:		
Trade creditors	**2,205,622**	531,266
Accrued annual leave	**512,856**	438,589
Sundry creditors and accrued expenses	**293,569**	2,898,895
	3,012,047	3,868,750

Terms and conditions relating to the above financial instruments:

- Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

	2012 **$**	2011 $
14. PROVISIONS		
CURRENT LIABILITY		
Long service leave provision	**174,357**	-
NON-CURRENT LIABILITY		
Long service leave provision	**83,067**	229,029
Rehabilitation provision	**500,000**	-
	583,067	229,029

15. CONTRIBUTED EQUITY

	2012	2011
Issued and paid-up share capital		
187,043,961 (2011: 165,286,242) ordinary shares, fully paid	**311,312,946**	232,613,169

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**	**$**
1 July 2010	**Opening balance**	**136,167,316**		**139,893,702**
October 2010	Share placement - 10 Million shares	10,000,000	$2.00	20,000,000
January 2011	Option conversion	100,000	$3.50	350,000
March 2011	Share placement - 6.25 Million shares	6,250,000	$4.00	25,000,000
April 2011	Share placement - 14.95 Million shares	14,950,000	$3.80	56,810,000
July 2010 to June 2011	Shares cancelled pursuant to the on-market share buy-back	(2,181,074)		(6,216,295)
	Share issue costs / cancellation costs	-		(3,224,238)
30 June 2011	**Closing balance**	**165,286,242**		**232,613,169**
December 2011	Share placement - 23.977 Million shares	23,977,000	$3.60	86,317,200
December 2011	Option Conversion	100,000	$2.50	250,000
January 2012	Share placement - 8 Million shares	8,000,000	$4.00	32,000,000
February 2012	Option Conversion	100,000	$2.50	250,000
May 2012	Option Conversion	100,000	$3.50	350,000
July 2011 to May 2012	Shares cancelled pursuant to the on-market share buy-back	(10,519,281)		(35,194,964)
	Share issue costs / cancellation costs	-		(5,272,459)
30 June 2012	**Closing Balance**	**187,043,961**		**311,312,946**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

15. CONTRIBUTED EQUITY (continued)

(a) Ordinary Shares (continued)

On 18 June 2012, Sinosteel Equipment and Engineering Co Ltd ("Sinosteel") agreed to accept shares in lieu of cash for the major additional alternative componentry for the Rocklands 3mtp process plant. The agreement allows for Sinosteel to be issued 3,333,333 fully paid shares in CuDeco Ltd in lieu of $13m cash for additional/alternative componentry at $A3.90c per share. This amount forms part of the commitments disclosed in Note 21.

(b) Share Options

Exercise Period	Exercise Price	Opening Balance 1 July 2011 *Number*	Options Issued 2011/ 2012 *Number*	Options Exercised 2011/2012 *Number*	Options Expired/ Forfeited 2011/2012 *Number*	Closing Balance 30 June 2012 *Number*
01/01/2010 - 10/06/2012	$3.50	300,000	-	(100,000)	(200,000)	-
31/07/2010 - 31/07/2012	$4.00	2,400,000	-	-	(250,000)	2,150,000
31/07/2010 - 31/07/2012	$4.50	200,000	-	-	-	200,000
On or before 31/12/2012	$6.50	2,700,000	-	-	-	2,700,000
22/02/2011 - 22/02/2013	$4.50	100,000	-	-	-	100,000
15/12/2012 - 15/09/2013	$2.50	600,000	-	-	-	600,000
15/09/2011 - 15/09/2013	$2.50	525,000	-	(200,000)	-	325,000
		6,825,000	-	(300,000)	(450,000)	6,075,000

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.

16. 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. Shares issued to date are only subject to service conditions. The shares issued under the Share Plan are held in trust (in Treasury) for eligible persons as security for the loans. There are no cash settlement alternatives.

In the year ended 30 June 2012, a total of 800,000 shares have been issued under the Share Plan. The shareholders approved the issue of these shares to Directors in November 2011.

For accounting purposes shares issued pursuant to the Share plan will be treated and valued as options, and the fair value of the options granted under the Plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which they were granted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

16. SHARE BASED PAYMENTS (continued)

Employee Option Plan
In November 2008, the Company sought, and was granted, approval for maintenance of the CuDeco Ltd Employee Option Plan ("Plan"). The Plan allows Directors from time to time to invite eligible employees to participate in the Plan and offer options to those eligible persons. The 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 contractual life of each option granted is three years. There are no cash settlement alternatives.

Non Plan based payments
The Company also makes share based payments to consultants and / or service providers from time to time, not under any specific plan. The CuDeco Limited Employee Option Plan does not allow for issue of options to the Directors of the parent entity. Hence, specific shareholder approval is obtained for any share based payments to Directors of the parent entity.

The following is a summary of the share based payments made:-

	2012 **$**	2011 $
Share based payment expense	**739,666**	843,604
Share based payments capitalised to exploration and evaluation asset	**-**	144,010
Total share based payments for the year	**739,666**	987,614

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2012 No.	**2012 Weighted average exercise price**	2011 No.	2011 Weighted average exercise price
Outstanding at the beginning of the year	**6,825,000**	**$4.74**	6,150,000	$5.16
Granted during the year				
- Employees	**800,000**	**$3.78**	800,000	$2.50
- Consultants	**-**	**-**	600,000	$2.50
Forfeited during the year	**(250,000)**	**$4.00**	(275,000)	$2.50
Exercised during the year	**(300,000)**	**$2.83**	(100,000)	$3.50
Expired during the year	**(200,000)**	**$3.50**	(350,000)	$5.23
Outstanding at the end of the year	**6,875,000**	**$4.79**	6,825,000	$4.74
Exercisable at the end of the year	**6,075,000**	**$4.91**	6,825,000	$4.74

Options issued during 2012 vest 12 months after grant date. Employee options are cancelled 30 days after employment is terminated. All other options issued vested on the day they were granted.

The weighted average for the remaining contractual life of share options outstanding at the end of the year is 0.45 years (2011: 1.44 years). Share options outstanding at the end of the year have exercise prices ranging from $2.50 to $6.50 (2011: $2.50 to $6.50).

The fair value of options is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The weighted average share price on the date that options were exercised was $3.39 (2011 $4.18).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

16. SHARE BASED PAYMENTS (continued)

The following table lists the inputs to the model used for the years ended 30 June 2012 and 30 June 2011:

	2012	2011
Fair value	**$1.85 to $2.64**	$0.92
Volatility (%)	**49-83**	80-90
Average risk-free interest rates (%)	**4.25**	4.65
Weighted average expected life of options (years)	**5**	3
Weighted average exercise prices	**$3.87**	$2.50
Weighted average share price at grant date	**$3.87**	$2.09
Dividends	**-**	-

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.

17. RESERVES

	2012 $	2011 $
Capital Realisation	**95,113**	95,113
Capital Redemptions	**432,000**	432,000
Option	**34,647,118**	33,907,452
	35,174,231	34,434,565

(a) **Movement During the Year – Option**

Opening balance	**33,907,451**	32,919,838
Issue options to employees / consultants	**-**	987,613
Issue loan funded shares to Directors	**739,666**	-
Closing balance	**34,647,118**	33,907,451

Option Reserve

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

18. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

18. FINANCIAL INSTRUMENT DISCLOSURES (continued)

The Groups financial assets and liabilities primarily comprise:

	2012 **$**	2011 $
Cash and cash equivalents	**127,441,676**	103,128,760
Trade and other receivables	**2,491,087**	703,173
Total Assets	**129,932,763**	103,831,932
Trade and other payables	**2,499,191**	3,430,161
Total Liabilities	**2,499,191**	3,430,161

(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 cash and cash equivalents. The Consolidated Entity does not have any interest bearing liabilities. It is the policy of the Consolidated Entity to manage interest rate risk exposures by continuously monitoring interest rates and to alter the balance of fixed and variable rate deposits as considered appropriate.

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.

		Profit or (Loss)		**Equity**	
	Carrying Amount $	**100bps increase $**	**100bps decrease $**	**100bps increase $**	**100bps decrease $**
30 June 2012					
Cash and cash equivalents	127,441,676	1,274,417	(1,274,417)	1,274,417	(1,274,417)
Total increase / (decrease)		1,274,417	(1,274,417)	1,274,417	(1,274,417)
30 June 2011					
Cash and cash equivalents	103,128,760	1,031,288	(1,031,288)	1,031,288	(1,031,288)
Total increase / (decrease)		1,031,288	(1,031,288)	1,031,288	(1,031,288)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

18. 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. These funds 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.

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 $	1 cent increase $	1 cent decrease $	1 cent increase $	1 cent decrease $
30 June 2012					
Cash and cash equivalents	19,755,133	(200,735)	200,735	(200,735)	200,735
Total increase / (decrease)		(200,735)	200,735	(200,735)	200,735
30 June 2011					
Cash and cash equivalents	40,295,093	(387,325)	372,823	(387,325)	372,823
Total increase / (decrease)		(387,325)	372,823	(387,325)	372,823

(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 depositing its funds with reputable financial institutions. Cash at year end was deposited with National Australia Bank.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

18. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(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 no committed lines of credit or any significant financial liabilities, other than payables.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

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.

(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.

The Company has undertaken an on-market share buy-back program primarily as the Directors believe the shares were undervalued at the time of each share buy-back. As part of this program, during the year 9,907,052 (2011: 2,181,074) ordinary shares were bought back and cancelled at a total cost of approximately $32,900,959 (2011: $6,216,295).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

19. CONTROLLED ENTITIES

Particulars in relation to controlled entities

Name	Incorporated in	Interest held % 2012	2011
CuDeco Limited	Australia		
Controlled Entities Consolidated			
Cloncurry Infrastructure Pty Ltd (formerly Mt Norma Copper Pty Ltd)	Australia	**100**	100
CuDeco Logistics Pty Ltd (incorporated on 9 September 2011)	Australia	**100**	n/a
CuDeco Employee Share Plan Pty Ltd (incorporated 1 December 2011)	Australia	**100**	n/a
Umatilla Resources Pty Ltd	Australia	**n/a**	75

Umatilla Resources Pty Ltd has not operated during the years ended 30 June 2012 and 2011 and had nil assets and liabilities at 30 June 2012 and 2011. During the year Umatilla Resources Pty Ltd was deregistered.

20. NOTES TO THE STATEMENT CASH FLOWS

(a) Reconciliation of profit after income tax to net cash inflows/(outflows) from operating activities	**2012 $**	2011 $
Profit (Loss) after income tax	**776,899**	(3,643,009)
Add/(less) non-cash items		
Share based payments	**739,666**	843,603
Loss on sale/ write off of assets	**140,343**	76,471
Depreciation expense	**130,854**	73,611
Loss/(gain) on sale of available for sale financial assets	**-**	(85,567)
Foreign exchange (gain) loss	**(1,309,505)**	1,093,573
(Increase) / decrease in trade and other receivables	**(1,797,886)**	413,323
Increase / (decrease) in trade creditors and accruals	**(723,464)**	413,654
Increase / (decrease) in provisions	**28,295**	28,661
Cash inflows / (outflows) from operations	**(2,014,698)**	(785,680)

(b) Non-cash financing and investing activities

Refer to note 16 for share based payment transactions.

(c) Financing arrangements

The Consolidated Entity does not have any credit or standby facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

21. COMMITMENTS

Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, 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.

Native Title

Under the Native Title Agreement concluded with the Mitakoodi and Mayi People, CuDeco Ltd is committed to making certain payments. These payments are conditional upon the grant of two mining licences within the Rocklands Project. 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:

	2012	2011
	$	$
Within one year	**162,488**	79,540
After one year but not more than five years	**244,577**	-
More than five years	**-**	-
	407,065	79,540

Mining Plant

The Consolidated Entity entered into a contract for the design and supply of all of the Process Plant components and structures for its Rocklands Copper Project. The proposed 3 Million tonne per annum process plant will be fully computerized and automated and will include circuits for the native copper metal recovery, and flotation circuits for the supergene and primary sulphide zones. The total capital commitment for the acquisition of the processing plant is $US53 Million (approx. $50.6 Million), which includes $US4 Million (approx. $3.8 Million), of spare parts, capable spares for two years. Up to the end of the financial year the Consolidated Entity had paid approximately $30.7 Million (2010: $11.4 Million) and the balance is expected to be paid within 12 months of the end of the financial year.

In addition to the basic design and supply of the plant, the company anticipates that it will be required to acquire additional alternative componentry for the process plant. In June 2012 the consolidated entity and the supply company agreed that in lieu of $13 Million cash for this additional alternative componentry, that the supply company would accept payment in shares in CuDeco Limited.

The Consolidated Entity entered into a contract for the supply of the steel structure required as part of the processing plant. The total cost for the steel work is expected to be approximately $US13.3 Million and it is expected to be required within 12 months.

The Consolidated Entity entered into a contract for the supply of a crushing plant. The total capital commitment for the acquisition of this plant is $10 Million. Up to the end of the financial year the Consolidated Entity had paid approximately $3.5 Million (2011: $nil) and the balance is expected to be paid within 12 months of the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

22. CONTINGENCIES

There were no contingent liabilities or contingent assets as at 30 June 2012 other than: -

A former employee of the Company 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. The Company has received legal advice that it has no exposure to the claim and a defence to the action has been lodged. No provision has been made in the financial statements in respect of this claim.

23. KEY MANAGEMENT PERSONNEL

The key management personnel compensation is as follows:

	2012	2011
	$	$
Short-term employee benefits	**2,573,492**	2,040,000
Post-employment benefits	**143,169**	139,150
Share-based payments	**739,666**	-
Other long term benefits	**25,359**	25,883
	3,482,019	2,205,033

Shareholdings

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

Key management personnel	Balance 1 July 2011	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2012
Wayne McCrae	10,017,444	-	-	91,623	10,109,067
Peter Hutchison	1,032,534	-	-	-	1,032,534
Paul Keran	70,000	-	-	-	70,000
Gerald Lambert	20,000	-	-	-	20,000
David Taylor	32,000	-	-	-	32,000
Zhijun Ma (1)	-	-	-	-	-
Hongwei Liu (2)	n/a	-	-	23,000	23,000
Noel Everon (3)	n/a	-	-	-	-
Ian Carroll (4)	n/a	-	-	-	-
Wade Freeman (5)	n/a	-	-	-	-

Key management personnel	Balance 1 July 2010	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2011
Wayne McCrae	12,573,838	-	-	(2,556,394)	10,017,444
Peter Hutchison	1,031,034	-	-	1,500	1,032,534
Paul Keran	70,000	-	-	-	70,000
Gerald Lambert	5,000	-	-	15,000	20,000
David Taylor	32,000	-	-	-	32,000
Zhijun Ma (1)	n/a	-	-	-	-
Ian Hunt (6)	-	-	-	-	-

(1) appointed 6 June 2011 (2) appointed 4 April 2012 (3) appointed 10 October 2011
(4) appointed 20 February 2012 (5) appointed 9 January 2012 (6) resigned 30 June 2011

Net change other refers to shares purchased or sold during the financial year.
As at 30 June 2012, there were no shares held nominally by key management personnel (2011: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

23. KEY MANAGEMENT PERSONNEL (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.

					As at 30 June 2012		
Key management personnel	Balance 30 June 2011	Granted as remuner-ation	Exercised	Forfeited	Total Options	Options Unvested	Total Vested and Exercisable
W. McCrae	-	250,000	-	-	250,000	250,000	-
P. Hutchison	2,500,000	250,000	-	-	2,750,000	250,000	2,500,000
P. Keran	100,000	100,000	-	-	200,000	100,000	100,000
G. Lambert	-	100,000	-	-	100,000	100,000	-
D. Taylor	100,000	100,000	-	-	200,000	100,000	100,000
Z. Ma (1)	-	-	-	-	-	-	-
H. Liu (2)	-	-	-	-	-	-	-
N. Everon (3)	-	-	-	-	-	-	-
I. Carroll (4)	-	-	-	-	-	-	-
W. Freeman (5)	-	-	-	-	-	-	-
	2,700,000	800,000	-	-	3,500,000	800,000	2,700,000

					As at 30 June 2011		
	Balance 30 June 2010	Granted as remuner-ation	Exercised	Forfeited	Total Options	Options Unvested	Total Vested and Exercisable
W. McCrae	-	-	-	-	-	-	-
P. Hutchison	2,500,000	-	-	-	2,500,000	-	2,500,000
P. Keran	100,000	-	-	-	100,000	-	100,000
G. Lambert	-	-	-	-	-	-	-
D. Taylor	100,000	-	-	-	100,000	-	100,000
Z. Ma (1)	-	-	-	-	-	-	-
I. Hunt (6)	n/a	200,000	-	200,000	-	-	-
	2,700,000	200,000	-	200,000	2,700,000	-	2,700,000

(1) appointed 6 June 2011 (2) appointed 4 April 2012 (3) appointed 10 October 2011
(4) appointed 20 February 2012 (5) appointed 9 January 2012 (6) resigned 30 June 2011

During the years ended 30 June 2012 and 2011 no new options were granted, no options were forfeited or expired and there were no other changes to the holdings of the key management personnel, other than: -

a. the in-substance options as discussed in Note 16 and shown above as options granted as remuneration in the year ended 30 June 2012; and
b. In September 2010 when 200,000 options exercisable at $2.50 each between 13 September 2011 and 13 September 2013 were issued to A. Hunt. Subsequently A. Hunt left the employment of the Company at 30 June 2011 and these options were forfeited as they had not vested.

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 terms of the transactions with Directors and their personally related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm’s length basis, unless otherwise noted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

23. KEY MANAGEMENT PERSONNEL (continued)

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

	2012 $	2011 $
1. Rents paid or payable to Mr McCrae and his director-related entities.	**224,941**	213,571
2. Salary and on costs paid to Ms Deborah Holmes, partner of Mr Hutchison (Ms Deborah Holmes was employed as the Administration Manager of the Cloncurry office).	**32,702**	66,500
3. Consulting fees paid to Mr G. Lambert's director-related entity	**7,800**	-

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

Other Transactions with Key Management Personnel

In the 2012 financial year the Consolidated Entity: -

a. acquired from a company associated with W. McCrae, an office complex situated in Cloncurry for $1.25 Million. The purchase price was based on an independent valuation of the property and there was no amount owing at year end;

b. acquired plant and equipment from a company associated with W. McCrae for $220,000. The purchase price was based on an independent valuation of the equipment and there was no amount owing at year end; and

c. acquired land and buildings in Cloncurry from P. Hutchison for $450,000. The purchase price was based on an independent valuation of the property. All furniture and fittings on the property was also acquired for $24,000, being its assessed market value at the date of purchase and there was no amount owing at year end;

24. 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 19.

(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 23 of the Financial Statements.

25. SEGMENT INFORMATION

The Group 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 Group is managed primarily on a geographic 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 Group does not have any products/services it derives revenue from.

Accordingly, management currently identifies the Group as having only one reportable segment, being exploration for copper, cobalt and gold. The financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole. There have been no changes in the operating segment during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

26. PARENT ENTITY INFORMATION

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

	2012 $	2011 $
Financial performance		
Profit / (loss) for the year	**1,368,762**	(3,643,009)
Total comprehensive income for the year	**1,368,762**	(3,643,009)
Financial position		
Current assets	**129,799,467**	103,772,065
Total assets	**271,178,476**	191,511,253
Current liabilities	**3,113,596**	3,868,750
Total liabilities	**3,696,463**	4,097,779
Contributed equity	**311,312,946**	232,613,169
Accumulated losses	**(78,265,498)**	(79,634,260)
Capital Realisation Reserve	**95,113**	95,113
Capital Redemption Reserve	**432,000**	432,000
Option Reserve	**33,907,451**	33,907,452
Total equity	**267,482,013**	187,413,474

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

Capital commitments
Other than the capital commitments disclosed in Note 21 there were no other capital commitments entered into by the Company.

Contingent liabilities
Other than the contingent liabilities disclosed in Note 22 there were no other contingent liabilities entered into by the Company.

27. 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:

1. The consolidated entity has provided an environmental rehabilitation guarantee to the Department of Natural Resources and Mines for $1,922,464, as a condition of its mining leases for the Rocklands Project.
2. In September 2012, the consolidated entity and the Port of Townsville Limited, signed a Lease for 1.506 ha of land at the Port of Townsville. The Lease formalises an option to lease CuDeco previously had over the land. The Lease allows construction and operation of a bulk materials receival, storage and export facility.
3. In July, 2012, the Company signed a joint memorandum of understanding with Xstrata Copper and Minmetals Group, for the joint development of the Company's Multi-user Rail Load-out Facility. The agreement highlights the Company's foresight in recognising the need for enhanced regional infrastructure and taking the necessary steps to address the issue more than 12 months ago.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

(a) the attached financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated entity; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(b) the consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;

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

(d) the remuneration disclosures included in the Directors' report (as part of the audited remuneration report) for the year ended 30 June 2012, comply with section 300A of the Corporations Act 2001; and

(e) The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

W McCrae
Chairman

Dated this 27th day of September 2012

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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, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company'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 company'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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CuDeco Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 30 June 2012. 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 Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of CuDeco Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

C R JENKINS

Director

Brisbane, 27 September 2012