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ROCKLANDS COPPER PROJECT (CDU 100%)

ROCKLANDS PROJECT UPDATE

- **Mining activity intensifying with plans to extend activities on several fronts including concurrent mining in Las Minerale and Rocklands South Pits.**
- **Equipment purchased during GFC at fire-sale prices continues to perform above expectations**
- **Over 30,000 tonnes of additional high-grade copper oxide ore sent to stockpiles (not included in original mining schedule) - from LM1-E**
- **Large masses of solid chalcocite and cuprite (rich copper minerals) up to 6 tonnes each, being recovered from LM1 and LM1-E Pits**
- **High-grade primary copper ore (chalcopyrite) reached in LM1-E Pit just 10m from surface (+20% Cu DSO grades)**
- **Stockpiles of mined Direct Shipping Ore (DSO) including native copper, primary and oxide oretypes increasing and crushing of primary and oxide copper ore underway in the DSO crushing circuit**
- **Rocklands Process Plant shaping up as one of the most sophisticated in Australia**
- **Process Plant construction on track - civils and installation complete on major plant components**
- **Majority of major site infrastructure complete - welcome rains recently adding to water inventory**

Figure 1: Process Plant growing day-by-day with construction progressing across numerous areas of the Process Plant.

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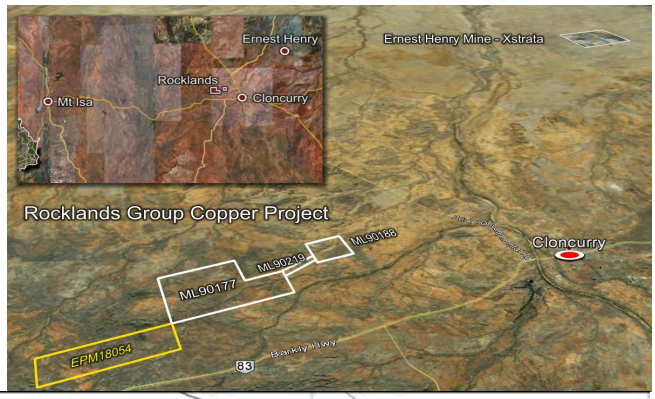
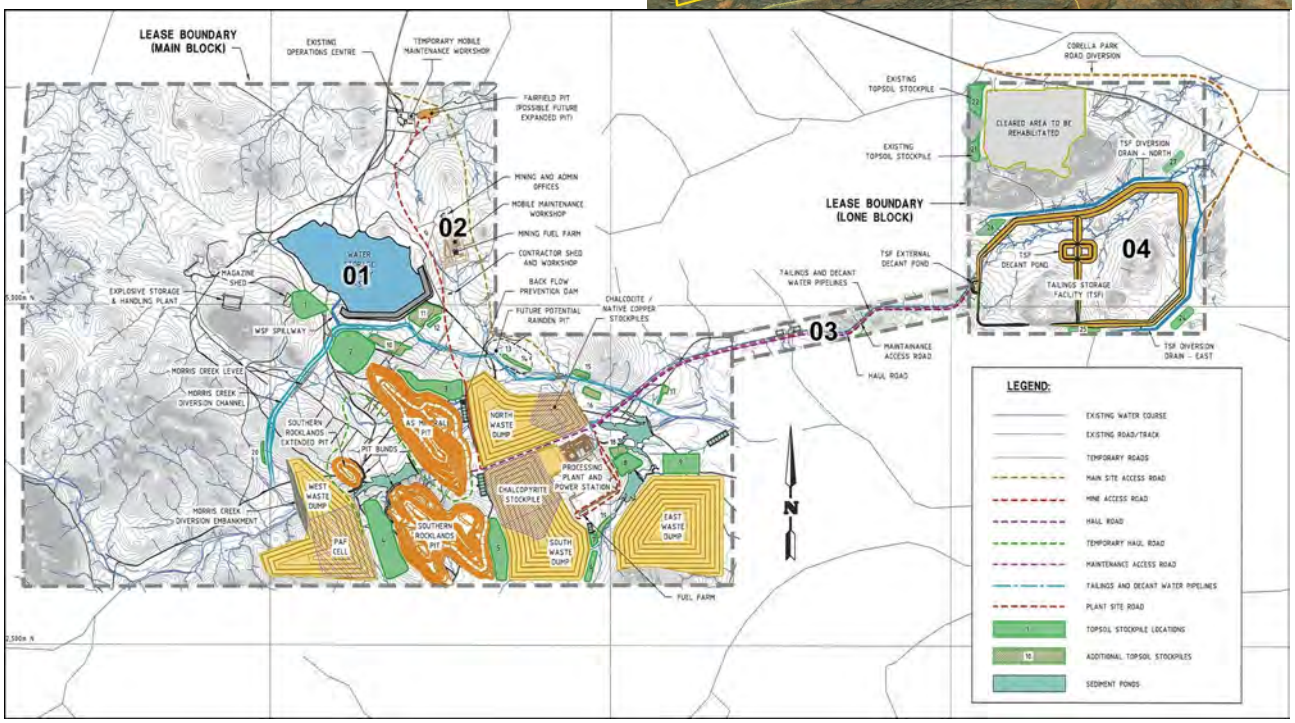




01 - Water Storage Facility (WSF)
02 - Maintenance Workshop & Mining Office
03 - Infrastructure Corridor (Haul Road and Pipelines)
04 - Tailings Storage Facility (TSF)
05 - Morris Creek Diversion Channel
06 - Morris Creek Diversion Dam
07 - Topsoil Stockpiles
08 - West Waste Dump (and PAF cell)
09 - Rocklands South Extension pit (PAF pond)
10 - Las Minerale Open-cut, LM Stage-1 DSO Pit and LM Box-cut
11 - Southern Rocklands Pit (and SR Starter Pit)
12 - North Waste Dump
13 - Mine Access Road
14 - Primary Ore Stockpile
15 - South Waste Dump
16 - Run of Mine (ROM) Pad
17 - Native Copper and Chalcocite Stockpile
18 - Process Plant including Crushing Circuit
19 - Haul Road
20 - East Waste Dump
21 - Rainden Pit

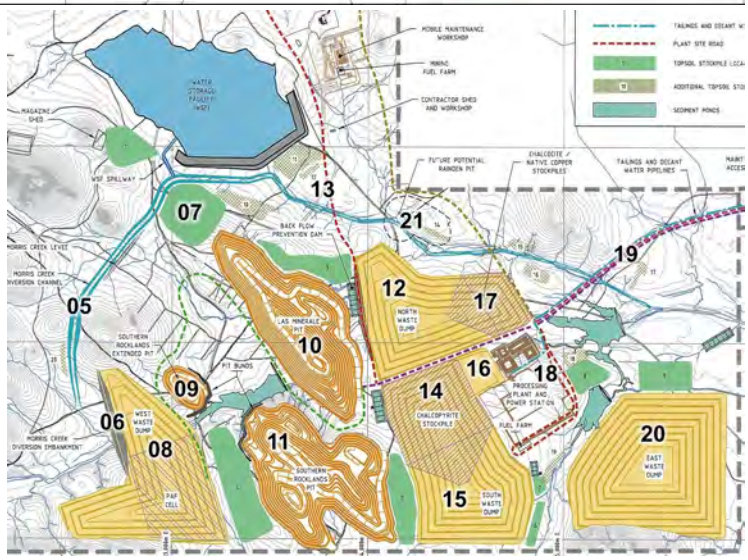
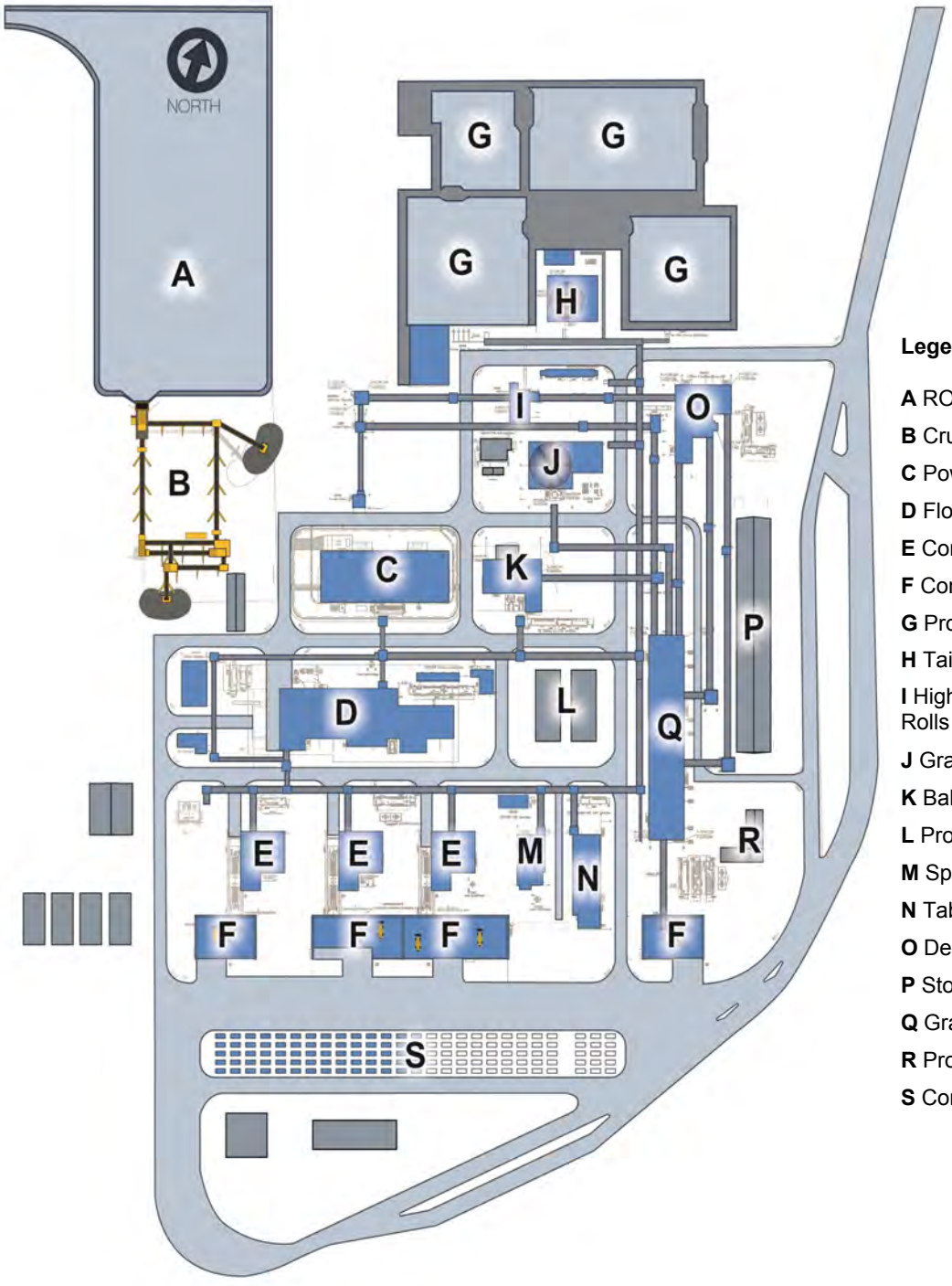


Figure 2: General Arrangement plans (and location references.



Legend:

A ROM pad
B Crushing Circuit
C Power Station
D Flotation Cells
E Concentrator
F Concentrate Storage
G Process Ponds
H Tailings Thickener
I High Pressure Grinding Rolls (HPGR)
J Gravity Thickener
K Ball Mill
L Process Office
M Spiral Thickener
N Table Separator
O De-agglomerator
P Stores Warehouse
Q Gravity Jigs
R Project Office
S Concentrate Storage

Figure 3: Process Plant - schematic location plan with key areas noted

Figure 4: Scrubber (de-agglomerator) recently lifted into place.

Figure 5: Process Plant taking shape - Scrubber highlighted

Mining activity intensifying with plans to extend activities on several fronts including concurrent mining in Las Minerale and Rocklands South Pits

Mining activity on site is currently being scaled up and will focus on the following areas;

- Mining of high-grade native copper and chalcocite ore in LM1 Pit, to be crushed and screened to produce a native copper rich DSO product.
- Expanding the footprint of the new LM1-E Pit (east extension) to facilitate earlier than anticipated access to the high-grade DSO primary ore.

Figure 6: Two diggers in ore in LM1 Pit whilst blast-hole drilling continues in the foreground

- Mining at LM1-E Pit (east extension) will concurrently target very high-grade primary ore to be used for blending and production of a separate DSO product
- Ore not used for DSO to be sent to stockpiles for future processing as per mining schedule.
- Commencement of preliminary open-cut operations in preparation for opening second main Rocklands Pit (Rocklands South Pit).
- Clearing and preliminary groundwork to prepare for accessing Le Meridian and Rocklands Central orebodies.

Equipment purchased during GFC at fire-sale prices continues to perform above expectations

During the Global Financial Crisis, Cudeco ran in the opposite direction to everyone else, taking advantage of the situation to secure a fleet of large scale, late model mining equipment sized for the Rocklands project.

Figure 7: Equipment on the go-line.

Figure 8: LM1 Pit towards the end of the free-dig period - blast-hole drilling can be seen in the background (right)

Figure 9: Three diggers (2 in ore) in the LM1 Pit - geologist grade control spotting during a shift change-over

Figure 10: High-grade chalcocite ore being loaded into a dump truck whilst the next truck waits.

Significant additional copper oxide ore sent to stockpiles - not included in original mining schedule - over 30,000 tonnes from LM1 (east extension) to date

As recently announced, surface excavation in the Las Minerale East-extension (LM1-E) Pit, immediately south-east of the main LM1 Pit, exposed wide zones (~65m wide) of extremely high-grade oxide copper mineralisation including copper minerals malachite, azurite, cuprite, and primary ore types chalcocite and chalcopyrite with grades up to 49% Cu, immediately below shallow river-flat soils. The high-grade mineralisation commenced from just 0.4m below surface and occurs ~5m above the conservative vertical limit of mineralisation that has been included in the resource block model.

A conservative upper limit was used in this area due to the prevalence of deeper surface colluviums adjacent to Morris Creek.

Morris Creek corresponds with a fault that divides the main Las Minerale orebody into two distinct styles of mineralisation;

1. To the west of Morris Creek a pervasive native copper zone continues for some 700m of strike, up to 40m width and to depths of ~180m and is dominated by supergene copper minerals native copper and chalcocite. The supergene zone occurs above primary mineralisation that remains open at depth below the deepest drill intersection ~700m down-dip.

2. East of Morris Creek primary mineralisation (chalcopyrite) dominates from just 12m or so from surface and in places significantly less, reaches widths of ~100m, continues along strike for ~500m and remains open at depth.

Large masses of solid chalcocite and cuprite (rich copper minerals) up to 6 tonnes each, being recovered from LM1 and LM1-E Pits

Large masses of high-grade copper mineralisation including chalcocite and cuprite are significantly adding to the average grades of ore going to the stockpiles.

A dump truck load at Rocklands is typically ~87 tonnes of ore...if one were to load a truck with nothing but waste (ie. no copper content at all) and then add a single 4 tonne masse of chalcocite, the entire 87 tonne load would average ~3.8% Cu.

If the 4 tonne masse were cuprite, it would lift the grade to ~4.1% Cu.

As can be seen from the above example, the positive impact of large masses of near solid chalcocite and/ or cuprite are a significant contributing factor to higher than anticipated grades reporting to the stockpiles than were expected based on the mining schedule.

Whilst the presence of large masses of chalcocite and cuprite was speculated, evidence of their existence was not uncovered during geological logging of either RC or diamond drill core during resource drilling.

Figure 11: High-grade copper ore being prepared for crushing with rock-breaker

Figure 12: Massive primary copper ore chalcopyrite (yellow - chalcopyrite contains 34.6% copper), and bornite (63.3% copper) strewn about the base of the pit just 12m from surface (LM1-E pit), at grades suitable for shipping as high-grade Direct Shipping Ore (DSO).

High-grade primary copper ore (chalcopyrite) reached in LM1-E Pit (east extension) just 10m from surface (+20% Cu DSO grades accessed)

Mining in the Las Minerale east-extension (LM1-E) Pit, immediately south-east of the main LM1 Pit, has exposed the upper zone of extremely high-grade primary copper mineralisation (chalcopyrite) and is associated with wide zones of massive and soft sooty chalcocite, just 10m from surface.

The Company previously announced surface excavation in the same area exposed wide zones (~65m wide) of extremely high-grade oxide copper mineralisation including copper minerals malachite, azurite, cuprite, chalcocite and chalcopyrite with grades up to 49% Cu, immediately below shallow river-flat soils starting from just 0.4m depth (see ASX announcement - 10th Feb 2014)

As a result of these two welcome developments, significantly more ore has been sent to the stockpiles than was anticipated by the mining schedule, including;

- Average copper grades estimated up to 10 times higher than indicated in the mining schedule, but not unexpected by CuDeco's geological team.
- Significant zones of soft sooty chalcocite (chalcocite contains 79.8% Cu), being mined that were not identified during resource drill-hole geological logging.
- Chalcocite-rich clay zones identified (consistency of soil) with average grades of ~45% Cu (based on XRF analysis), previously not known to exist - no record of recovery during drill-hole sampling.
- Drill collars identified that passed through high-grade (+40% Cu) zones of chalcocite-rich clays and soft sooty chalcocite - yet logging records show no copper minerals identified and assay results show only low-grade copper, indicating possible mineral loss during drilling.
- DSO grade mineralisation (+20% Cu) sent to stockpiles from areas where maximum grade expectations were just 3.5% Cu based on the resource model.

Figure 13: Example of high-grade native copper ore in soft friable matrix (green clays) in Las Minerale (LM1) pit. Image sequence shows ease of pulling native copper nuggets by hand from the ore/rock-face whilst still in-situ.

Over coming months, mining is expected to generate significant quantities of very high-grade native copper and primary ore that will be blended with high-grade oxide stockpiles already mined, and collectively crushed to produce a blended DSO product averaging ~20% copper

Copper smelters visited by CuDeco have a special interest in the supply of blended DSO product including high-grade oxides, primary ore and native copper currently being stockpiled for crushing. Exporting of the blended DSO product will commence once processed.

Stockpiles of mined Direct Shipping Ore (DSO) including native copper, primary and oxide oretypes increasing and crushing of primary and oxide copper ore underway in the DSO crushing circuit

Below the high-grade oxide ore in LM1 (east extension), the upper zones of extremely high-grade primary copper mineralisation (chalcopyrite) associated with wide zones of massive and soft sooty chalcocite, were

recently accessed just 10m from surface.

Exporting of the blended DSO product will commence once enough ore has been stockpiled for continuous batch-processing - crushing recently commenced.

Also, in the next 6 weeks the LM1 Pit is expected to reach some of the highest grade zones within the block model, from which significant DSO is expected to be mined.

Rocklands Process Plant shaping up as one of the most sophisticated in Australia

The Rocklands Process Plant is designed to process 3 million tonnes per annum of ore and will concurrently produce six mineral products in five separate circuits;

Copper - cobalt - gold - magnetite - pyrite (sulphur)

The above end-products will be shipped in four final concentrates;

- **Coarse and Fine Native Cu metal (+/- Au credits)**
- **Copper sulphide / Oxide concentrate (+ Au credit, +/- Ag credits)**
- **Pyrite / Cobalt Concentrate (+ sulphur credits, +/- Ag credits)**
- **Magnetite Concentrate (to specification suitable for coal washeries or metallurgical)**

Figure 14: Blast-hole drilling in LM1 - three rigs are currently active in the LM1 pit

Figure 15: Aerial view showing stage-1 LM1 Pit in the middle of the larger and final LM3 Pit outline. The edge of the stockpile area can be seen to the right.

Copper recovery is split into three distinct areas;

- **Primary Crushing Circuit to recover coarse native copper (+38mm) via scalping**
- **Gravity Circuit (jigs, spirals and tables) to recover sub 38mm native copper fraction, down to 0.2mm fine native copper**
- **Flotation to recover predominately copper sulphides (can also batch-process oxides) to a concentrate. Sub 0.2mm native copper fraction will float.**

Other metals to be concurrently recovered via;

- **Flotation to recover cobalt in a pyrite concentrate**
- **Magnetic separation to recover magnetite from gangue (waste) from the flotation process on its way to the tailings waste.**

Figure 16: Gravity Thickener with Ball Mill in background

Process Plant construction on track - civils and installation complete on major plant components

Civils and installation have been completed, or are near completion for;

- HPGR unit and infrastructure installed
- Ball Mill unit installed
- Scrubber unit installed
- Jigging Process area, currently installing jigs, screens and pump boxes
- Tabling Area - currently erecting steel structure
- Spirals installed

Figure 17: Spirals for removing fine native copper - part of the Gravity Circuit

- Gravity thickener - unit installed
- Tails Thickener - unit installed (ground slab still to be completed)
- Flotation Area - completing suspended slabs for tanks
- Concentrate thickeners x3 - installed
- Concentrate filters – currently installing foundation footings
- Power House – generators installed, currently installing control room, fuel lines etc.

Last remaining major infrastructure

The last remaining major piece of infrastructure to be constructed is the Tailings Storage Facility (TSF), where preliminary ground clearance and strip-back has been completed.

Water infrastructure, including transfer piping networks, to aid construction has been completed.

Major earth-moving and construction is planned to commence in April and is expected to be completed in time for wet commissioning of the Process Plant in the last half of the year.

Minor civils and infrastructure still ongoing includes;

- Reagent Mixing area
- Lime storage area

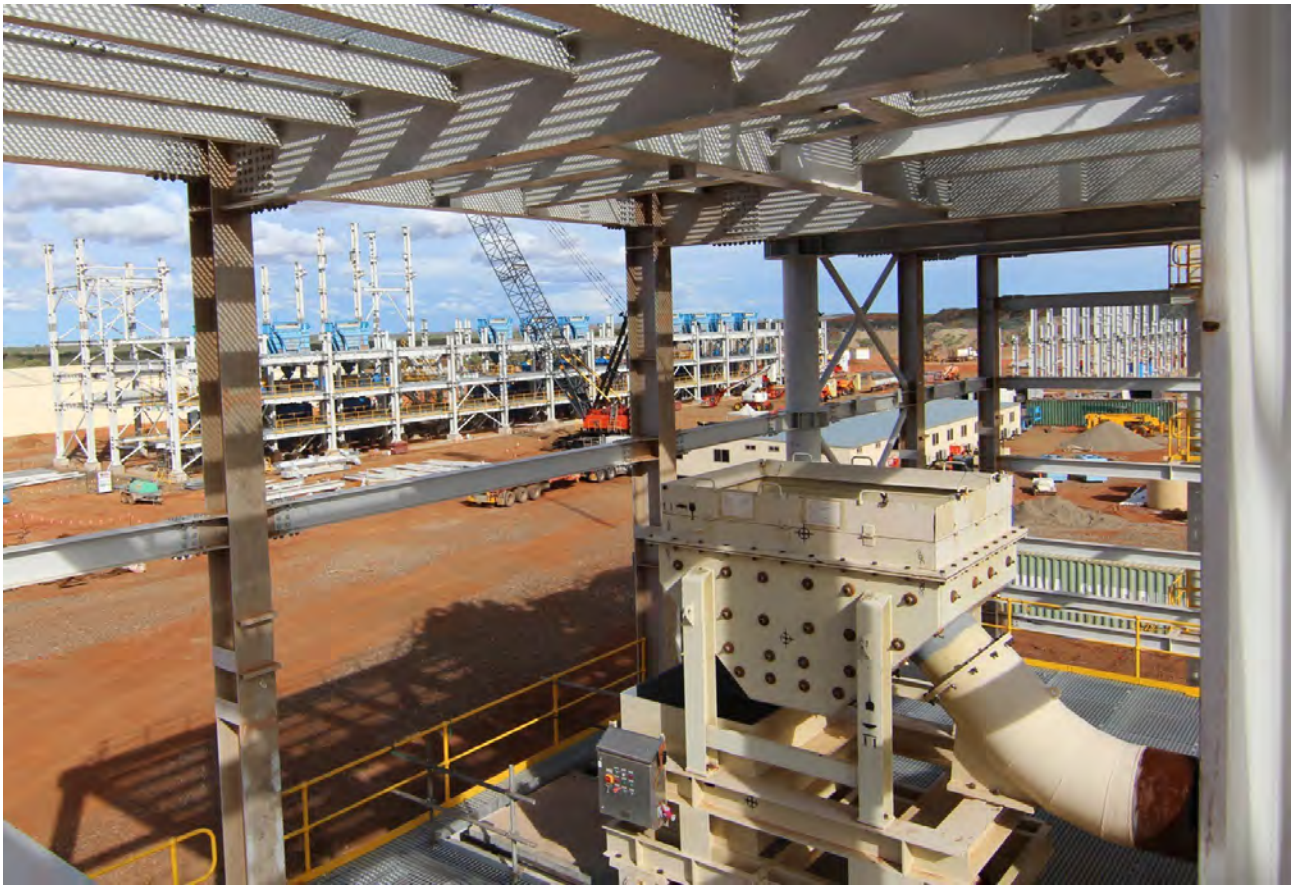


Figure 18: Gravity Jig Building in the background, viewed from the Ball Mill Structure.

Figure 19: Gravity Jig Building will stand 37m high when completed (left) Mineral Processing Control Room and Office Complex (middle) and Gravity Thickener (right)

- Flotation compressor area.
- Concentrate filtration (x3)
- Concentrate storage sheds (x3)
- Stockpile tunnel
- Conveyor footings
- Pipe rack footings
- Tailing Storage Facility (TSF) pipeline

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Figure 20: High Pressure Grinding Rolls (HPGR) Surge Bin - at 8m x 10m in footprint, it posed a challenge to ship from Townsville.

Figure 21: View from the top of the Ball Mill of the Gravity Jig Building in background and Mineral Processing Control Room and Office Complex to the right

Figure 22 (left to right): Flotation Cells (copper), Concentrate Thickener, Flotation Cells (Pyrite), Ball Mill & Scrubber (background) and another Concentrate Thickener (right)

Figure 23: Aerial view of the Process Plant

Figure 24: Gravity Thickener (foreground) and Ball Mill in the Background

Figure 25: Cummins Power Station cooling system

Figure 26: Cummins Power Station - generators installed

Figure 27: Gravity Jig Building (top image); Thickeners (foreground), Flotation cells (middlle distance) and Jig building (far right background) (middle Image) and; Crushing Circuit (foreground) Gravity Thickener, Ball Mill, Power Station and Flotation Cells (left to right middle distance).

Figure 28: Scrubber Building being erected around the scrubber (top); Gravity Jig Building (middle) and; Vertical Regrind Mills (re-grid circuit for cobalt and magnetite)

Figure 29: Gravity Jig Building - capable of processing 3mtpa and is the largest continuous gravity jig in the world.

Chairman's Comments

In spite of a few delays due to the Company choosing not to pay exorbitant contract rates just to speed things along, the Process Plant is now starting to become recognisable as key major components are installed and associated infrastructure completed.

We are beginning to see the light at the end of the tunnel.

The Rocklands Process Plant will be one of the most sophisticated in Australia, capable of processing ore at the rate of 3 million tonnes per annum, concurrently producing seven mineral products;

copper - cobalt - gold (+/- silver) - magnetite - pyrite (+sulphur)

The above end-products will be shipped in four final concentrate types;

- **Coarse and Fine Native Cu metal (+/- Au credits)**
- **Copper sulphide / Oxide concentrate (+ Au credit, +/- Ag credits)**
- **Pyrite / Cobalt Concentrate (+ pyrite/sulphur credits, +/- Au & Ag credits)**
- **Magnetite Concentrate (to specification suitable for coal washeries or metallurgical)**

Whilst the plant continues to be constructed, the Jaw and Rolls crushers at the main crushing circuit are available to be used for crushing of high-grade native copper ore, generating interim Direct Shipping Ore (DSO) products. The Mobile crusher will concurrently crush chalcopyrite/oxide DSO, which has already commenced.

Figure 30: At just 12m from surface and more than 2m into the top of the primary ore at Las Minerale (east end), DSO is being mined and stockpiled prior to crushing for planned shipments to Chinese buyers - considerable interest exists for Rocklands ore.

Planned DSO products include;

1. **Scalped native copper** (scalped from crushing circuit) in very high-grade native copper only concentrate (anticipated ~70-90% Cu). Native copper fractions too small to be scalped on the crusher screens will be separated from the rock using the Steinert ISS Ore Sorter
2. **Crushed multi-species DSO** product including mostly smaller coarse native copper, native copper in rock matrix, cuprite and chalcocite (anticipated ~20-25% Cu) will be produced via crushing and processing through the Steinert ISS Ore Sorter
3. **Crushed supergene DSO** product dominated by native copper and chalcocite (~25% Cu) straight from the pit, via selective mining of high-grade supergene ore
4. **Crushed primary DSO** dominated by chalcopyrite with minor chalcocite, bornite and oxides (~20% Cu) straight from the pit, via selective mining of high-grade primary ore

Update on Crushing Circuit

Both the primary and tertiary crushers are fully operational.

Experience lead to an early decision to complete the Crushing Circuit long before it would be required by the process plant...it has turned out to be a prophetic decision.

Completion of the Rocklands Crushing Circuit took longer than anticipated, partly due to the need to conduct rectification work during the commissioning process. The contractor for the primary and tertiary crushing circuit did not complete the works under the terms of the contract to the satisfaction of CuDeco.

Additionally the contractor installed sections of the crusher that did not meet Australian Standard or QLD Mines Department Regulatory mechanical, lifting and electrical standards.

Figure 31: Example of chalcocite rich clays co-mingled with chalcopyrite and resembling the consistency of soil, with copper grades ranging between 24-56% Cu from 30 random XRF spot-checks in the pit.

Rectification work was incorporated into the commissioning process and has now been completed.

Final design specification commissioning is now underway and will be followed by planned crushing and scalping of coarse native copper DSO product, expected to commence in the coming days.

The company has instituted litigation against the contractor for the primary and tertiary crushing circuit and is seeking costs, damages and losses for breach of contract in relation to the static crushing circuit and other matters associated with the crusher. The company expects to increase the claim against the contractor once comprehensive analysis of all costs, damages and losses have been completed.

Rectification work to the crushing circuit was completed in-house by CuDeco and by third party consultants and contractors engaged by CuDeco.

Crushing of primary and oxide DSO copper ore types is already underway using the Company's mobile crushing circuit, which was partially designed for this purpose and can operate at up to 160 tonnes per hour.

On behalf of the board.

- ends

Competent Person Statement

Information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Andrew Day. Mr Day is employed by Geoday Pty Ltd, an entity engaged by Cudeco to provide independent consulting services. Mr Day has a BAppSc (Hons) in geology and is a Member of the Australian Institute of Mining and Metallurgy (Member #303598). Mr Day has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Day consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

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

Rocklands style mineralisation

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

Hand-held X-ray Fluorescence (XRF) Analysis

Hand-held XRF typically analyses a single point area of just 7-10mm in diameter, and is used to determine the composition of unidentified minerals during geological logging (particularly useful in identifying potential telluride minerals at Wilgar, which can be difficult to visually distinguish). It is important to note that selective point analysis is not suitable for determining average sample grade without first ensuring the area being tested is representative. This usually requires the sample to be crushed/pulverised, from which a homogenous and representative fraction can be selected for analysis. Analysis is completed with an Innovx Delta Premium hand-held XRF, which uses a Au/Ta anode x-ray tube and silicon drift detector. A measurement time of 30 seconds each for transition metals and heavy elements (beams 1 and 2, respectively) was used, in Mining Mode, for a total read time of 60 seconds for each sample.

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.*