CuDeco Limited

ABN 14 000 317 251

Financial Report 2013

Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

Bruno Bamonte

ADMINISTRATION AND REGISTERED OFFICE

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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

Contents

Review of Operations

Review of Operations

During the year to 30 June 2013 the Company continued its mine development activities on its 100% owned Rocklands Group Copper Project, located in Cloncurry, Queensland, Australia (“Rocklands”). The Company has also expanded its infrastructure to support Rocklands and continued an exploration programme in the surrounding areas. Following are the key milestones.

Funding

The company is currently well cashed up and has remained debt free for the past ten years. Debt funding is being considered for the balance of the funding required to bring Rocklands to production and discussions are well advanced with a number of financial institutions. In addition the company has not ruled out a combination of debt funding and shareholder participation. The company is under no time pressure to make these decisions as CuDeco’s capital management program has allowed it to remain debt free and with cash reserves.

Also the Company does not have the burden of having a contractor mining fleet as it owns its entire mining fleet purchased through the Global Financial Crisis. Additionally, being located at close proximity to a major regional town (approx. 15 kilometers) via all-weather bitumen road to draw the majority of our workforce, the Company is not relying on a fly-in fly-out program for its staffing which will also provide a major cost saving as there is no need for the costly onsite accommodation facility.

The Company has completed all of its payments for the components for the Rocklands Mineral Processing Plant from China State owned Sinosteel Corporation. Our only commitment to Sinosteel now is the EPC contract with a balance of $A35m still outstanding. The company has also reduced costs for the installation of the mineral processing plant by taking on the role of the installation of the concrete foundations and structures, and the electrical cabling further reducing the need for high cost contracting services. The Company believes the savings on the Rocklands Project to date are more than $100 Million.

Mining

Areas of mining activity during the year included;

- Las Minerale box-cut excavation;
- Las Minerale main pit;
- Southern Rocklands pre-strip;
- Las Minerale starter-pit; and
- Rocklands South Extension PAF retention pond.

Preliminary mining commenced at Las Minerale with box-cut excavation designed to access 5,000 tonnes of coarse native copper ore, to be used for commissioning of the Rocklands three-stage crushing circuit. A sample of coarse native copper was mined from a section of the large native copper zone within the Las Minerale orebody. The high-grade coarse native copper zone (>40mm in copper nugget size), is capped by a high-grade native copper zone (<40mm in copper nugget size), and other oxide copper species including cuprite, chalcocite, malachite and azurite. The zones targeted in the box-cut contained a geologically defined coarse native copper zone, anticipated to begin from approximately 15-18m below surface, however sporadic native copper in varying degrees including coarse native copper fractions, was known to occur at depths of just 3m from surface. Results from the box-cut confirmed this scenario.

Significant quantities of additional ore that was NOT originally included as ore in the mining schedule, has also been diverted to stockpiles for later processing that was previously destined for the waste dumps. Average grades of the high-grade oxide zone that does not include native copper is estimated at 5-8% CuEq, with localised areas returning grades as high as 20% CuEq.

Waste from the Las Minerale pit was removed at up to 33,000 tonnes per day, with identified ore zones remaining in-situ (some blasted) at the north-west end of the main pit for later transport to the Run of Mine (ROM) pad or stockpiles. Ore from the south-east end of the pit, including areas adjacent to the box-cut excavation, were sent to temporary stockpiles to be used for commissioning of the crushing circuit.

Approximately 1.85 million tonnes of mostly in-situ blasted waste and minor ore, along with free-dig ore and proximal waste was the focus of mining towards the end of the period.

Review of Operations

Review of Operations (continued)

Final Stockpile Inventory

- Coarse native copper ore - 3,100 tonnes estimated 12-15% cueq
- Native copper ore - 7,300 tonnes estimated 8-10% cueq
- High-grade copper ore - 33,400 tonnes estimated 5-8% cueq
- Low-grade copper ore - 60,900 tonnes estimated 2-4% cueq

Process Plant

Major Components of the Process Plant arrived on site, including thickeners, flotation cells and various components of the High Pressure Grinding Rolls (HPGR).

Construction of the 500 tonnes per hour Primary and Secondary Crushing Circuits was mostly completed. The dedicated power plant for the Crushing circuit is installed and was commissioned at the end of June 2013.

The Power Station is warranted by Cummins Australia. The EPC agreement provides for a handover and completion of the Power Plant with a "ready for start" date of 23rd December 2013.

Concrete works for the Ball Mill and Native Copper Cleaning circuits commenced and timed to be available prior to the erection of various components of the plant.

Infrastructure, Development and Construction

The Company signed a joint memorandum of understanding with Xstrata Copper and Minmetals Group, for the joint development of a Multi-user Rail Load-out Facility near Cloncurry, Queensland, Australia.

CuDeco's and the Port of Townsville Limited signed a Lease for 1.506 ha of land at the Port of Townsville. The Lease allows construction and operation of a bulk materials receipt, storage and export facility.

The Company's fully owned explosives magazine and emulsion explosives facilities were completed.

The Company's Cloncurry Office and Accommodation Complex was expanded to include 38 self-contained cabins and associated infrastructure including shared kitchen and meals facility, laundries and various outdoor common use areas such as BBQ's and recreation areas, adding to the Company's Cloncurry accommodation inventory of 13 fully owned residences in the township of Cloncurry. The Company's view is to generate an environment conducive to staff retention.

Exploration

Exploration has concentrated on defining extent of shallow oxide mineralisation not included in the Las Minerale resource, delineating a newly discovered high-grade sulphide copper zone at Rocklands South, delineating small satellite copper deposits separate to the main ore zones (such as Fairfield) that can be developed for near-term monetisation, and exploration of the new EPM18054.

Las Minerale

Coarse native copper was intersected in bedrock drilling approximately 50m offset to the southern side of Las Minerale, during shallow infill bedrock drilling.

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.

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 undrilled "void" in the oxide profile ranges from 10-50m in width and from surface to 35m depth, and occurs along the entire strike length of Las Minerale. Results of the bedrock programme help identify areas to be included for future grade control drilling that will be undertaken during mining operations.

Review of Operations

Review of Operations (continued)

Rocklands South

Pit de-watering boreholes intersected unexpectedly wide zones of extremely high-grade copper mineralisation in previously undrilled areas of the Rocklands South resource in late 2012.

Diamond drilling commenced to investigate the above mentioned high-grade mineralisation in early 2013 with significant success, confirming the existence of wide zones of high-grade copper mineralisation within and proximal to the existing ore bodies.

Some of the highest grades yet seen at Rocklands South have been intersected in recent drilling, and in places even higher grades of primary copper mineralisation than have been seen at the flagship Las Minerale resource.

Copper grades being intersected are multiples of those indicated in the current resource model, which was calculated based on drilling that did not intersect the areas in question.

Whilst luck plays a large part in any discovery, the placement of pit-dewatering holes to concurrently "explore" areas where little or no drilling exists, whilst also providing the required pit-dewatering results, is an example of where a little ingenuity has paid off.
Results include;

DODH460:				**DODH459:**			
Intersection 1	**91m**	@	**2.70%** CuEq from 140m	Intersection 1	**23m**	@	**4.97%** CuEq from 167m
Including	**34m**	@	**5.34%** CuEq from 193m	*Including*	**15m**	@	**7.27%** CuEq from 173m
Including	**12m**	@	**8.15%** CuEq from 195m	Intersection 2	**25m**	@	**1.80%** CuEq from 211m
And	**16m**	@	**5.02%** CuEq from 211m	*Including*	**6m**	@	**6.62%** CuEq from 219m

DODH465:				**DODH464:**			
Intersection 1	**12m**	@	**2.11%** CuEq from 194m	Intersection 1	**23m**	@	**1.01%** CuEq from 172m
Including	**17m**	@	**3.23%** CuEq from 198m	*Including*	**6m**	@	**2.63%** CuEq from 189m
Intersection 2	**15m**	@	**4.55%** CuEq from 234m	Intersection 2	**12m**	@	**4.32%** CuEq from 209m
Including	**12m**	@	**5.57%** CuEq from 234m	*Including*	**7m**	@	**6.61%** CuEq from 212m

Note: Cut-off grade of 0.2% Cu, or a copper equivalent grade of 0.35%, with an allowance of up to 4m of internal waste. Gold result not included in the above CuEq calculations.

Wilgar Prospect

One of the most exciting prospects at the Rocklands Project, for which a resource estimate has not yet been completed, is the Wilgar Polymetallic Prospect. Significant zones of gold and silver have been intersected in diamond and bedrock drilling that is yet to be fully understood.

Wilgar is a unique and located approximately 1.6km to the north-west of the flagship Las Minerale resource, and includes the following high-grade intersections;

Gold; **9m @ 97.9** g/t Au - *Diamond Drill Hole DODH248 (from 5m)*
Silver; **10m @ 250** g/t Ag - *Diamond Drill Hole DODH285 (from 5m)*

Uranium; **9m @ 2500** ppm U - *Diamond Drill Hole DODH261 (from 13m)*

Tellurium; **9m @ 652** ppm Te - *Diamond Drill Hole DODH248 (from 5m)*

Molybdenum; **14m @ 2450** ppm Mo - *Diamond Drill Hole DODH346 (from 5m)*

Review of Operations

Review of Operations (continued)

High-resolution SAM geophysics surveys conducted over Rocklands during the year included Wilgar and highlighted previously unidentified structures thought to be associated with mineralisation, and will be followed up once exploration recommences.

Fairfield prospect

Fairfield drilling programme recommenced with immediate success. Massive and semi-massive chalcocite (high-grade copper mineral) was intersected over wide zones returning high-grade copper results when Diamond Drill Hole DODH443 intersected significant zones of massive and semi-massive chalcocite, and zones of chalcopyrite, bornite and pyrite;

DODH443:			
Intersection 1	**25m**	@	**3.96%** CuEq from 71m
Including	**18m**	@	**5.31%** CuEq from 71m
Including	**5m**	@	**7.78%** CuEq from 76m

Note: Cut-off grade of 0.2% Cu, or a copper equivalent grade of 0.35%, with an allowance of up to 4m of internal waste.

Subsequently the Fairfield Prospect was upgraded to “significant project status” following the drilling success, with the view to defining sufficient resources to provide supplementary ore to the high-grade inventory planned to be processed at the Rocklands Group Copper Project.

Fairfield is located in the north-west of the Company’s mining lease (ML90177) approximately 2.5km from the flagship Las Minerale ore body and will possibly add to high-grade inventory to be processed through the Rocklands Processing Plant.

Subsequent drilling results include;

DODH445:			
Intersection 1	**21m**	@	**2.43%** CuEq from 73m
Including	**11m**	@	**4.11%** CuEq from 74m

DODH447:			
Intersection 1	**30m**	@	**3.40%** CuEq from 73m
Including	**15m**	@	**6.26%** CuEq from 77m
Including	**7m**	@	**9.71%** CuEq from 77m

DODH446:			
Intersection 1	**21m**	@	**4.41%** CuEq from 66m
Including	**17m**	@	**5.28%** CuEq from 67m
Including	**10m**	@	**7.24%** CuEq from 67m

DODH448:			
Intersection 1	**19m**	@	**2.43%** CuEq from 79m
Including	**6m**	@	**5.44%** CuEq from 82m
Including	**3m**	@	**8.40%** CuEq from 82m

Note: Cut-off grade of 0.2% Cu, or a copper equivalent grade of 0.35%, with an allowance of up to 4m of internal waste.

High-resolution SAM geophysics surveys conducted over Rocklands during the year included Fairfield and highlighted several exciting prospects in areas where there has been no historic exploration activity including soil sampling or drilling. Results will aid in the planning of future drilling.

Review of Operations

Review of Operations (continued)

New Areas

In a new development, earthworks near the Rocklands Exploration Compound uncovered a 15m wide zone of surface copper mineralisation including visible chalcocite, chalcopyrite, bornite, fine-grain native copper and the copper oxide minerals malachite and azurite, in an area previously unexplored between the Fairfield Prospect and Solsbury Hill resource, in the north of the Company's ML90177.

Exploration on EPM18054

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

Significant Exploration results after the end of the year were:-

- Copper grades in the high-grade zones currently being intersected at Rocklands South appear to be increasing to the west, and a significant zone of silver mineralisation is becoming apparent (grades up to 76g/t Ag - DODH477), and is being used as a geological marker.

  Results include;

DODH471	Width	Cu Eq	Cu %	Co ppm	Ag g/t	Au g/t	From	To
Intersection 1	**28m @**	**3.49%**	3.13%	438	3.00	*pending*	**237m -**	**265m**
including	**10m @**	**8.04%**	7.30%	946	7.70	*pending*	**240m -**	**250m**

DODH472	Width	Cu Eq	Cu %	Co ppm	Au g/t	From	To
Intersection 1	**61m @**	**1.46%**	1.23%	200	0.12	**185m -**	**246m**
including	**47m @**	**1.76%**	1.50%	226	0.14	**185m -**	**232m**
including	**19m @**	**3.46%**	3.10%	312	0.30	**185m -**	**204m**
including	**8m @**	**6.65%**	6.05%	570	0.49	**185m -**	**193m**

DODH473	Width	Cu Eq	Cu %	Co ppm	Au g/t	From	To
Intersection 1	**30m @**	**2.26%**	2.07%	249	*pending*	**147m -**	**177m**
including	**20m @**	**3.05%**	2.90%	251	*pending*	**147m -**	**167m**
including	**10m @**	**4.57%**	4.40%	329	*pending*	**147m -**	**157m**
including	**4m @**	**9.20%**	9.19%	399	*pending*	**153m -**	**157m**

Review of Operations

Review of Operations (continued)

DODH474	Width		Cu Eq	Cu %	Co ppm	Au g/t	From		To
Intersection 1	**33m**	@	**2.73%**	2.58%	238	*pending*	**201m**	**-**	**234m**
including	**21m**	@	**3.69%**	3.51%	308	*pending*	**201m**	**-**	**222m**
including	**14m**	@	**4.49%**	4.24%	394	*pending*	**208m**	**-**	**222m**
including	**7m**	@	**5.14%**	5.07%	275	*pending*	**215m**	**-**	**222m**

DODH476	Width		Cu Eq	Cu %	Co ppm	Ag g/t	Au g/t	From		To
Intersection 1	**11m**	@	**1.94%**	1.86%	148	1.72	*pending*	**241m**	**-**	**252m**
including	**2m**	@	**9.25%**	8.99%	600	8.50	*pending*	**247m**	**-**	**249m**

DODH477	Width		Cu Eq	Cu %	Co ppm	Ag g/t	Au g/t	From		To
Mineralised Zone	**50m**	@	**1.90%**	1.77%	192	6.38	*pending*	**208m**	**-**	**258m**
Intersection 1	**10m**	@	**1.87%**	1.84%	142	2.30	*pending*	**209m**	**-**	**219m**
including	**2m**	@	**8.43%**	8.30%	470	5.50	*pending*	**209m**	**-**	**211m**
Intersection 2	**26m**	@	**2.92%**	2.68%	324	10.7	*pending*	**231m**	**-**	**257m**
including	**7m**	@	**8.79%**	8.12%	916	31.3	*pending*	**232m**	**-**	**239m**

Note: Cut-off grade of 0.2% Cu, or a copper equivalent grade of 0.35%, with an allowance of up to 4m of internal waste. Mineralised zone does not take into account internal waste, it is the mineralised geological structure. Where gold results are shown as "pending", they have not been included in the above CuEq calculations.

Review of Operations

Review of Operations (continued)

Corporate

CuDeco completed a number of capital raisings during the year to further improve its balance sheet position. These included:-

a. A share placement with China Oceanwide International Investments Co. Ltd, for 5,000,000 fully paid shares @ $3.45c per share raising a total of $17,250,000;
b. A share placement of 3,333,333 shares at $3.90 to Sinosteel Equipment and Engineering Co Ltd as part payment of $13 Million for the extra componentry required for the Rocklands process plant;
c. A share placement of 7,600,000 shares at $4.50 to Sinosteel Equipment and Engineering Co Ltd as part payment of $34.2 Million for componentry and equipment for the process plant for the Rocklands project including the 22 Megawatt Power Station, and its cost of installation and construction; and
d. A share placement of 600,000 shares at $3.90 to as part payment of $2.34 Million for the freight cost for the process plant for the Rocklands project

In addition to the above an agreement has been reached with Sinosteel Equipment and Engineering Co Ltd for a further placement of 6,376,811 shares @ $3.45 per shares as a further payment of $22 Million under the procurement agreement for the Rocklands Group Copper Project's processing plant, equipment, construction and erection. Foreign investment Review Board approval for the issue has been received and the share placement will be finalised on completion of the work.

Review of Operations

Review of Operations (continued)

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Day. Mr Day is employed by GeoDay Pty Ltd, an entity engaged, by CuDeco Ltd to provide independent consulting services. Mr Day has a BAppSc (Hons) in geology and he is a Member of the Australasian Institute of Mining and Metallurgy (Member #303598). Mr Day has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ores Reserves". Mr Day consents to the inclusion in this report of the information in the form and context in which it appears.

The information in this report insofar as it relates to Metallurgical Test Results and Recoveries, is based on information compiled by Mr Peter Hutchison, MRACI Ch Chem, MAusIMM, a full-time executive director of CuDeco Ltd. Mr Hutchison has sufficient experience in hydrometallurgical and metallurgical techniques which are relevant to the results under consideration and to the activity which he is undertaking to qualify as a Competent Person for the purposes of this report. Mr Hutchison consents to the inclusion in this report of the information, in the form and context in which it appears.

Rocklands style mineralisation

Dominated by dilational brecciated shear zones, throughout varying rock types, hosting coarse splashy to massive primary mineralisation, high-grade supergene chalcocite enrichment and bonanza-grade coarse native copper. Structures hosting mineralisation are sub-parallel, east-south-east striking, and dip steeply within metamorphosed volcano-sedimentary rocks of the eastern fold belt of the Mt Isa Inlier. The observed mineralisation, and alteration, exhibit affinities with Iron Oxide-Copper-Gold (IOCG) classification. Polymetallic copper-cobalt-gold mineralisation, and significant magnetite, persists from the surface, through the oxidation profile, and remains open at depth.

Wilgar style mineralisation

Polymetallic and rare element hosting prospect, which includes mineralisation of Au, Mo, Ag, Te, ±U. The high-grade gold, silver and tellurium may be present as tellurides and mineralisation may be related to an IRGS (Intrusion-Related Gold System).

Solsbury style mineralisation

Brecciated and vein-hosted, throughout varying rock types, hosting coarse splashy primary mineralization with supergene bornite and native copper. Polymetallic copper-gold mineralisation persists throughout the oxidation profile and remains open at depth.

Notes on Assay Results

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

Au = Gold
Cu = Copper
Co = Cobalt
Ag = Silver
Mo = Molybdenum
Te = Tellurium
U = Uranium
CuEq = Copper Equivalent

Review of Operations

Review of Operations (continued)

Competent Person Statement (continued)

Copper Equivalent (CuEq) Calculation

The formula for calculation of copper equivalent is based on the following metal prices and metallurgical recoveries:

Copper: $2.00 US$/lb; Recovery: 95.00%
Cobalt: $26.00 US$/lb; Recovery: 90.00%
Gold: $900.00 US$/troy ounce Recovery: 75.00%
CuEq = Cu(%) x 0.95 + Co(ppm) x 0.00117 + Au(ppm) x 0.49219

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

The recoveries used in the calculations are the average achieved to date in the metallurgical test-work on primary sulphide, supergene, oxide and native copper zones.

The Company's opinion is that all of the elements included in the copper equivalent calculation have a reasonable potential to be recovered.

Disclaimer and Forward-looking Statements

This report contains forward-looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Hole Location Table

Hole ID	Easting	Northing	RL (m)	Azi (°)	Dip (°)	Hole Depth (m)
DODH248	432381.9	7715589.6	219.1	092	-60	191.4
DODH261	432382.5	7715870.8	240.5	000	-90	41.6
DODH285	432403.6	7715860.0	237.4	000	-90	50.5
DODH346	432419.1	7715818.0	232.9	000	-90	50.5
DODH443	433616.7	7716415.8	219.2	090	-50	179.0
DODH445	433617.7	7716415.6	219.1	090	-45	161.0
DODH446	433616.5	7716416.3	219.1	095	-45	119.0
DODH447	433615.7	7716416.6	219.2	092	-55	185.4
DODH459	433596.4	7713327.2	224.7	210	-75	245.9
DODH460	433590.2	7713300.4	224.9	210	-79	250.4
DODH464	433588.8	7713338.4	224.3	210	-75	241.3
DODH465	433588.8	7713338.4	224.3	210	-78	301.3
DODH471	433519.9	7713240.4	226.8	030	-75	325.2
DODH472	433539.0	7713231.8	226.4	030	-75	322.3
DODH473	433539.1	7713231.9	226.3	030	-70	265.1
DODH474	433538.9	7713231.7	226.3	030	-79	302.1
DODH476	433520.3	7713259.3	226.5	030	-79	286.4
DODH477	433520.4	7713259.4	226.5	030	-75	285.4

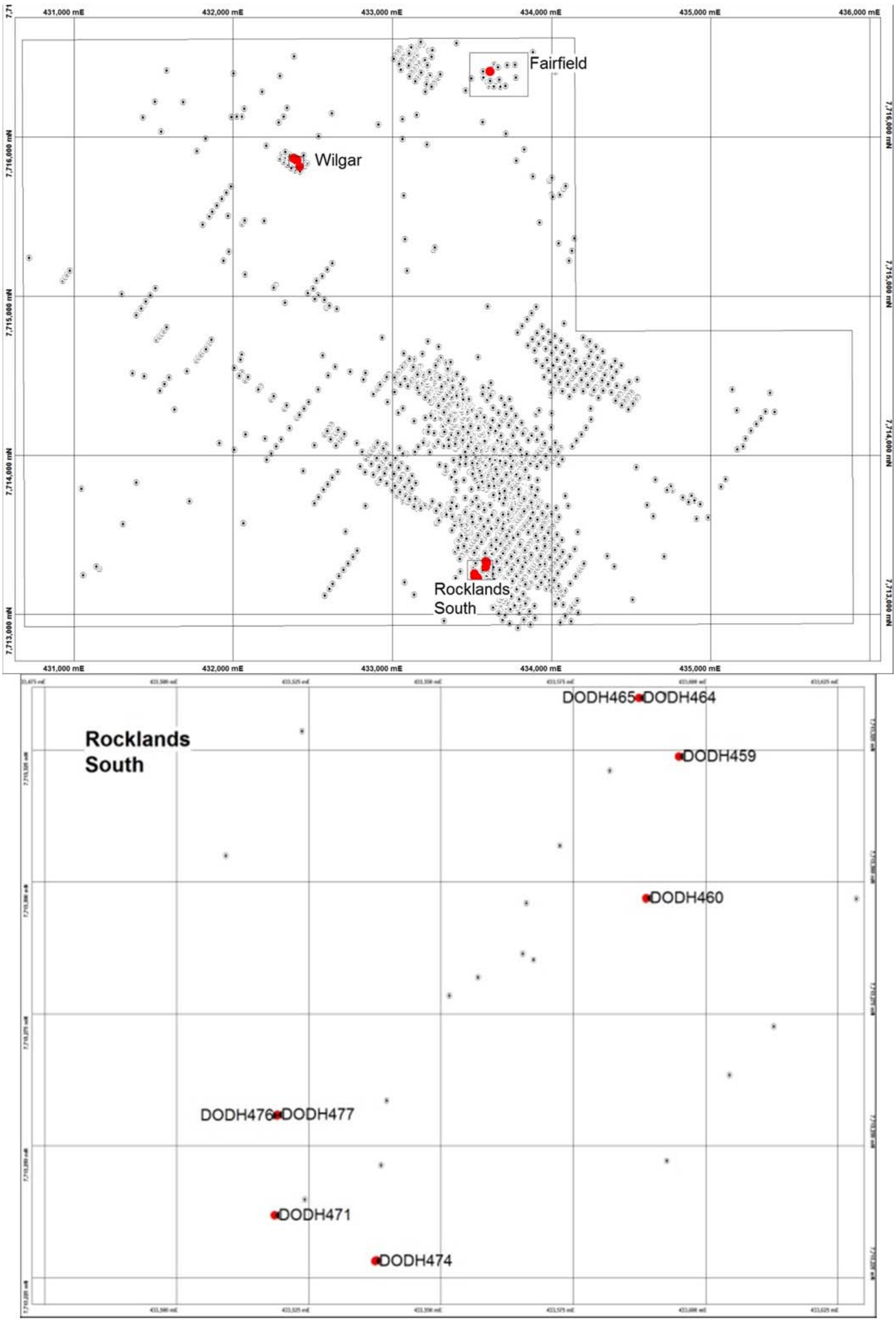
Datum: MGA94 Project: UTM54 surveyed with Differential GPS

Review of Operations

Review of Operations (continued)

Competent Person Statement (continued)

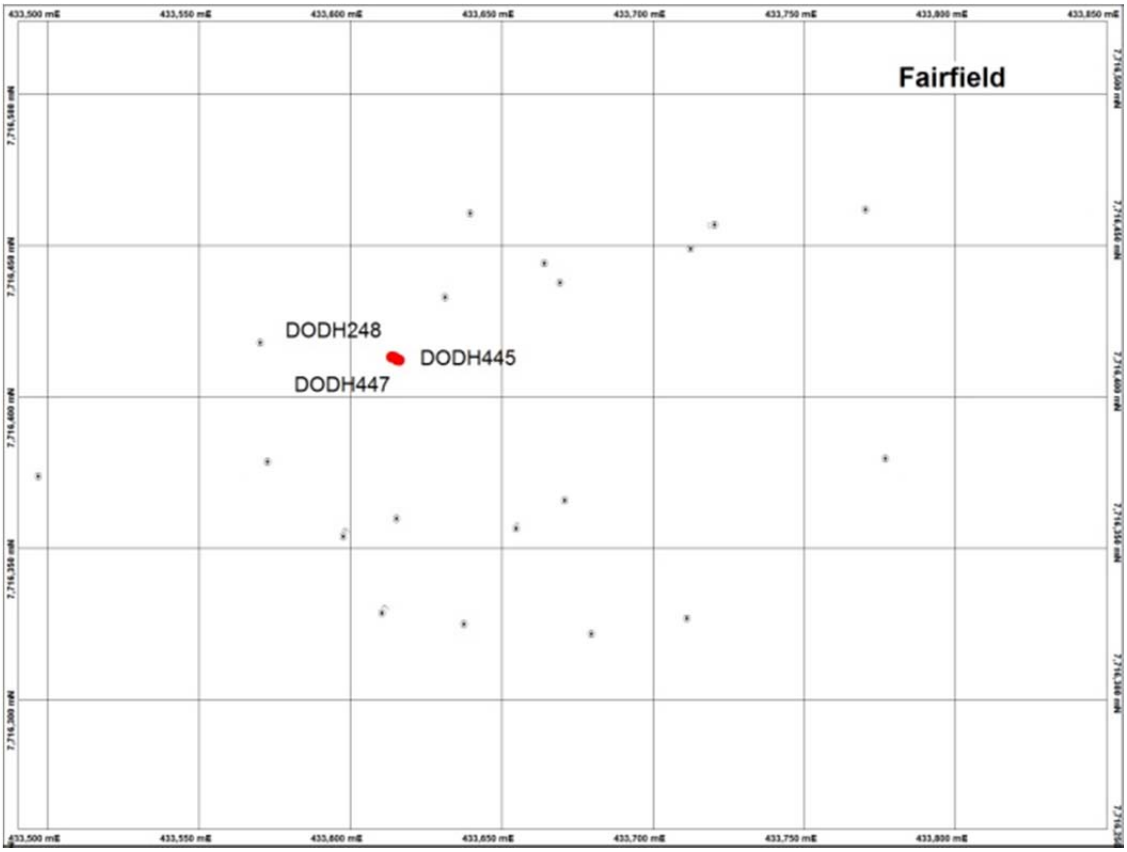
Hole Location Plan

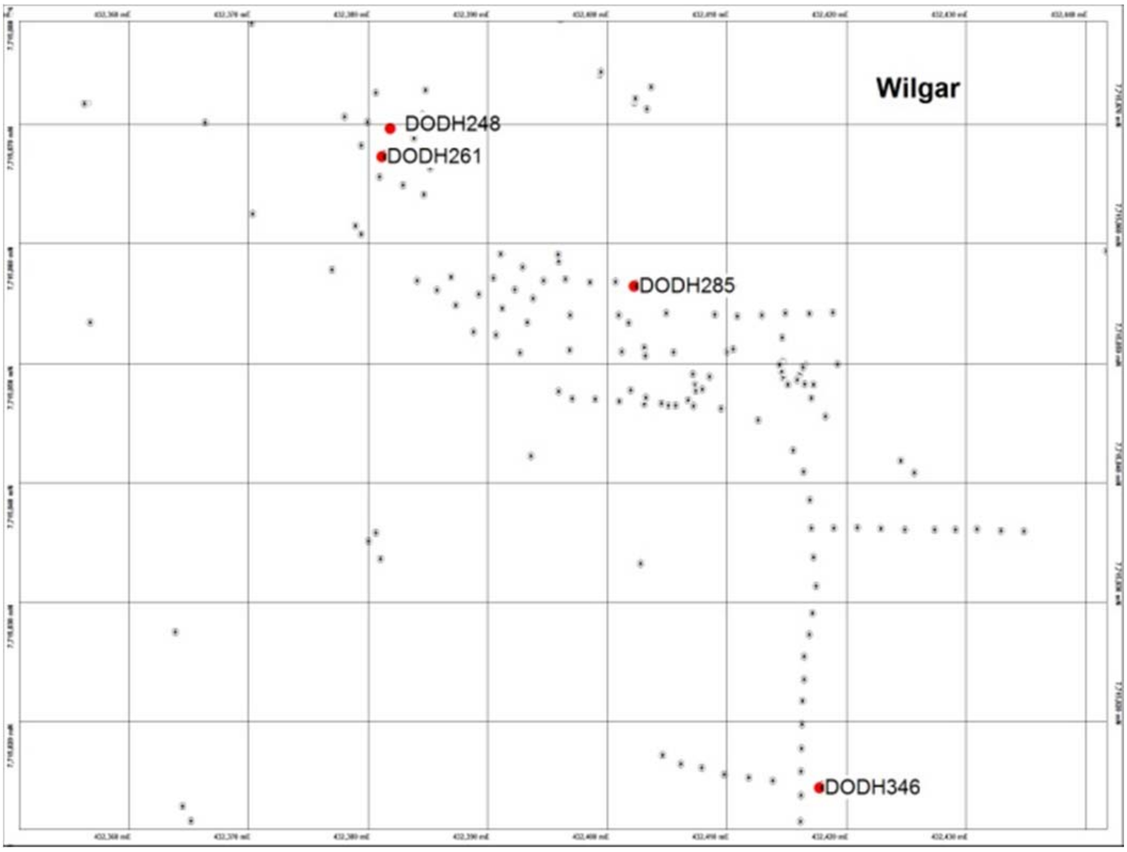


Review of Operations

Review of Operations (continued)

Competent Person Statement (continued)





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 2013. 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 (65 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 (64 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 (70 years) is a chemical engineer with more than 30 years of experience in the resource sector in Australia and internationally, in senior operations management and project development roles in base metals mineral processing, smelting and technology development. He was previously with MIM Holdings as General Manager - Group Metallurgical Development and Metallurgical Works Manager at Mt Isa. He also completed technical assessment and development of the US $1 billion Alumbrera copper/gold project in Argentina.

Gerald Adrian Lambert
ACA MAICD BCom(Hnrs)
Independent, Non-Executive Director
(Director since 2010)

Gerald (Gerry) Lambert (60 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 (29 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, masters degree in Law with a specialisation in Legal Practice. Mr Taylor is the Chairman of the human resources, remuneration and nominations committee (that replaced the remuneration committee).

Zhijun Ma
Independent Non-Executive Director
(Director since 2011)

Mr Zhijun Ma (42 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 was formerly the Chairman on Minseng Investment Management Holdings Co Limited, and director of the Guangxi Bank and Minseng Securities Co., Ltd.

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

Hongwei Liu
Non-Executive Director
(Director since 2012)

Mr Liu (46 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 China Oceanwide International Investment Co., Ltd and is responsible for this company's investments for overseas projects especially within the finance, energy and resource sectors. He is also currently the Managing Director of Minsheng Investment Management Holdings Co Limited.

Zhaohui Wu
Non-Executive Director
(Appointed 2 July 2013)

Mr. Wu (46 years) is an executive director of Natsun Australia Pty Ltd and was nominated as a represented of New Apex Asia Investment Pty Ltd. Mr Wu graduated from Xiamen University in China with the degree of Bachelor of Economics. He has worked in the international trading sector since 1989. He was involved in export business during his working at either state owned or private mineral company in China, and kept working on import & export of alumina, aluminium, wool and wine when he moved to Australia in 2002. He also has been involved in acquisition of golf resort & farms and related activities from 2008.

None of the Company's Directors have held office as directors of other public listed companies in the three year period ended 30 June 2013 (except as disclosed above).

COMPANY SECRETARY

Bruno Joseph Bamonte
(Appointed June 2011)
Bruno Bamonte (aged 55 years) is an Australian Chartered Accountant and has more than 17 years of experience in the listed company area in roles ranging from Company Secretary to Finance Director.

BOARD COMPOSITION
The Board comprises eight Directors, six 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 Company also has a Lead Independent Director to serve in a 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;

DIRECTORS' REPORT (continued)

BOARD COMPOSITION (continued)

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

OPERATING AND FINANCIAL REVIEW

Financial Performance and Financial Position

The profit (loss) after tax for the year ended 30 June 2013 was $(3,993,189) (30 June 2012: $776,899). The significant items that contributed to the result were;

- Interest received of $3,138,620;
- Foreign exchange gain of $434,953;
- Employee and consultant expenses of $ 5,518,788; and
- Research and development incentives of $827,542 recognised as an income tax benefit.

The balance sheet of the Company remains strong with cash reserves as at the end of June of $46 Million, ore reserves of $3 Million and the value of the Company's assets relating to its mine activities at $277 Million. The net asset position of the Company is $322 Million.

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 2013 and the results of those operations is set out on pages 3 to 13 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:

a. The Consolidated Entity continued with the development of the Rocklands project in Cloncurry, North Queensland. This is reflected in: -
   - A substantial amount invested in plant and equipment of $147 Million an increase of 153% over last year; and
   - The Development costs associated with the mine of $90 Million an increase of 76% over the last year.

b. The Consolidated Entity's ongoing commitment to exploration where positive results have improved the value of the mining tenements. During the year a total of approximately $8 Million has been incurred on exploration and evaluation activities.

c. The company has successfully completed capital raisings at premiums to the share price. The contributed equity for the consolidated entity increased by approximately $57 Million.

DIRECTORS' REPORT (continued)

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:

- Mr Z Wu was appointed as a non-executive director on 2 July 2013.
- The Company celebrated a major safety milestone, surpassing 500,000 hours lost time injury (LTI) free in August 2013.
- The Crushing Circuit and the dedicated Power House were completed in early August and received Department of Minerals and Energy (DME) approval to undergo staged energising.
- The ROM pad has reached final height, and the Ball Mill and High Pressure Grinding Rolls (HPGR) construction is ongoing. Major components of the Process Plant, including flotation cells, native copper cleaner drum and working components of the HPGR continue to be delivered to site.
- Test crushing of large masses of native copper ore using the company's mobile crushing circuit proved successful.

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 2013 are:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
W McCrae	7	7	*	*	*	*
P Hutchison	7	7	*	*	*	*
P Keran	7	7	3	4	2	2
G Lambert	7	7	4	4	2	2
D Taylor	7	7	4	4	2	2
Z Ma	3	7	*	*	*	*
H Liu	6	7	*	*	*	*

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

Mr Z Wu was appointed as a director on 2 July 2013, after the end of the financial year.

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

The audit committee consists of G Lambert (Chairman), P Keran and D Taylor. The human resources, remuneration and nominations Committee (formerly the remuneration committee) consists of D Taylor (Chairman), P Keran and G Lambert.

DIRECTORS' REPORT (continued)

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:

	Fully Paid ordinary shares	Shares issued pursuant to Loan funded share plan
W McCrae	10,173,159	250,000
P Hutchison	1,035,534	250,000
P Keran	70,000	100,000
G Lambert	20,000	100,000
D Taylor	50,000	100,000
Z Ma	-	-
H Liu	111,400	-
Z Wu	-	-

SHARE OPTIONS

Under the Employee Option Plan

As at the date of this report, there were Nil (2012: 3,585,000) unissued ordinary shares under option.

During or since the end of the financial year: -

a. The following options expired: -
- 2,150,000 employee options exercisable at $4.00 – expiry date 31 July 2012;
- 200,000 employee options exercisable at $4.50 – expiry date 31 July 2012;
- 2,700,000 directors options exercisable at $6.50 – expiry date 31 December 2012;
- 225,000 employee options exercisable at $2.50 – expiry date 15 September 2013; and
- 400,000 consultant options exercisable at $2.50 – expiry date 15 September 2013.

b. The following options were exercised: -
- 200,000 consultant options exercisable at $2.50 – expiry date 15 September 2013; and
- 100,000 employee options exercisable at $2.50 – expiry date 15 September 2013

No new options were granted during or since the end of the financial year.

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

Under The Loan Funded Employee Share Plan

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

During or since the end of the financial year: -

a. The Company has issued
- 1,519,072 shares under the plan to employees on 20 November 2012;
- 100,000 shares under the plan to employees on 4 June 2013;
- 150,000 shares to an employee on 10 July 2013; and
- 1,087,500 shares to employees on 30 July 2013.

b. 355,000 shares have been forfeited due to employees leaving the Company.

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
Robert Brougham - Project Manager
Kamlesh Ramdeo - Commercial Manager
Wade Freeman - Process Manager

Non-Executive Directors
Paul Keran
Gerald Lambert
David Taylor
Zhijun Ma
Hongwei Liu
Zhaohui Wu

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

a. The appointment of Andrew Kehoe on 3 July 2013 as the mine manager; and
b. Kamlesh Ramdeo, the commercial manager leaving the Company on 27 August 2013.

Remuneration Policy

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

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

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

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

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

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

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

DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (continued)

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 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 2012 Annual General Meeting shareholders approved a pool of $400,000 per annum for non-executive directors' fees. Annual remuneration of non-executive Directors is $55,000 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 for the financial year are as follows:

	Base Salary $	Superannuation $
W. McCrae	840,000	18,747
P. Hutchison	630,000	25,000

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 2013, the bonuses paid represented 25% of the maximum allowable and the remainder of any maximum allowable bonus was forfeited. The following bonuses were granted in July 2013 as follows:-

W. McCrae	$ 105,000
P. Hutchison	$ 78,750

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

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Share price	$2.00	$3.20	$3.30	$4.60	$3.50
Profit (loss)	$(3,993,189)	$776,899	($3,643,009)	($5,138,795)	($5,518,515)
Dividends	-	-	-	-	-
Return of capital	-	-	-	-	-

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:-

1. The share price has dropped in the 12 months to June 2013 by 38% compared with the Resource sector which experienced a drop of 8%. It was agreed that a number of factors beyond the control of the executive Directors contributed to the drop; however it was viewed as a factor to be considered in setting the level of the bonuses.
2. The Company had successfully raised a significant amount of capital in a difficult market at premiums to the share price. This includes raising with
   - Sinosteel - $47.2 Million as part payment for Plant and equipment at an average price of $4.32 per share;
   - Shinefly Transportation - $2.34 Million as part payment for the transportation of the Plant and Equipment to site at a price of $3.90 per share;
   - Oceanwide - $17.25 Million share placement at a price of $3.45 per share;

   These placements have strengthened the Company's balance sheet and preserved its cash for other areas;
3. The management of costs associated with the CAPEX and mine development has been a positive. By not accepting the initial quotes but negotiating lower prices has resulted in significant cost savings;
4. Management of the exploration programme provided continued positive results from drill holes likely to improve the profitability of the mine.
5. The management of human resources has been challenging throughout the period, but the Executives have identified and retained a good management team that will be able to bring the mine into production.

Employment Contracts – Other Executives

Robert Brougham was appointed the project manager on 12 June 2013 on a three year contract. His employment contract includes remuneration of $200,000 per annum, plus statutory superannuation, use of a motor vehicle and accommodation in Cloncurry. 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.

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. Kamlesh left the Company on 27 August 2013.

Subsequent to the end of the financial year, Andrew Kehoe was appointed the mine manager on 3 July 2013 on a three year contract. His employment contract includes remuneration of $200,000 per annum, plus statutory superannuation, use of a motor vehicle and accommodation in Cloncurry. The contract is able to be terminated by either party by providing one month's notice. There are no further entitlements to the executive on the termination of his agreement.

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:

Director/ Executive		Short-Term Benefits: Salary / Fees $	Short-Term Benefits: Cash Bonuses $	Post Employ-ment: Super-annuation $	Share-Based Payments: Value of options [1] $	Other Long-Term Benefits: Increase in Long Service Leave Provision $	Total $	% of Total: Perfor-mance related	% of Total: Paid as Options[1]
W McCrae	**2013**	**840,000**	**105,000**	**18,747**	**261,354**	**(2,355)**	**1,222,746**	**9%**	**21%**
	2012	840,000	336,000	50,000	231,146	16,196	1,473,342	23%	16%
P Hutchison	**2013**	**630,000**	**78,750**	**25,000**	**261,354**	**2,375**	**997,479**	**8%**	**26%**
	2012	630,000	252,000	50,000	231,146	9,163	1,172,309	21%	20%
P Keran	**2013**	**55,000**	**-**	**4,950**	**104,542**	**-**	**164,492**	**-**	**64%**
	2012	50,000	-	4,500	92,458	-	146,958	-	63%
G Lambert	**2013**	**55,000**	**-**	**4,950**	**104,542**	**-**	**164,492**	**-**	**64%**
	2012	50,000	-	4,500	92,458	-	146,958	-	63%
D Taylor	**2013**	**55,000**	**-**	**4,950**	**104,542**	**-**	**164,492**	**-**	**64%**
	2012	50,000	-	4,500	92,458	-	146,958	-	63%
Zhijun Ma	**2013**	**50,000**	**-**	**-**	**-**	**-**	**50,000**	**-**	**-**
	2012	48,082	-	-	-	-	48,082	-	-
H Liu	**2013**	**50,000**	**-**	**-**	**-**	**-**	**50,000**	**-**	**-**
	2012	10,875	-	-	-	-	10,875	-	-
R Brougham (appointed 12 June 2013)	**2013**	**5,692**	**-**	**512**	**-**	**-**	**6,204**	-	-
	2012	-	-	-	-	-	-	-	-
W Freeman (appointed 9 January 2012)	**2013**	**163,599**	**-**	**18,814**	**62,205**	**-**	**244,618**	**-**	**25%**
	2012	82,241	-	9,482	-	-	91,723	-	-
K Ramdeo (appointed 9 July 2012)	**2013**	**162,153**	**-**	**14,594**	**31,103**	**-**	**207,850**	**-**	**15%**
	2012	-	-	-	-	-	-	-	-
Noel Everon (Appointed 10 October 2011, resigned 29 August 2012)	**2013**	**65,993**	**-**	**5,939**	**-**	**-**	**71,932**	**-**	**-**
	2012	147,332	-	13,260	-	-	160,592	-	-
Ian Carroll (Appointed 20 February 2012, resigned 18 July 2012)	**2013**	**26,063**	**-**	**2,346**	**-**	**-**	**28,409**	**-**	**-**
	2012	76,962	-	6,927	-	-	83,889	-	-
Total	**2013**	**2,158,500**	**183,750**	**100,802**	**929,642**	**20**	**3,372,714**		
	2012	1,985,492	588,000	143,169	739,666	25,359	3,481,686		

[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 are issued at the weighted average of the share price over the five trading days before the shares were allocated. The loan funded shares for accounting purposes are considered to be an in-substance option and are treated as such in the accounts. For the shares issued during the year and subsequent to the end of the year 50% of the shares will vest three months after the Company goes into production and the balance 18 months later. The recipients of the shares have five years from the date of their issue to repay the loans. The plan was introduced to align the interests of key management personnel with those of shareholders. The vesting of 50% of the shares is dependent on the above performance condition and the balance on a service condition.

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	Vesting dates
W. McCrae	250,000	125,000	$3.78	$2.25	$945,000	23/12/17	23/12/13
P. Hutchison	250,000	125,000	$3.78	$2.25	$945,000	23/12/17	23/12/13
P. Keran	100,000	50,000	$3.78	$2.25	$378,000	23/12/17	23/12/13
G. Lambert	100,000	50,000	$3.78	$2.25	$378,000	23/12/17	23/12/13
D. Taylor	100,000	50,000	$3.78	$2.25	$378,000	23/12/17	23/12/13
K. Ramdeo	50,000	-	$3.93	$2.27	$196,500	20/11/17	30/09/15 – 31/03/18
W. Freeman	100,000	-	$3.93	$2.27	$393,000	20/11/17	30/09/15 – 31/03/18

(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 other than under the Loan Funded Employee Share Plan 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	Vesting dates
R. Brougham	150,000	-	$1.80	$0.90	$270,000	31/07/18	30/09/15 – 31/03/18
A. Kehoe	150,000	-	$1.86	$0.98	$279,000	10/07/18	30/09/15 – 31/03/18
K. Ramdeo	25,000	-	$1.80	$0.90	$241,500	31/07/18	30/09/15 – 31/03/18

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 $22,291 (2012: 26,591) 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 2013:

$18,230 (2012 $24,816) 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

30 September 2013

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DECLARATION OF INDEPENDENCE BY CRAIG JENKINS TO THE DIRECTORS OF CUDECO LIMITED

As lead auditor of CuDeco Limited for the year ended 30 June 2013, 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, 30 September 2013

Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	**3,138,620**	4,992,798
Other income	2	**458,015**	1,889,052
		3,596,635	6,881,850
Expenses			
Depreciation expense		**(524,636)**	(130,854)
Employee and consultancy expenses		**(5,518,788)**	(4,281,270)
Insurance expense		**(279,032)**	(75,722)
Occupancy expenses		**(1,044,703)**	(489,572)
Repairs and maintenance		**(63,377)**	(43,778)
Stock exchange and shareholder communication expenses		**(249,156)**	(225,624)
Travel		**(531,093)**	(401,274)
Write off of project costs and other mine related costs		**-**	(325,370)
Other		**(206,581)**	(131,487)
Total Expenses		**(8,417,366)**	(6,104,951)
Profit (loss) from continuing operations before related income tax expense/benefit	3	**(4,820,731)**	776,899
Income tax (expense)/benefit	5	**827,542**	-
Net profit (loss) for the year		**(3,993,189)**	776,899
Other comprehensive income		**-**	-
Total comprehensive income (loss) for the year		**(3,993,189)**	776,899

		Cents	Cents
Earnings per share:			
Basic earnings (loss) per share	6	(2.1)	0.4
Diluted earnings per share	6	(2.1)	0.4

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

Consolidated statement of financial position as at 30 June 2013

	Notes	2013 $	2012 $
CURRENT ASSETS			
Cash and cash equivalents	7	**45,521,576**	127,441,676
Trade and other receivables	8	**2,135,088**	2,441,192
TOTAL CURRENT ASSETS		**47,656,664**	129,882,868
NON-CURRENT ASSETS			
Trade and other receivables	8	**1,985,679**	49,895
Inventory	9	**2,933,980**	-
Property, plant and equipment	10	**147,247,723**	58,315,165
Exploration and evaluation assets	11	**39,168,372**	31,189,674
Development costs	12	**90,250,462**	51,961,685
TOTAL NON-CURRENT ASSETS		**281,586,216**	141,516,419
TOTAL ASSETS		**329,242,880**	271,399,287
CURRENT LIABILITIES			
Trade and other payables	13	**4,829,926**	3,012,047
Provisions	14	**171,973**	174,357
TOTAL CURRENT LIABILITIES		**5,001,899**	3,186,404
NON-CURRENT LIABILITIES			
Provisions	14	**2,041,420**	583,067
TOTAL NON-CURRENT LIABILITIES		**2,041,420**	583,067
TOTAL LIABILITIES		**7,043,319**	3,769,471
NET ASSETS		**322,199,561**	267,629,816
EQUITY			
Contributed equity	15	**367,829,069**	311,312,946
Reserves	16	**37,221,040**	35,174,231
Accumulated losses		**(82,850,550)**	(78,857,361)
TOTAL EQUITY		**322,199,561**	267,629,816

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 2013

	Contributed Equity	Accumulated Losses	Option Reserve	Capital Realisation Reserve	Capital Redemption Reserve	Total Equity
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2012	**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 - 30 June 2012	**311,312,946**	**(78,857,361)**	**34,647,118**	**95,113**	**432,000**	**267,629,816**
Profit (Loss) for the year	-	(3,993,189)	-	-	-	(3,993,189)
Total comprehensive income	-	(3,993,189)	-	-	-	(3,993,189)
Share issued						
To pay for Goods and Services	49,540,000	-	-	-	-	49,540,000
Option Conversions	750,000	-	-	-	-	750,000
Share Placement	17,250,000	-	-	-	-	17,250,000
Share issue costs	(926,480)	-	-	-	-	(926,480)
Share based payment expense	-	-	2,046,811	-	-	2,046,811
Less Shares transferred to Employee Share Plan	(10,097,397)	-	-	-	-	(10,097,397)
Balance - 30 June 2013	**367,829,069**	**(82,850,550)**	**36,693,929**	**95,113**	**432,000**	**322,199,561**

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

Consolidated Statement of Cash Flows for the year ended 30 June 2013

	Notes	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations (including GST)		**1,465,217**	4,657,211
Payments in the course of operations (including GST)		**(10,328,910)**	(11,486,477)
Interest received		**3,900,802**	4,164,415
Research & development tax concession		**827,542**	650,153
NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES	20	**(4,135,349)**	(2,014,698)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(45,438,769)**	(36,817,317)
Payments for exploration and evaluation assets		**(4,606,007)**	(10,625,322)
Payments for mine development costs		**(33,511,402)**	(4,122,420)
Proceeds from sale of plant and equipment		**296,135**	-
Increase in security deposits		**(1,935,784)**	9,972
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(85,195,827)**	(51,555,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**18,000,000**	119,167,200
Cost of on-market shares acquired for share plan		**(10,097,397)**	(37,321,544)
Share issue / buy back costs		**(926,480)**	(5,272,459)
NET CASH INFLOWS (OUTFLOWS) FROM FINANCING ACTIVITIES		**6,976,123**	76,573,197
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(82,355,053)**	23,003,412
Cash and cash equivalents at the beginning of the financial year		**127,441,676**	103,128,760
Effect of foreign exchange rates on cash and cash equivalents		**434,953**	1,309,504
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**45,521,576**	127,441,676

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 2013 were authorised for issue in accordance with a resolution of the Directors 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.

The principal accounting policies adopted in the preparation of the financial statements are set out below. Unless otherwise stated, these accounting policies are consistent with those of the previous year.

a. New, Revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standard and Interpretations are most relevant to the consolidated entity.

AASB 2011-9 Amendments to the Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term "Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section and other comprehensive income section.

b. 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 consolidated entity is currently in the mine development and plant construction phases 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 remains

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of Preparation (continued)

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 the plant construction as planned and enter the production phase, the consolidated entity needs to source additional funding through a combination of debt and/or equity. The consolidated entity is currently in advanced discussions with a number of financial institutions regarding a revolving credit facility to fund remaining mine development. Those advanced discussions are continuing and have not yet reached a stage where disclosure can be made to the market or be used for financial reporting.

Although the consolidated entity is not currently considering raising capital via placements at current share prices, the consolidated entity has received a number of offers from interested investors. Whilst this is currently not the preferred source of funding, raising capital via placements or other forms of equity raising remain an option available to the consolidated entity.

The consolidated entity is also currently in advanced discussions with a number of smelters for the sale of Direct Shipping Ore (“DSO”) and Native Copper. As previously announced to the market, CuDeco has already undertaken test work for extracting Native Copper during its crushing plant commissioning programme, and in the successful investigation into the use of ore sorters to facilitate this. Early cash flow from DSO and Native Copper would reduce any reliance on credit facilities.

The ability of the consolidated entity to continue its planned mine development and as a going concern, is dependent on the discretion of the consolidated entity in remaining flexible in its development phase and the ability of the consolidated entity to successfully raise additional funding. The Directors remain confident in their ability to raise sufficient capital in a timely manner and are satisfied that once in production, the forecasts for the operations are of a profitable and positive operating cash flow nature.

c. 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.

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.

d. 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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. 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.

f. 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.

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.

g. 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.

h. Receivables

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Inventories

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

Cost is determined on the following basis:-

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

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

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

j. 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.

k. Mining assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (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. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Investments and Other Financial Assets (continued)

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.

n. 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.

o. 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 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. 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.

p. 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.

q. 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.

r. Provisions

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

s. 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.

t. 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 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. 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.

v. Leases

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

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

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. 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.

x. 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:

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 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 commenced some mining operations, and 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 $1,922,464 (2012: $500,000). The timing and final costs for rehabilitation is based on estimates available as at 30 June 2013 and could be subject to uncertainty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Comparative figures

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

(z) 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.

(aa) 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 2013. They have not been adopted in preparing the financial statements for the year ended 30 June 2013 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 2015)
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 Consolidated Entity has not yet been able to reasonably estimate the impact of this standard on its financial statements.

(iii) AASB 11 Joint Arrangements (applicable to accounting periods commencing on or after 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). The Consolidated Entity does not expect the adoption of this to have a significant impact on its financial statements.

(iv) AASB 12 Disclosure of Interest in Other Entities (applicable to accounting periods commencing on or after 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) AASB 13 Fair Value Measurement (applicable to accounting periods commencing on or after 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 will be 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 (applicable to accounting periods commencing on or after 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.

(vii) AASB 2011-4 Amendments to Australian Accounting Standards to remove individual Key Management Personnel Disclosure Requirement (applicable to accounting periods commencing on or after 1 July 2013)

The amendments to AASB 124 ‘Related Party Disclosures’ remove the duplication of information relating to individual key management personnel in the notes to the financial statements and the directors report. The Consolidated Entity does not expect the adoption of this to have a significant impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

	2013 **$**	2012 $
2. REVENUE AND OTHER INCOME		
Revenue		
Interest	**3,138,620**	4,817,798
Contribution received for Infrastructure asset	**-**	175,000
Equipment hire rental	**-**	-
Total revenue	**3,138,620**	4,992,798
Other income		
Foreign exchange	**434,953**	1,206,802
Diesel fuel rebate	**-**	26,830
R&D tax concession	**-**	650,153
Sundry income	**23,062**	5,267
	458,015	1,889,052
3. EXPENSES		
Profit (loss) before income tax has been arrived at after the following items:		
Operating lease rental – director-related entity	**325,624**	224,941
Operating lease rental – other	**588,395**	209,542
Share based payment expense – employees and consultants	**1,008,968**	739,666
Defined contribution superannuation expense	**185,903**	86,828
4. AUDITORS' REMUNERATION		
Amounts received or due and receivable by BDO Audit Pty Ltd:		
- Auditing or reviewing the financial report	**100,938**	100,636
- Tax services	**18,230**	24,816
Total	**119,168**	125,452

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

	2013 $	2012 $
5. INCOME TAX BENEFIT/(EXPENSE)		
Reconciliation		
Current Income Tax Expense	**-**	-
Deferred Income Tax Expense	**-**	-
Under/(Over) provision in prior year	**-**	-
Research and development rebate	**827,542**	-
Total	**827,542**	-
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	**(1,446,219)**	233,070
Permanent differences	**371,617**	(122,236)
Deferred tax not recognised	**1,074,602**	(110,834)
Research and development rebate	**827,542**	-
Income tax (expense)/benefit	**827,542**	-
Deferred Tax Balances		
Recognised deferred tax assets	**-**	(640,780)
Unused tax losses	**22,284,194**	8,894,185
	(22,284,194)	8,253,405
Recognised deferred tax liabilities	**-**	-
Assessable temporary differences	**(22,284,194)**	(8,253,405)
Net deferred tax recognised	**-**	-
Unrecognised deferred tax assets		
Unrecognised tax losses	**14,827,417**	53,071,429
Deferred tax assets not taken up at 30% (2012: 30%)	**4,448,225**	15,921,429

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (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 2013 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

	2013	2012
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	193,000,783	175,911,200
Weighted average number of ordinary shares and potential ordinary outstanding during the year used in calculation of diluted EPS	193,000,783	177,207,785
	$	$
Earnings (loss) used to calculate basic earnings per share	(3,993,189)	776,899
Earnings used to calculate diluted earnings per share	(3,993,189)	776,899

The Company has a total of 625,000 (2012: 6,075,000) share options outstanding. Options are considered to be potential ordinary shares and are used in the calculation of the Diluted Earnings per share where the exercise price of the options is lower than the prevailing share price. For the 30 June 2013 year nil (2012:1,425,000) share options were included in the calculation of the Diluted Earnings per share. As the Consolidated Entity's continuing operation was in a loss position for the year ended 30 June 2013 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	**2,836,613**	**1,478,191**
Deposits at call	**42,684,963**	**125,963,485**
	45,521,576	**127,441,676**

- 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 2013 (Continued)

	2013	2012
	$	$
8. TRADE AND OTHER RECEIVABLES		
Current		
Accrued interest	**131,490**	893,672
GST receivable	**1,869,794**	1,475,839
Prepayments	**133,804**	71,466
Other receivables	**-**	215
	2,135,084	2,441,192
Non-current		
Security deposits	**1,985,679**	49,895

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. INVENTORIES

	2013	2012
Ore stockpiles	**2,933,980**	-

10. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
Land and buildings		
At cost	**10,304,814**	7,396,461
Accumulated depreciation	**(1,299,815)**	(499,384)
Total land and buildings	**9,004,999**	6,897,077
Plant and equipment		
At cost	**32,192,282**	18,454,436
Accumulated depreciation	**(11,177,909)**	(6,270,592)
Total plant and equipment	**21,014,373**	12,183,844
Plant and equipment (work-in-progress)	**117,228,351**	39,234,244
Total property, plant and equipment	**147,247,723**	58,315,165

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

	2013	2012
	$	$
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	**6,897,077**	2,560,805
Additions during the year	**2,908,353**	4,651,889
Depreciation for the year	**(800,431)**	(315,617)
Carrying amount at the end of the year	**9,004,999**	6,897,077
Land and buildings (work-in-progress)		
Carrying amount at the beginning of year	**-**	125,041
Additions during the year	**-**	15,302
Costs written off	**-**	(140,343)
Carrying amount at the end of the year	**-**	-
Plant and equipment		
Carrying amount at the beginning of year	**12,183,844**	3,278,673
Additions during the year	**9,063,499**	7,197,421
Equipment transferred from plant and equipment being commissioned	**5,012,810**	3,686,290
Disposals	**(274,673)**	-
Depreciation charged	**(4,971,108)**	(1,978,540)
Carrying amount at the end of the year	**21,014,372**	12,183,844
Plant and equipment (work-in-progress)		
Carrying amount at the beginning of year	**39,234,244**	6,390,741
Additions during the year	**83,006,918**	25,141,414
Transfer from other assets – deposit paid on plant	**-**	11,388,379
Equipment transferred to plant and equipment	**(5,012,810)**	(3,686,290)
Carrying amount at the end of the year	**117,228,352**	39,234,244
Total property, plant and equipment	**147,247,723**	58,315,165

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

11. EXPLORATION AND EVALUATION ASSETS

	2013 $	2012 $
Costs carried forward in respect of areas of interest in exploration and/or evaluation phase:		
Balance at the beginning of the year	**31,189,674**	62,344,851
Exploration costs incurred	**5,724,259**	10,874,728
Depreciation capitalised to exploration	**2,254,439**	1,417,095
Transfer to development costs	**-**	(43,447,000)
Total exploration and evaluation assets	**39,168,372**	31,189,674

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

	2013 $	2012 $
Costs carried forward in respect of areas of interest in the development phase:		
Balance at the beginning of the year	**51,961,685**	1,590,831
Development costs incurred	**35,296,040**	6,177,646
Depreciation capitalised to development costs	**2,992,737**	746,208
Transferred from exploration and evaluation assets	**-**	43,447,000
Total development costs	**90,250,462**	51,961,685

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

	2013 $	2012 $
CURRENT		
Unsecured liabilities:		
Trade creditors	**3,355,785**	2,205,622
Accrued annual leave	**826,059**	512,856
Sundry creditors and accrued expenses	**648,082**	293,569
	4,829,926	3,012,047

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 2013 (Continued)

	2013 **$**	2012 $
14. PROVISIONS		
CURRENT LIABILITY		
Long service leave provision	**171,973**	174,357
NON-CURRENT LIABILITY		
Long service leave provision	**118,956**	83,067
Rehabilitation provision	**1,922,464**	500,000
	2,041,420	583,067
Rehabilitation Provision		
Opening balance	**500,000**	-
Increase in provision due to mine development work on site	**1,422,464**	500,000
Closing balance	**1,922,464**	500,000

15. CONTRIBUTED EQUITY

Issued and paid-up share capital		
2013 201,200,722 (2012: 187,043,961) ordinary shares, fully paid	**367,829,069**	311,312,946

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 2011	**Opening balance**	**165,286,242**		**232,613,169**
December 2011	Share placement	23,977,000	$3.60	86,317,200
December 2011	Option conversion	100,000	$2.50	250,000
January 2012	Share placement	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**
17 September 2012	Option conversion	140,000	$2.50	350,000
3 October 2012	Option conversion	160,000	$2.50	400,000
12 December 2012	Share placement	600,000	$3.90	2,340,000
15 February 2013	Share placement	3,333,333	$3.90	13,000,000
15 February 2013	Share placement	7,600,000	$4.50	34,200,000
4 June 2013	Share placement	5,000,000	$3.45	17,250,000
July 2012 to June 2013	Shares acquired for the loan funded share plan	(2,676,572)		(10,097,397)
	Share issue costs / cancellation costs	-		(926,480)
30 June 2013	**Closing Balance**	**201,200,722**		**367,829,069**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

15. CONTRIBUTED EQUITY (continued)

(a) Ordinary Shares (continued)

On 19 March 2013 Sinosteel Equipment and Engineering Co Ltd (“Sinosteel”) agreed to accept shares in lieu of cash for part of the acquisition cost of the Power Plant and its installation on the mine site. The agreement allows for Sinosteel to be issued 6,376,811 fully paid shares in CuDeco Ltd in lieu of $22m cash at $A3.45 per share. The issue of the shares was conditional on Sinosteel receiving Foreign Investment Review Board (“FIRB”) approval for the shares and the completion of the works. FIRB approval has been received for the issuing of the shares. This amount forms part of the commitments disclosed in Note 21.

(b) Share Options

Exercise Period	Exercise Price	Opening Balance 1 July 2012 *Number*	Options Issued 2012/ 2013 *Number*	Options Exercised 2012/2013 *Number*	Options Expired/ Forfeited 2012/2013 *Number*	Closing Balance 30 June 2013 *Number*
31/07/2010 - 31/07/2012	$4.00	2,150,000	-	-	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	-	(200,000)	-	400,000
15/09/2011 - 15/09/2013	$2.50	325,000	-	(100,000)	-	225,000
		6,075,000	-	(300,000)	5,150,000	625,000

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. The shares allocated to employees under the Share Plan are held in trust for eligible persons as security for the loans. There are no cash settlement alternatives.

In the year ended 30 June 2013 a total of 1,619,072 (2012: 1,000,000) shares have been issued under the Share Plan.

For accounting purposes shares allocated to employees 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 2013 (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 Employee Option Plan has stopped being used since the introduction of the Loan Funded Share Plan in November 2011. The Option Plan allowed Directors from time to time to invite eligible employees to participate in the Plan and offer options to those eligible persons. The Plan was 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 was three years. There were no cash settlement alternatives.

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

	2013 **$**	2012 $
Share based payment included as an expense	**1,008,968**	739,666
Share based payments capitalised to exploration and evaluation asset	**379,358**	-
Share based payments capitalised to mine development expenditure	**658,485**	-
Total share based payments for the year	**2,046,811**	739,666

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

	2013 No.	**2013 Weighted average exercise price**	2012 No.	2012 Weighted average exercise price
Outstanding at the beginning of the year	**6,075,000**	**$4.91**	6,825,000	$4.74
Granted during the year				
- Employees	**-**	**-**	800,000	$3.78
Forfeited during the year	**-**	**-**	(250,000)	$4.00
Exercised during the year	**(300,000)**	**$2.50**	(300,000)	$2.83
Expired during the year	**(5,150,000)**	**$5.34**	(200,000)	$3.50
Outstanding at the end of the year	**625,000**	**$2.50**	6,875,000	$4.79
Exercisable at the end of the year	**625,000**	**$2.50**	6,075,000	$4.91

The weighted average for the remaining contractual life of share options outstanding at the end of the year is 0.21 years (2012: 0.45 years). Share options outstanding at the end of the year have exercise prices of $2.50 (2012: range from $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 $4.52 (2012 $3.39).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

16. SHARE BASED PAYMENTS (continued)

The following table lists the inputs to the model used for the years ended 30 June 2013 and 30 June 2012:

	2013	2012
Fair value	**$1.86 to $2.67**	$1.85 to $2.64
Volatility (%)	**49-83**	49-83
Average risk-free interest rates (%)	**4.00**	4.25
Weighted average expected life of options (years)	**5**	5
Weighted average exercise prices	**$3.93**	$3.87
Weighted average share price at grant date	**$3.93**	$3.87
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

	2013 $	2012 $
Capital Realisation	**95,113**	95,113
Capital Redemptions	**432,000**	432,000
Option (a)	**36,693,927**	34,647,118
	37,221,040	35,174,231

(a) **Movement During the Year – Option Reserve**		
Opening balance	**34,647,118**	33,907,452
Issue of options to directors/employees / consultants	**2,046,809**	739,666
Closing balance	**36,693,927**	34,647,118

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 2013 (Continued)

18. FINANCIAL INSTRUMENT DISCLOSURES (continued)

The Groups financial assets and liabilities primarily comprise:

	2013 **$**	2012 $
Cash and cash equivalents	**45,521,576**	127,441,676
Trade and other receivables	**4,120,768**	2,491,087
Total Assets	**49,642,344**	129,932,763
Trade and other payables	**4,003,867**	2,499,191
Total Liabilities	**4,003,867**	2,499,191

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices w

The objective of market risk management is to manage and control market risk exposures within acceptable paramete

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 Consoli 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 2013					
Cash and cash equivalents	**45,521,576**	**455,216**	**(455,216)**	**455,216**	**(455,216)**
Total increase / (decrease)		**455,216**	**(455,216)**	**455,216**	**(455,216)**
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)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (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 2013					
Cash and cash equivalents	**2,387,404**	**(21,835)**	**21,835**	**(21,835)**	**21,835**
Total increase / (decrease)		**(21,835)**	**21,835**	**(21,835)**	**21,835**
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

(b) Credit risk

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

(i) Cash on deposit

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

(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 2013 (Continued)

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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 not undertaken an on-market share buy-back program in the current year as it aims to utilise its funds for the mine development program. In prior years undertook an on-market share buy-back program the Directors believe the shares were undervalued and the Company was able to complete capital raisings to maintain the required level of capital. As part of this program, during the year Nil (2012: 9,907,052) ordinary shares were bought back and cancelled at a total cost of approximately Nil (2012:$32,900,959).

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 2013 (Continued)

19. CONTROLLED ENTITIES

Particulars in relation to controlled entities

Name	Incorporated in	Interest held % 2013	Interest held % 2012
CuDeco Limited	Australia		
Controlled Entities Consolidated			
Cloncurry Infrastructure Pty Ltd	Australia	**100**	100
CuDeco Logistics Pty Ltd (incorporated on 9 September 2011)	Australia	**100**	100
CuDeco Employee Share Plan Pty Ltd (incorporated 1 December 2011)	Australia	**100**	100

20. NOTES TO THE STATEMENT CASH FLOWS

(a) Reconciliation of profit after income tax to net cash inflows/(outflows) from operating activities	**2013 $**	2012 $
Profit (Loss) after income tax	**(3,993,187)**	776,899
Add/(less) non-cash items		
Share based payments	**1,008,968**	739,666
(Profit) loss on sale of assets	**(21,462)**	140,343
Depreciation expense	**524,363**	130,854
Foreign exchange (gain) loss	**(434,953)**	(1,309,505)
(Increase) / decrease in trade and other receivables	**306,103**	(1,797,886)
(Increase) / decrease in inventories	**(2,933,980)**	-
Increase / (decrease) in trade creditors and accruals	**1,097,980**	(723,464)
Increase / (decrease) in provisions	**310,819**	28,395
Cash inflows / (outflows) from operations	**(4,135,349)**	(2,014,698)

(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 2013 (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. 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:

	2013	2012
	$	$
Within one year	**478,788**	162,488
After one year but not more than five years	**752,399**	244,577
More than five years	**-**	-
	1,231,187	407,065

Mining Plant

The Consolidated Entity has entered into the following contracts relating to the Process Plant components and structures for its Rocklands Copper Project:-

a. A contract for the design and supply of all 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. $57.6 Million), which includes $US4 Million (approx. $4.3 Million), of spare parts, capable spares for two years. Up to the end of the financial year the Consolidated Entity had paid approximately $51 Million (2012: $30.7 Million) and the balance is expected to be paid within 12 months of the end of the financial year.

b. A contract for the supply of the steel structure required for the Process plant for a total consideration of $US 13.3 Million (approx. $14.5 Million). Up to the end of the financial year the Consolidated Entity had paid approximately $8.7 Million (2012: $Nil Million) and the balance is expected to be paid within 12 months of the end of the financial year.

c. Contracts for the supply of a 22 Megawatt Power Station, its installation and construction and the installation of the rest of the componentry associated with the Rocklands project totaling $72.8 Million. Up to the end of the financial year the Consolidated Entity had paid approximately $34 Million (2012: $Nil Million) and the balance is expected to be paid within 12 months of the end of the financial year.

d. 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 $6.5 Million (2012: $3.5 Million) 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 2013 (Continued)

22. CONTINGENCIES

There were no contingent liabilities or contingent assets as at 30 June 2013 other than: -

a. 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.

b. The Department of Environment and Heritage Protection has alleged two breaches of the Aboriginal Cultural Heritage Act 2003 against the Company. Each offence carries a maximum penalty of $110,000. The Company expects to successfully defend the charges. The matter is likely to be heard in the Magistrates court in February or March next year.

23. KEY MANAGEMENT PERSONNEL

The key management personnel compensation is as follows:

	2013	2012
	$	$
Short-term employee benefits	**2,342,250**	2,573,492
Post-employment benefits	**100,802**	143,169
Share-based payments	**929,642**	739,666
Other long term benefits	**20**	25,359
	3,372,714	3,481,686

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

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23. KEY MANAGEMENT PERSONNEL (continued)

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 2012	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2013
W. McCrae	1,109,067	-	-	34,092	1,143,159
P. Hutchison	1,032,534	-	-	-	1,032,534
P. Keran	700,000	-	-	-	700,000
B. Lambert	20,000	-	-	-	20,000
G. Taylor	32,000	-	-	-	32,000
Z. Ma	-	-	-	-	-
H. Liu [1]	23,000	-	-	17,000	40,000
R. Brougham [2]	n/a	-	-	-	-
W. Freeman [3]	-	-	-	-	-
K. Raedeo [4]	n/a	-	-	-	-
N. Evered [5]	-	-	-	-	n/a
I. Carroll [6]	-	-	-	-	n/a

Key management personnel	Balance 1 July 2011	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2012
W. McCrae	1,017,444	-	-	91,623	1,109,067
P. Hutchison	1,032,534	-	-	-	1,032,534
P. Keran	700,000	-	-	-	700,000
B. Lambert	20,000	-	-	-	20,000
G. Taylor	32,000	-	-	-	32,000
Z. Ma	-	-	-	-	-
H. Liu [1]	n/a	-	-	23,000	23,000
R. Brougham [2]	n/a	n/a	n/a	n/a	n/a
W. Freeman [3]	n/a	-	-	-	-
K. Raedeo [4]	n/a	n/a	n/a	n/a	n/a
N. Evered [5]	n/a	-	-	-	-
I. Carroll [6]	n/a	-	-	-	-

[1] appointed 4 April 2012 [2] appointed 12 June 2013 [3] appointed 9 January 2012
[4] appointed 9 July 2012 [5] resigned 21 September 2012 [6] resigned 18 July 2012

Net change other refers to shares purchased or sold during the financial year.
As at 30 June 2013, there were no shares held nominally by key management personnel (2012: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (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 2013		
Key management personnel	**Balance 30 June 2012**	**Granted as remuner-ation**	**Exercised**	**Forfeited/ Expired**	**Total Options**	**Options Unvested**	**Total Vested and Exercisable**
W. McCrae	250,000	-	-		250,000	125,000	125,000
P. Hutchison	2,750,000	-	-	(2,500,000)	250,000	125,000	125,000
P. Keran	200,000	-	-	(100,000)	100,000	50,000	50,000
G. Lambert	100,000	-	-		100,000	50,000	50,000
D. Taylor	200,000	-	-	(100,000)	100,000	50,000	50,000
Z. Ma	-	-	-	-	-	-	-
H. Liu [1]	-	-	-	-	-	-	-
R. Brougham [2]	-		-	-			-
W. Freeman [3]	-	100,000	-	-	100,000	100,000	-
K. Ramdeo [4]	-	50,000	-	-	50,000	50,000	-
N. Everon [5]	-	-	-	-	-	-	-
I. Carroll [6]	-	-	-	-	-	-	-
	3,500,000	150,000	-	(2,700,000)	950,000	550,000	400,000

					As at 30 June 2012		
Key management personnel	**Balance 30 June 2011**	**Granted as remuner-ation**	**Exercised**	**Forfeited/ Expired**	**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	-	-	-	-	-	-	-
H. Liu [1]	-	-	-	-	-	-	-
R. Brougham [2]							
W. Freeman [3]							
K. Ramdeo [4]							
N. Everon [5]	-	-	-	-	-	-	-
I. Carroll [6]	-	-	-	-	-	-	-
	2,700,000	800,000	-	-	3,500,000	800,000	2,700,000

[1] appointed 4 April 2012 [2] appointed 12 June 2103 [3] appointed 9 January 2012
[4] appointed 9 July 2012 [5] resigned 21 September 2012 [6] resigned 18 July 2012

During the years ended 30 June 2013 and 2012 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 2013; and
b. On 31 December 2012, 2,700,000 options exercisable at $6.50 each expired.

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 2013 (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.

	2013 **$**	2012 $
1. Rents paid or payable to Mr McCrae and his director-related entities.	**325,264**	224,941
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
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 2013 financial year there were no other transactions between the Consolidated Entity and Key Management Personnel.

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 2013 (Continued)

26. PARENT ENTITY INFORMATION

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

	2013	2012
	$	$
Financial performance		
Profit / (loss) for the year	**(3,484,876)**	1,368,762
Total comprehensive income for the year	**(3,484,876)**	1,368,762
Financial position		
Current assets	**47,429,268**	133,559,236
Total assets	**343,127,444**	274,938,245
Current liabilities	**4,668,788**	3,113,596
Total liabilities	**6,710,208**	3,696,463
Contributed equity	**381,686,237**	315,072,715
Accumulated losses	**(81,750,375)**	(78,265,498)
Capital Realisation Reserve	**95,113**	95,113
Capital Redemption Reserve	**432,000**	432,000
Option Reserve	**35,954,259**	33,907,451
Total equity	**336,417,237**	271,241,781

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:

- Mr Z Wu was appointed as a non-executive director on 2 July 2013.
- The Company celebrated a major safety milestone, surpassing 500,000 hours lost time injury (LTI) free in August 2013.
- The Crushing Circuit and the dedicated Power House were completed in early August and received Department of Minerals and Energy (DME) approval to undergo staged energising.
- The ROM pad has reached final height, and the Ball Mill and High Pressure Grinding Rolls (HPGR) construction is ongoing. Major components of the Process Plant, including flotation cells, native copper cleaner drum and working components of the HPGR continue to be delivered to site.
- Test crushing of large masses of native copper ore using the company's mobile crushing circuit proved successful.

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 2013 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 2013, 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 30 day of September 2013

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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 2013, the consolidated statement of profit or loss and other 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(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, 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 2013 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(b).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the financial report, which indicates that the ability of the consolidated entity to continue as a going concern and meet its planned mine development is dependent on the successful raising of necessary funding through equity and/or debt. Should the plans for the raising of necessary funding through equity and/or debt not eventuate, there would exist a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, meet its planned mine development and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 24 of the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

C R Jenkins
Director

Brisbane, 30 September 2013