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LAND



ROCK LANDS

COPPER PROJECT



Annual Report 2010 CuDeco Limited

ABN 14 000 317 251





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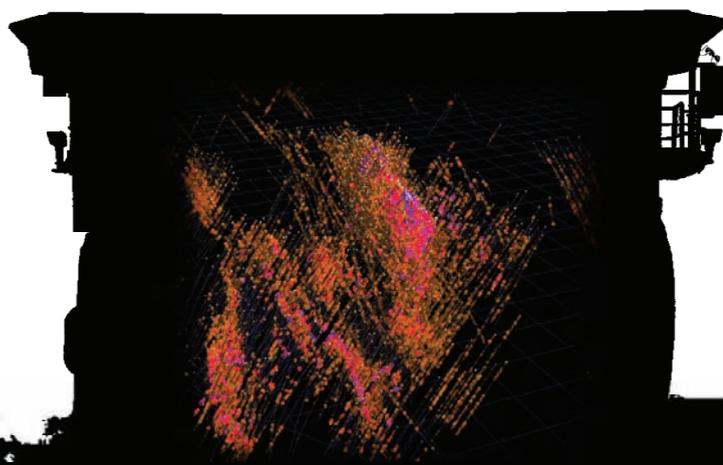
CuDeco Limited

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Annual Report 2010

Contents

Section 1	Page
Corporate Directory	3
Chairman's Report	4-30
Section 2	
Review of Operations	32-49
Directors' Report	50-60
Auditor's Independence Declaration	61
Consolidated Statement of Comprehensive Income	62
Consolidated Balance Sheet	63
Consolidated Statement of Changes in Equity	64
Consolidated Statement of Cash Flows	65
Notes to the Financial Statements	66-90
Directors' Declaration	91
Independent Auditor's Report	92-93
Corporate Governance Statement	94-99
Shareholder Information	100-101
Section 3	
Drill Hole Collar Location Table	104
Miscellaneous images	105-108





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Contents

Section 1	Page
Corporate Directory	3
Chairman's Report	4-30
Section 2	
Review of Operations	32-49
Directors' Report	50-60
Auditor's Independence Declaration	61
Consolidated Statement of Comprehensive Income	62
Consolidated Balance Sheet	63
Consolidated Statement of Changes in Equity	64
Consolidated Statement of Cash Flows	65
Notes to the Financial Statements	66-90
Directors' Declaration	91
Independent Auditor's Report	92-93
Corporate Governance Statement	94-99
Shareholder Information	100-101
Section 3	
Drill Hole Collar Location Table	104
Miscellaneous images	105-108





ROCK LANDS

COPPER PROJECT



Corporate Directory

DIRECTORS

Wayne McCrae
Peter Hutchison
Paul Keran
Gerry Lambert
David Taylor

COMPANY SECRETARY

Lisa Rowe

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Brisbane Queensland 4001

SHARE REGISTRY

Advanced Share Registry Services
150 Stirling Highway
Nedlands Western Australia 6009

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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



Introduction

The Rocklands Group Copper Project is located approximately 15km west of the major regional township of Cloncurry in North West Queensland, Australia, is close to essential infrastructure, and remains the primary focus of the company.

The Rocklands tenement has an abundant underground water supply, which will comfortably sustain a 3mtpa copper treatment plant. However, if more water is required, the Company has the option of tapping into the state owned Lake Julius water pipeline, which supplies the Ernest Henry copper mine. This would facilitate an operation up to a 15mtpa throughput if needed.

Discovered in early 2006, Las Minerale is the richest and largest of a swarm of tightly clustered orebodies at Rocklands, which are located within an area of approximately 2000m long x 800m in width. Two additional satellite deposits are within 2km of the main orebody cluster, with the closest just 600m away. The main mineralised zone, which has been the subject of a high density drilling campaign over the last 4 years, sits within a more widely mineralised corridor approximately 5km long and up to 1km wide, which traverses the Company's Cloncurry Exploration Permit (EPM 13049).

To date, mineralisation has been encountered to



Fig 1: Map of Queensland, Australia, highlighting the outback regional centre of Cloncurry

depths of 650m from surface within the main mineralised zone, and extensions both along strike and down-dip remain to be tested in many areas.

Future programmes will target extensions along strike and down-dip of existing orebodies, in the search for

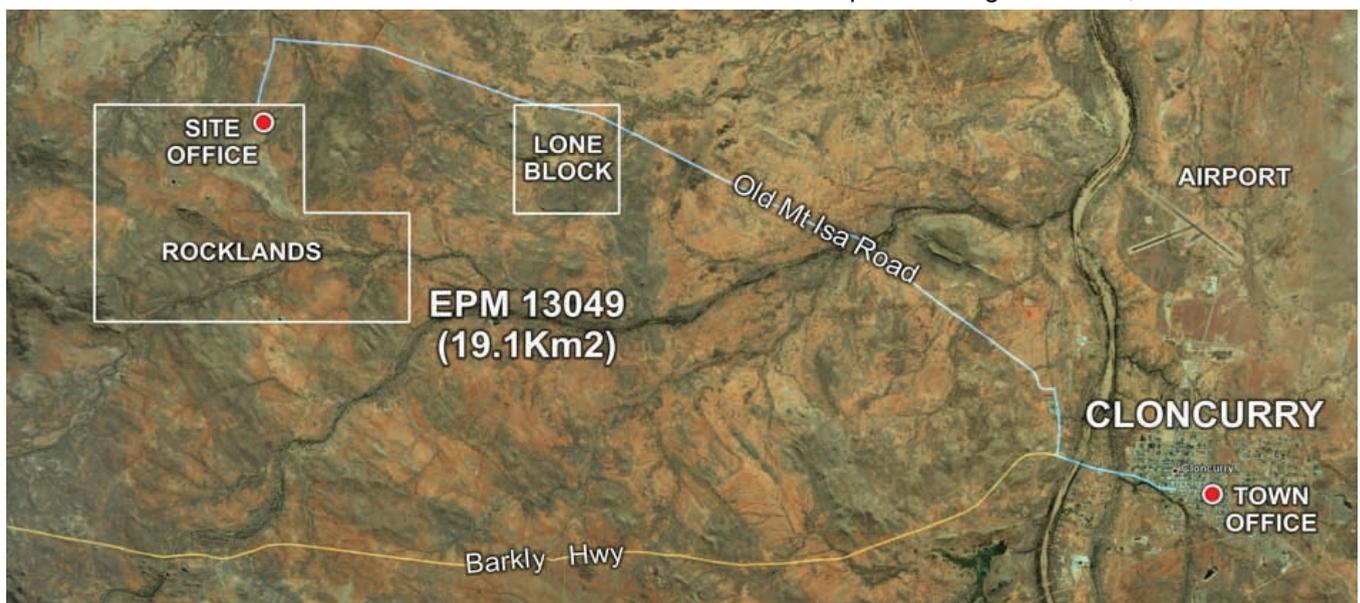


Fig 2: EPM13049, approx. 15km west of the Queensland regional township of Cloncurry. The Cloncurry Airport can be seen north of the town.



extensions to existing mineralisation, new zones of mineralisation and a potential mineralised resource at depth.

Meanwhile, the Company's major focus remains on progressing the Rocklands Group Copper Project to first production and cash-flow, and to this end the company has achieved many significant milestones.

History

Historic records suggest the first mining activity at the Rocklands Project site took place in the early 1900's, with several high-grade, but small scale mining operations. One of the highest-grade operations was the Double Oxide Prospect, which ceased in 1990. Approximately 390 tonnes of copper metal was extracted from just 890 tonnes of ore (average grade of 44% Cu). A number of other deposits within the Rocklands Tenement also produced high grade copper, including Rainden Prospect, where copper ore was produced with an average grade of 30%.

The general area around Rocklands had been of interest to me and my fellow director Tim Koitka (now deceased), from as early as 1985, at which time we visited a small mining operation known as the Double Oxide Copper Mine (renamed Rocklands South). At the time it was being worked by a couple of local miners who were happily extracting high grade native copper metal from a small shaft.

Their treatment plant consisted of a basic rolls crusher, which crushed the rock prior to being fed into a large cement mixer which would free the native copper from the waste rock. The copper metal was then separated from the waste using a vibrating gravity method of recovery known as a Wilfley table. The native copper was then smelted on site in a diesel fired furnace.

During our visit, we offered a joint venture arrangement to the owners, with the view to up-scaling the plant and increasing production, but little interest was shown by the owners.

The property was visited over the years by other mining companies, many of whom carried out small scale exploration, primarily looking for oxide copper ore. Rio Tinto (then CRA), visited the site in 1992 and described the area as a potential host of a large scale



Fig 3: Historic equipment left behind at the old Double Oxide Mine; feed conveyor to large cement mixer style tumbling unit, which was used to separate native copper from the fresh rock that was crushed in the grinding rolls drum in the background..

copper deposit, but were also unable to secure a deal with the owners.

Over the ensuing years the copper price fell and operations eventually ceased at Double Oxide. The mine was abandoned and ownership passed on to a third party who later added approx 18 Square Kilometres of ground around the Double Oxide mine. By chance, Tim was informed that the property might be for sale and a meeting was held to successfully negotiate a deal with the owners to add the property to the Company's assets.

Cudoco Acquires the Double Oxide EPM

CuDeco commenced its first exploration programme on the old Double Oxide Mine site (a shallow bedrock drill programme), in November 2005, with the aim of discovering shallow copper oxide ore to supplement its Mt Norma Copper Sulphate Production facility. Whilst initial drilling was highly successful, it was at that time

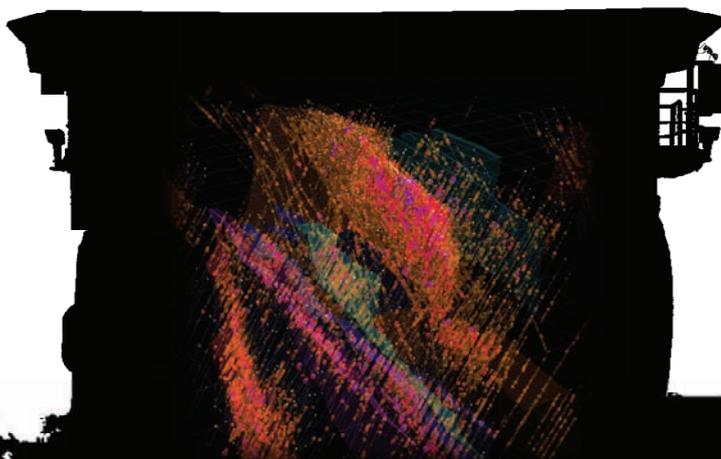




Fig 4: One of the earliest holes at Rocklands to target Las Minerale

limited to the Double Oxide ore zone, (now called Rocklands South).

During a reconnaissance walkabout to the north-west of the Double Oxide area, old shafts and workings were found in the dense scrub, later identified from Mines Department records as the 'White Christmas' shaft and 'Alex No 2' workings. Surface copper in the form of malachite was discovered in and around the area, which prompted the Company to excavate a costean (trench), some 30m long, 1m wide and 3m deep. The costean exposed a 9m long zone of sub-surface copper minerals in the form of malachite and azurite.

On the back of limited exploration activity in this new area, it was decided to simply line up the adjacent White Christmas shaft with the Alex No 2 workings (which gave a compass bearing of 310 degrees north), and drill this arbitrarily projected zone as a potential new target.

The first hole intersected high grade copper mineralisation in the form of copper oxide and native copper, and the second deeper hole intersected

sulphide mineralisation in the form of chalcopyrite and chalcocite (both high grade copper minerals).

These two holes were company makers for Cudeco (then known as Australian Mining Investments), and heralded the discovery of a major new mineral resource for the country.

Updated Joint Ore Reserves Committee (JORC) Compliant Resource Estimate

A new resource estimate to JORC guidelines was announced in August 2010, based on almost 270,000 metres of drilling data collected since those first two discovery holes.

The previously reported inferred resource (estimated in 2006), of 531,000 tonnes of copper equivalent metal was virtually doubled to 1,030,000 tonnes of contained copper metal equivalent, based on a 0.15% Cu Eq cut-off.

The resource update also included a measured and indicated resource of 30.9 Mt at 1.24% CuEq, which supports the business case that is the basis for the company's Environmental Impact Statement (EIS). The EIS is required for the granting of a Mining Lease and to satisfy financing requirements for the Rocklands Copper Group Project. The EIS includes engineering and geotechnical design, and layout for infrastructure, including roads, water management, waste-rock dumps and tailings dam, to support mining of 30Mt of ore and approximately 90Mt of associated waste-rock over a 10-year term.



Fig 5: Solid native copper nuggets as straight from the PQ metallurgical diamond drill core.

ROCKLANDS

COPPER PROJECT

The Resource Estimate also highlighted a much larger resource of 245mt @ 0.42% Cu Eq, which includes a measured and indicated resource of 157mt @ 0.56% Cu Eq, demonstrating the potential for an up-scaling of the project should future expansion be considered, subject to all relevant approvals, which would include a new EIS submission. Any upside studies in the future would depend on the copper price and future feasibility studies.

Key Advantages of the Rocklands Copper Project

Depth of ore; Rocklands mineralisation commences at surface.

Mining costs; the strip ratio of "waste to ore" is very low at less than 3:1 for the life of mine and less than 2:1 during the first 4 years of a 10 year (30mt) mining model.

An independent mining and processing study by AMDAD and Lycopodium has indicated a total mining cost of just **\$3.40** per tonne and processing costs of just **\$14.07** per tonne, placing Rocklands in the lower percentile cost curve.

Shallow native copper zone; initial production will focus on the high grade native copper zone in central Las Minerale and Rocklands South, where a quick, low-cost path to production is expected to kick off early cash-flow.

Transport; Rocklands will have a bitumen road to the site by the end of 2011, in a deal struck with the Cloncurry Shire Council. Originally earmarked for the end of 2010, the project has been delayed due to changes in council expenditure priorities on the back of the recent Queensland flooding.

Council surveyors have recently completed preliminary studies.

Market access; the Rocklands site is located only 15km from the Cloncurry township and rail spur.

The Company has successfully negotiated with the Townsville Port Authority for access to an offloading area at the Townsville Port, completing the requirements of rail access to export markets.

Power access; the state grid is just 7km from



Fig 6: CuDeco's Logistical Manager, John Green and Port of Townsville's CEO, Barry Holden

Rocklands.

Smelter facilities; Mt Isa Copper smelter is only 90km to the west of Rocklands, accessible via an all weather, heavy traffic bitumen road.

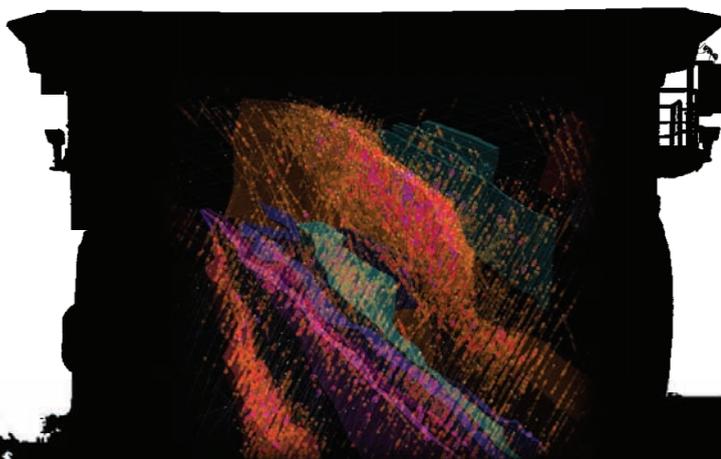
Metallurgy; test-work, including bulk-sample processed through Pilot Plant, indicates metal recoveries are high. The bulk-sample returned an indicative head grade of 4.37% Cu.

There are no deleterious elements associated with Rocklands ore.

Pit optimisation; mineralisation at Rocklands consists of multiple orebodies that strike parallel and in close proximity to each other.

Other infrastructure; the township of Cloncurry has its own airport, fully staffed with lounge facilities and serviced by QANTAS.

The proximity of Rocklands to Cloncurry, a major Queensland regional town, negates the need for an expensive, project specific accommodation camp to be built to house the work force. A policy of encouraging locally based staff will also be



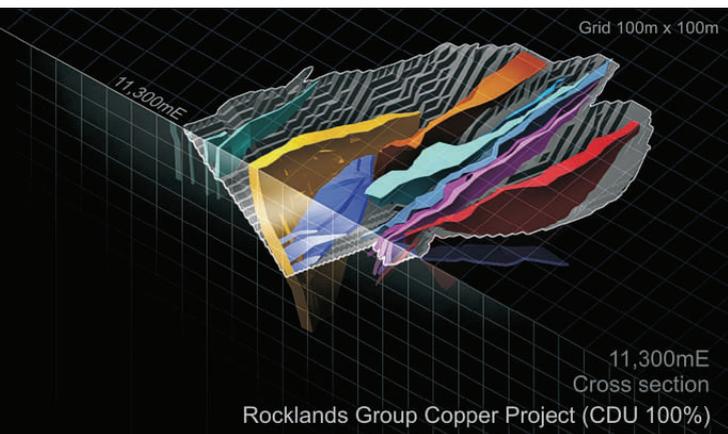


Fig 7: 3D model cut-away based on the largest of the initial Pit Optimisation studies

encouraged, further avoiding the high costs of a fly-in-fly-out work force.

Native Title and Heritage Agreement; all documents for native title agreements and clearance over the Cudoco Rocklands Group Copper Project have been completed under “Deed of Grant under Section 31 of the Commonwealth Native Title Act”, and signed by the relevant Queensland Government Minister.

Three key metals;

Copper; expected to be in short supply when production is at its peak.

Cobalt; has proven to be easily recovered at Rocklands and will be an extremely valuable by-product as a pyrite concentrate. Sulfuric acid producers have also indicated they are prepared to pay a significant credit for the pyrite.

Gold; recently hitting record prices and will also be a valuable by-product at Rocklands.

Time Table and Timeframes

Assuming everything falls into place and assuming we are granted our Mining Lease by the end of 2010 or early 2011, internal planning indicates commissioning and first concentrate delivery can be achieved by mid 2012.

On this basis, plant construction is expected to start in mid to late 2011, with early strip back and initial mining activities to follow shortly afterwards. These dates are

based on timeframes achievable by CuDeco, however at the end of the day we are at the mercy of the relevant authorities and state approval process.

Major Milestones

We have come a long way since the first discovery holes in 2006, and have achieved many significant goals over this period...none better perhaps than weathering the difficulties of the global financial crisis by aggressively acquiring various mining equipment from those who did not fare so well during this time.

We are edging ever closer to mining and now await just a few key milestones, such as the acceptance of our Environmental Impact Statement (EIS) and following this, final approval for our Mining Lease Application (MLA), both of which are expected in the coming months.

For a relatively small Company in 2006, with just one drill rig and a small exploration programme, a lot has been achieved in a relatively short period of time.

Major Exploration and Drilling Programme

Over 270,000 metres drilled, and multiple orebodies discovered, many of which remain open in several directions.

Significant geophysics database compiled, with good regional knowledge developed and many targets identified yet to be tested.

Significant multi-element IOCG target at Wilgar, with high grade gold, silver, molybdenum, uranium,



Fig 8: RC rig in a field of sample bags from previous drilling.



tellurium and selenium intersected.

Major radiometric anomaly identified to the south-west of the EPM, corresponding with a large-scale geophysics target (Induced Polarisation), which remains to be tested.

Native Title and Heritage Agreement

All agreements have been completed and signed off by all relevant parties including the State and Federal Regulatory Authorities in mid 2009.

The signing by the relevant Queensland Government Minister of the "Deed of Grant under Section 31 of the Commonwealth Native Title Act", incorporating the Ancillary (Native Title Compensation) Agreement and CHMP, completes all requirements that need to be met for the granting of the Mining Leases (ML 90177 and ML 90188), for the project to proceed.



Fig 9: solid native copper in PQ (85mm), metallurgical diamond drill core.

Mining Lease Application

Mining Lease Applications (MLA) was lodged with the Queensland Dept of Mines in August 2006. The MLA's blanket the entire EPM13049, that makes up the Rocklands Group Copper Project near Cloncurry in NW Queensland.

One of the final (and key) requirements for grant of a mining lease, being a Draft Environmental Impact Statement (EIS) has been lodged.

The MLA is for a period of 40 years.

Environmental Impact Statement (EIS)

During 2009, the company's Environmental Consultants, Australasian Pacific Environmental Consultants (APEC) Pty Ltd, lodged the EIS for the Rocklands Copper Project, with the Queensland Department of Environment and Resource Management.

The EIS is the final report to be lodged with the Queensland Government prior to granting of the Mining Lease Application over the EPM's that incorporate the Rocklands Group Copper Project near Cloncurry NW Qld.

The Company lodged its Terms of Reference to the Qld Government in mid 2006 and lodged the EIS for approval in November 2009. The Qld Government requested some additional information and minor changes in the first half of 2010, including a requirement for European Heritage Survey and other detailed studies not normally required prior to design development. We eventually received a Notice of Decision to proceed with the EIS, which was followed by advertising for Public Comment.

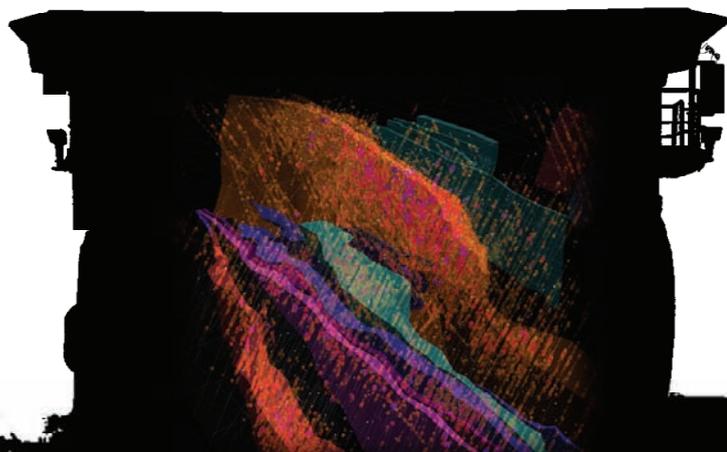
A successful conclusion is eagerly awaited.

Water Studies:

The EIS and DFS require a detailed water management plan.

The Company engaged Knight Piesold Pty Ltd to complete a study on the water requirements for the Rocklands Project. Preliminary results from test-work show that on a throughput of up to 3mtpa, sustainable management can be achieved.

An intensive water test programme will be carried out during the detailed design stage of the project.





Metallurgy

Metallurgical process development work has focused on developing sufficient design data to enable completion of the final process design in the current phase of the DFS. This includes bulk flotation and filtration test-work, and large-scale processing of native copper ore.

After completion of the majority of open-circuit flotation test-work, locked-cycle flotation circuit testing of

Rocklands Primary (chalcopyrite) Ores resulted in 95% copper recoveries at concentrate grades of over 30% Cu, and for Supergene chalcocite ore preliminary results gave copper recoveries of 95% at concentrate grades of over 45% Cu.

Samples have been collected and set aside for variability testing, to ensure consistent flotation performance from ore types across the length of the Las Minerale and Rocklands South orebodies, once optimum flotation conditions in the locked-cycle testing



Fig 10: Wide diameter PQ (85mm) metallurgical diamond core as it is retrieved from the drill string. Massive solid copper metal and chalcocite can be seen throughout. (Native copper contains 99.8% copper metal and chalcocite contains 79.85% copper metal).



is established. These samples will also be used to compile a bulk sample blend for testing bulk (unsegregated) ore performance.

Bulk sample test-work and metallurgical studies on representative samples of native copper ore were completed at Ammtec Ltd in Western Australia. The aim of this work was for fine-tuning processes to achieve maximum recoveries and processing efficiencies for the Rocklands process plant. Any additional test-work is expected to be only for “fine-tuning” purposes, and will be undertaken during the final design phase. The results from the test-work

Metallurgical Drilling

As part of the ongoing Definitive Feasibility Study (DFS) for the Rocklands Group Copper Project, a series of wide diameter PQ diamond core (85mm diameter), were drilled for use in various metallurgical studies and to upscale ongoing test-work to help ensure the process design delivers maximum recovery.

Holes were drilled at various locations along the 600m strike length of the Las Minerale Bonanza zone where holes such as DODH017 intersected 76m @ 8.18% Cu Eq (*market release 24th September 2009*).



Fig 11: Approximately 1.2m length of wide-diameter PQ (85mm) metallurgical diamond core DODH073, as it is retrieved from the drill string. Massive solid copper metal and chalcocite can be seen throughout. (Native copper contains 99.8% copper metal and chalcocite contains 79.85% copper metal).

have shown recoveries to be in line with, or better than industry average.

This work confirmed the ability to produce a clean native copper concentrate.

Additional sample material has been collected from the native copper zone to undertake a large-scale HPGR pilot test. Following completion of the final phase of work, the process design will be finalised.

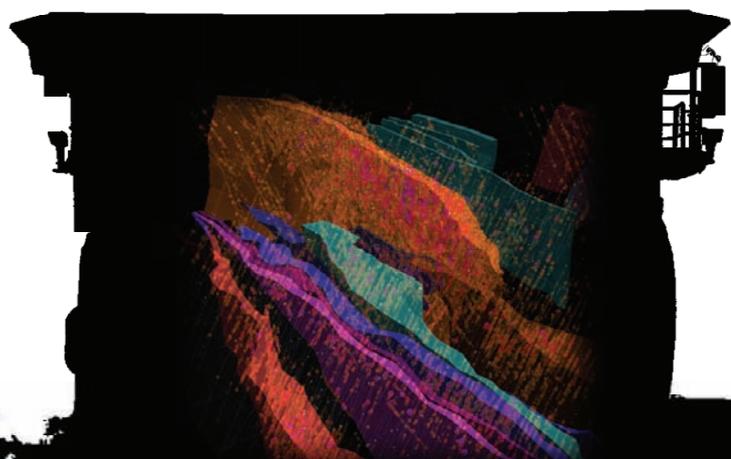
CuDeco’s preliminary hydrometallurgical programme, evaluating recovery of cobalt and copper from the oxide ore, has reached a point where external laboratories are being asked for proposals to carry this work forward through the final test phase, which requires specialised equipment not available to CuDeco’s on-site laboratory.

A total of eight laboratories and research facilities are currently contributing to the metallurgical test-work programme for Rocklands ore.

Bulk Sample Programme

Pilot-Scale test-work from bulk-size samples of representative native copper supergene ore, with an average head grade of 4.37% Cu (3.38% Native Cu metal), using High Pressure Grinding Rolls (HPGR) technology and a range of physical separation techniques, was completed in S.A. and W.A.

This was followed up with testing on a plant-size HPGR in W.A. and subsequent processing steps through to flotation to produce a clean native copper nugget concentrate with a copper recovery of 95%.



Definitive Feasibility Study (DFS)

The DFS has entered its final phases, and Sinosteel Equipment and Engineering Co Ltd (Sinosteel) has been commissioned to undertake basic engineering design in Beijing and Cloncurry.

Lycopodium Ltd, one of the largest and most respected metallurgical, design and process engineering consultants in the southern hemisphere, has been engaged to carry out a Definitive Feasibility Study (DFS), on the Rocklands Copper Project, on behalf of CuDeco.

Based on a nameplate 3mtpa ore throughput, Lycopodium is responsible for design of the Metallurgical Process Plant and Services, and is working in concert with Knight Piesold Pty Ltd who will advise on all geotechnical and hydro-geological design work.

Lycopodium will be working closely with the Company's mining engineers to incorporate an efficient mine plan into the project design.

Geotechnical Assessment

With the majority of the geotech work completed, design is underway for the final pit dewatering tests, and evaluation of data for undertaking final pit-wall stability analysis.

Layouts of waste-rock dumps and other site infrastructure has been completed for the final design phase.

Mining Cost Study

A Mining and Processing study conducted by Independent Metallurgical Companies Lycopodium Minerals and Mining, and Engineering Consultants AMDAD Pty Ltd, has determined the mining and processing costs for the initial 30 million tonnes (mt), of ore to be mined at Rocklands, at a rate of 3 million tonnes per annum, for the first ten years of operation as follows;

Total Mining Costs for Life of Mine (LOM);
\$3.40 / tonne

Total Processing Costs (per tonne of ore);
\$14.07 / tonne

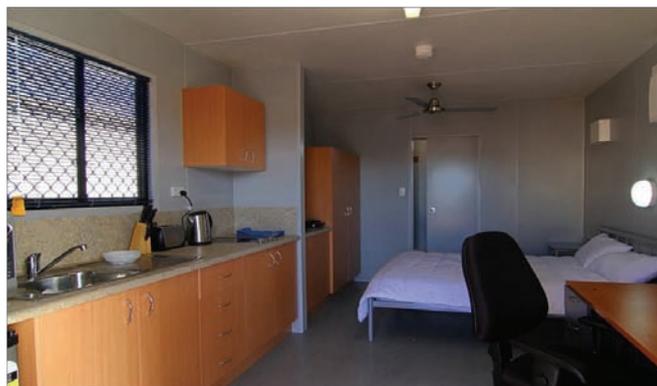


Fig 12: Interior of one of the 20 Project Personnel Accommodation Cabins at the Cloncurry Office Complex.

Accommodation and Technical Office

The Company has designed, applied for and now received approval from the Cloncurry Shire Council for a 200-man camp to be located in the Cloncurry township, to cater for the construction phase of the project.

In addition to the 200-man accommodation camp the Company has also completed the construction of a 40-man technical office complex, also located in the township of Cloncurry. This facility will house the technical team which consists of the mining and metallurgical processing design professionals who will be involved in the development of the Rocklands Copper project.

The technical office complex is also supported by 20 fully self contained cabins.



Fig 13: Interior (Reception) of Project Personnel Office complex in Cloncurry prior to commissioning.

ROCKLANDS

COPPER PROJECT

The Company believes that by incorporating a non fly in-fly out policy, combined with the construction of a 200-man camp within the township of Cloncurry, and associated savings in fuel, housing, electrical and transport, and the removal of the sort of premiums normally paid when engaging remote contracting services, that significant costs savings of up to \$150m over a 5 year period will be achieved in comparison to typical remote area mining projects in outback Australia.

Earthmoving and Mining Equipment

The Company has acquired the majority of the earthmoving equipment and support equipment required for mining operations at Rocklands. The company will contract out mining operations at Rocklands and will shortly call for contractors to tender for mining and delivery of ore to the process plant, using only CuDeco equipment and machinery. The contractors will be responsible for the upkeep and maintenance of all equipment.

All but one Komatsu dump truck remains to be delivered to site, which will complete the entire mining fleet for Rocklands. The recent model, used mining fleet, consists of 7 (up to 200 tonne), Hitachi late model excavators and 16 Komatsu dump trucks.

Other associated equipment includes dozers, water trucks, graders, service trucks, drill and blast equipment and loaders, and have a combined new value of over \$40m. The equipment is already located on site and is owned 100% by CuDeco Ltd.

In preparation for mining, all units are being brought up to "mine specification" standard, prior to final certification.

Kerosene Claim resolved, with cash settlement of \$650,000 in favour of Cudeco

CuDeco was successful in reaching an acceptable settlement with GSB Chemicals Pty Ltd over the supply of a substituted kerosene product to its Mt Norma operations in December 2005.

The settlement agreed between the parties was a cash settlement of \$650,000 in favour of Cudeco Ltd

Admission to ASX 200

During the year, CuDeco commenced trading as a Standard and Poors ASX 200 inclusion, which became



Fig 14: Port of Townsville Development Plan (2010 - 2040) with existing and proposed infrastructure shown.

Transport and Rail Spur and Storage Facility in Cloncurry

The Company has engaged with Queensland Rail, ARG and road transport operators to transport the concentrates from the Rocklands Project to the Port of Townsville. An agreement has been completed on a rail spur, loading and storage facility for the loading of mineral copper and cobalt concentrates from the Rocklands Process facility.

Townsville Port Facilities

The Company has successfully negotiated an area at the Townsville Port with the Townsville Port Authority. The design of the offloading facility, the storage, handling and loading facilities are in the hands of our engineers, who will design the appropriate facility for CuDeco. We have allocated a budget of approx \$15m

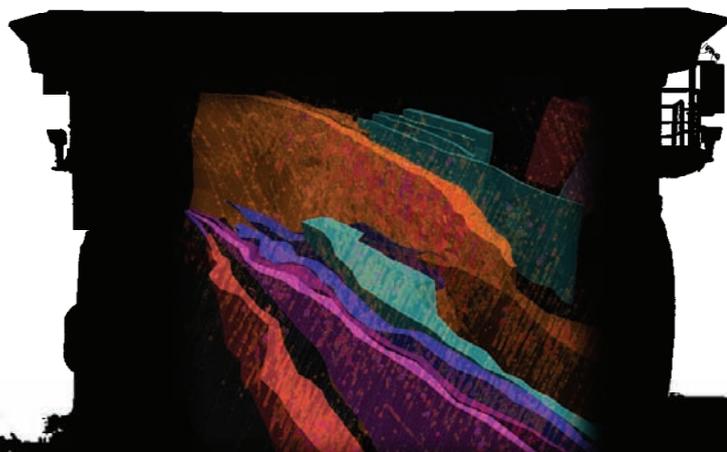




Fig 15: Korean visitors inspect wide diameter PQ (85mm) metallurgical diamond core DODH073 as it is retrieved from the drill string late last year, revealing massive solid copper metal and chalcocite throughout. (Native copper contains 99.8% copper metal and chalcocite contains 79.85% copper metal).

effective from the close of business on October 7, 2009.

Entry to the ASX200 gives the company a much wider market audience, both locally and internationally, and adds a potential new investor base from index centric investors, including some of the country's largest funds and investment institutions.

About Standard & Poor's Index Services

Standard & Poor's Index Services, the world's leading index provider, maintains a wide variety of investable and benchmark indices. Over \$1 trillion is directly indexed to Standard & Poor's family of indices.

About Standard & Poor's

Standard & Poor's, a subsidiary of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data.

Memorandum Of Understanding (MOU) Signed in Beijing

During the year Confidentiality Agreements were entered into with two of Mainland China's largest mining, fabrication, construction, metallurgical and process design enterprises, Sinosteel Equipment and Engineering Co Ltd (Sinosteel) and MCC Huaye Resources Development Co Ltd (MCC).

Discussions have progressed well with these groups and incorporate a review of the large amount of technical data and reports relating to metallurgical test-work completed by CuDeco's independent metallurgical laboratories and consultants. The scope

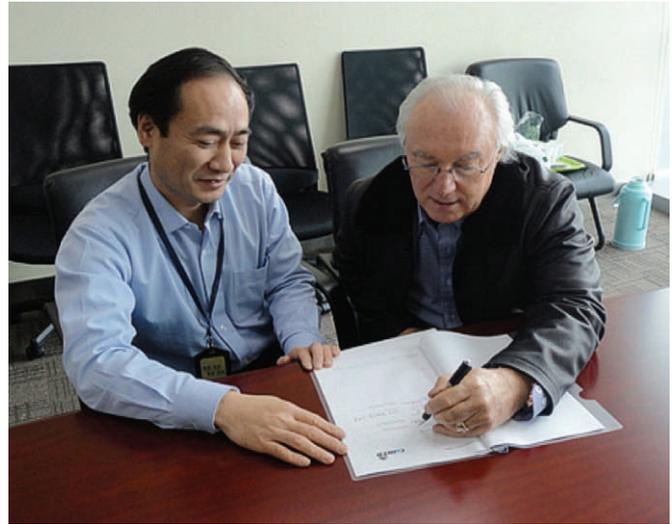


Fig 16: CuDeco Director Wayne McCrae and Sinosteel's, Mr Lifu

of review also includes preliminary process design data and flow sheets to enable these companies to prepare preliminary pricing for design and construction of the Rocklands plant.

A non-binding MOU was signed with Sinosteel and importantly, should the terms of the MOU carry through to a binding agreement, there would be no dilution of the Company's 100% ownership of the Rocklands Copper Project.

Our metallurgical team was in Perth during the pilot plant test-work and visited Sinosteel's South China facility early in 2010. The team travelled directly from Perth to China with the results and samples from the test-work to discuss and implement the ongoing arrangements we have with Sinosteel as per the MOU.

Key Personnel

The Company welcomed Mr Arthur Hunt, metallurgist and mechanical engineer, formerly holding senior technical and operational positions at BHP Billiton's



Fig 17: Metallurgical and structure targeted holes being drilled in central Las Minerale.



ROCKLANDS

COPPER PROJECT

Olympic Dam and Oz Minerals' Prominent Hill, to his appointment as Senior Technical Manager, Rocklands Group Copper Project.

The Directors welcomed Mr David Taylor BA LLB as an independent non-executive director to the CuDeco Board; also welcomed as an independent non-executive director was Mr Gerry Lambert who joined the Board following the resignation of Mr William (Bill) Cash.

Shallow bedrock drilling is ongoing as part of a wide Rocklands reconnaissance programme.

The infill programme targeted 11 key orebodies (see fig 18).

These zones were included in the Company's Resource Estimate (JORC compliant), released in August 2010.

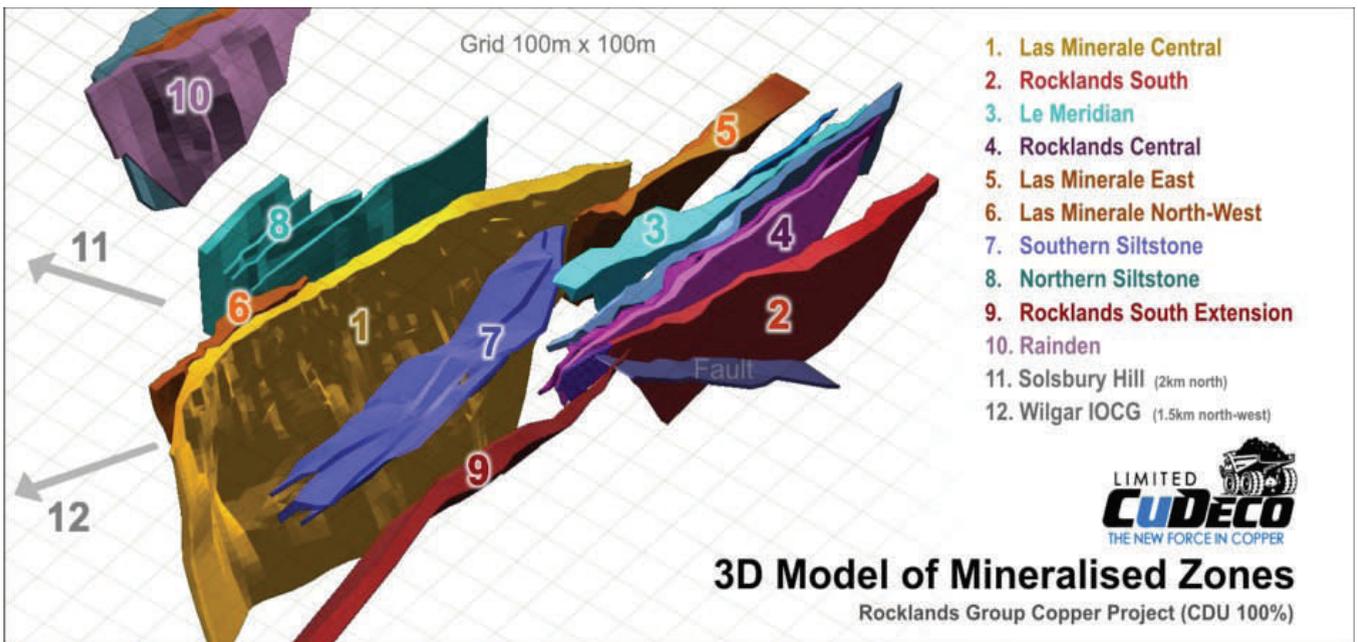


Fig 18: 3D solid model of the main cluster of Rocklands orebodies.

Exploration

Drilling and exploration reached the highest level of activity yet seen at Rocklands during late 2009, with up to 16 drill rigs in operation, 24 hour diamond drilling shifts, and a significantly expanded geological, field and support team.

The majority of drilling was focused on infill and resource drilling, metallurgical and grade control and specific structure targeted drilling programmes. Some 50 tonnes of PQ (85mm) diamond core, targeting a range of ore types, was required for metallurgical test-work and bulk testing on full size production equipment. Numerous geotech holes were also drilled in support of mining and engineering studies.

Apart from Solsbury Hill and Rainden, the above orebodies occur in a mineralised corridor approximately 800m in width, and over 2km in length, and strike parallel at +/- 310°N. This significantly mineralised corridor is expected to produce more mineralised zones with additional drilling, which will be a focus for future drilling programmes.

Exploration drilling on newly defined targets outside the

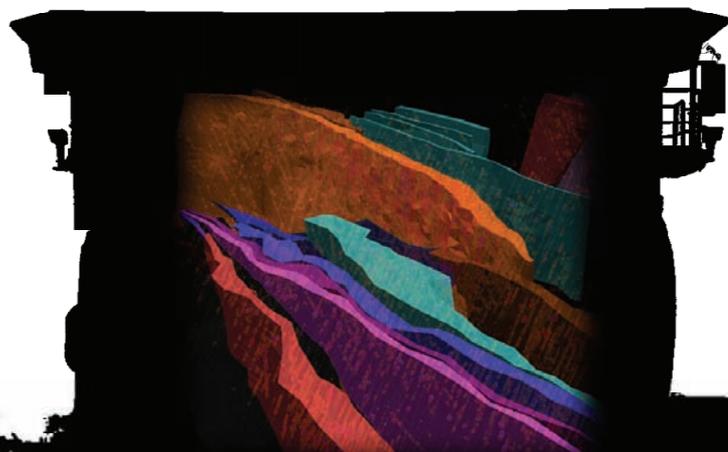




Fig 19: RC rig with drilling crew and field assistant preparing chip sample trays.

discovered zones over the last year has been relatively limited, making up only a small fraction of the total metres drilled during the period.

With the intensity of resource drilling easing towards the end of 2009 however, the geological team found some limited time to explore several areas of interest within the Rocklands EPM13049.

Based on geophysical and regional structural interpretations, the first of some 12 high priority targets were drilled, namely the Rainden and Solsbury Hill prospects and both yielded immediate results in the form of visual mineralisation from RC drill chips and diamond drill core.

Detailed geological interpretations are still underway on these deposits, which to date have yielded lower grades, yet shallow intersections of copper, cobalt and gold mineralisation. Solsbury Hill shows similar structurally controlled styles of mineralisation as Las Minerale.

Both prospects are coincident with major conductivity signatures. The Rainden signature in particular extends a further 3.5km to the north west and also hosts the polymetallic Wilgar IOCG prospect. In total, the Rainden SAM target zone is over 6km in length and is considered a potentially significant target, hosting at least two known historic areas of mining (Rainden and Wilgar).

A third and more recent exploration programme at the

Wilgar Iron Oxide, Copper, Gold (IOCG) Prospect, which is potentially shaping up as yet another significant discovery at Rocklands, has also yielded significant results, with high grade gold, silver, molybdenum, uranium, tellurium and selenium, intersected, with lower grade copper intercepts, effectively giving the exploration team 3 out of 3 in terms of targeted exploration success.

Wilgar will be the subject of further exploration in the period ahead.

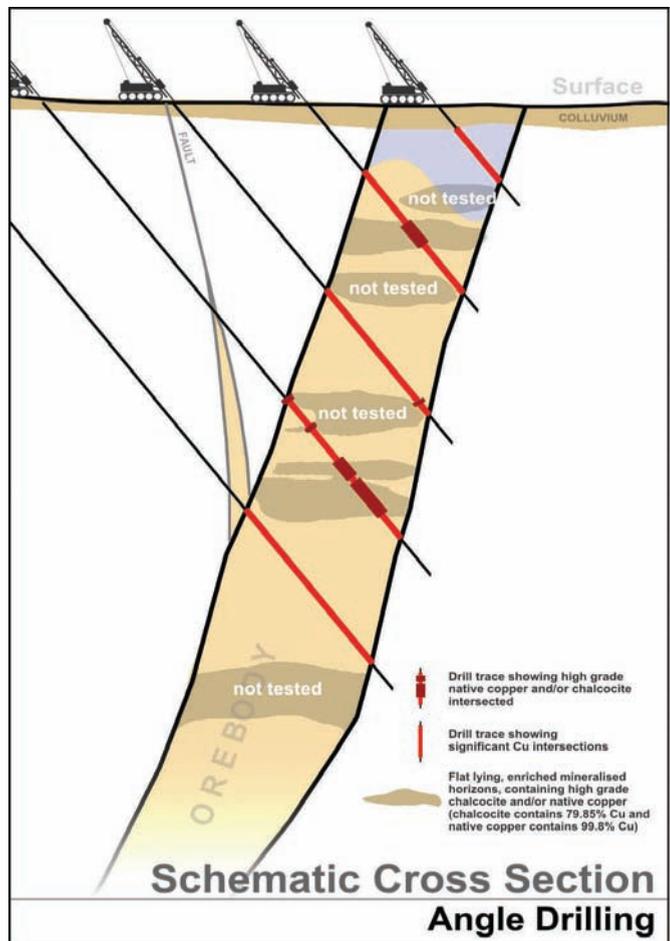


Fig 20: Typical angle drill hole "fence" which has been drilled across the Las Minerale mineralised envelope and located every 25m along strike. Many zones of flat-lying, high grade mineralisation are potentially missed with angle drilling unless the spacing between holes is considerably reduced, from 25m in the above image, to about 12.5m. This would effectively double the metres of drilling required to efficiently delineate all mineralisation within the Las Minerale Bonanza Zone, increase costs and further delay the project considerably.

Las Minerale bonanza zone vertical delineation drilling

Final assay results from grade distribution infill drilling of the central Las Minerale Bonanza Zone were received and quantified into a comprehensive data set which will underpin the various mining and process studies required for the project. The vertical holes are useful in determining likely grade control expectations for the process design and to confirm data from angle drilling.

Commencing in late 2008 and finishing during this

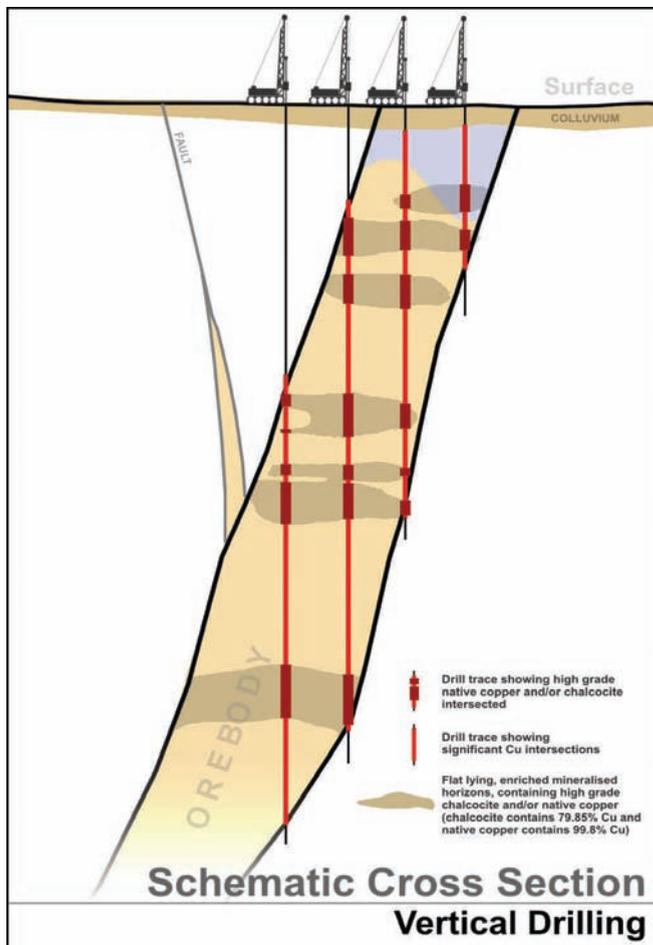


Fig 21: The vertical drill programme over the 800m long Las Minerale Bonanza Zone, was located every 25m along strike and targeted the undrilled area between the angle infill drilling programme...resulting in an effective 12.5m drill spacing. As can be seen in Fig 21 above, vertical drilling more accurately intersects flat lying zones perpendicular to their dominant orientation and because more drilling time is spent within the orebody, significantly fewer meters need to be drilled to define the same basic area. This significantly reduces costs and expedites the infill drilling process.

year, the focus of this separate vertical infill drilling programme was to target flat-lying, high grade mineralised zones within Las Minerale, typical of water table induced supergene enrichment. This programme targeted the undrilled areas between the close-spaced angle infill drilling programme at Las Minerale (25m x 25m grid), effectively creating a 12.5m grid. The result of the combination of these two highly successful programmes is a relatively high density infill drill spacing within the 800m long Las Minerale Bonanza Zone, providing significant evidence for both geological and mineralised continuity.

Good geological practice dictates drilling should intersect the orebody as close as possible to perpendicular, and for sub vertical orebodies this typically means angle holes are required. For the most part, this has been the case at Rocklands.

In determining the orientation and distribution of flat lying high grade zones within an orebody however, angle holes do not necessarily provide optimum results in which case vertical drilling provides more valuable information.

The supergene enrichment process at Las Minerale has resulted in numerous zones of flat lying "blankets" of high grade bonanza mineralisation, predominately consisting of native copper (native copper contains 99.65% copper) and chalcocite (chalcocite contains 79.85% copper), within a generally high grade supergene zone that extends to depths of 150-180m before moving into a transition zone, below which primary mineralisation in the form of chalcopyrite (34.63% copper), becomes the dominant copper mineral. The typically flat lying, or shallow dipping orientation and distribution of many of these high grade bonanza zones, means they cannot be accurately drill tested with angle drilling alone, unless the spacing between the drill holes is reduced considerably.

Due to the typically flat lying nature of these supergene enriched blankets, it was determined that a separate

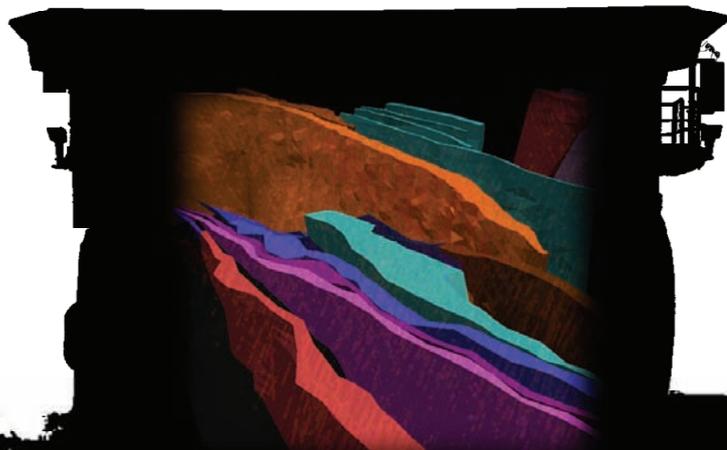




Fig 22: RC rig drilling at Rainden

vertical infill drilling programme was required to compliment the angle infill drilling programme, both of which were designed to increase confidence levels in the distribution and orientation of mineralisation within the main Las Minerale orebody. The ultimate aim being to lift confidence in our understanding of the mineralised envelope as much as possible, from surface down to a vertical depth of 250m, to support a Measured category according to the Joint Ore

Reserves Committee (JORC) guidelines.

Significant intersections of native copper and chalcocite have been observed along the entire 800m long bonanza zone, which forms the centre-piece of more than 1900m of confirmed mineralised strike length at Las Minerale. The bonanza zone will form an important aspect of the initial years of mining planned at Rocklands.

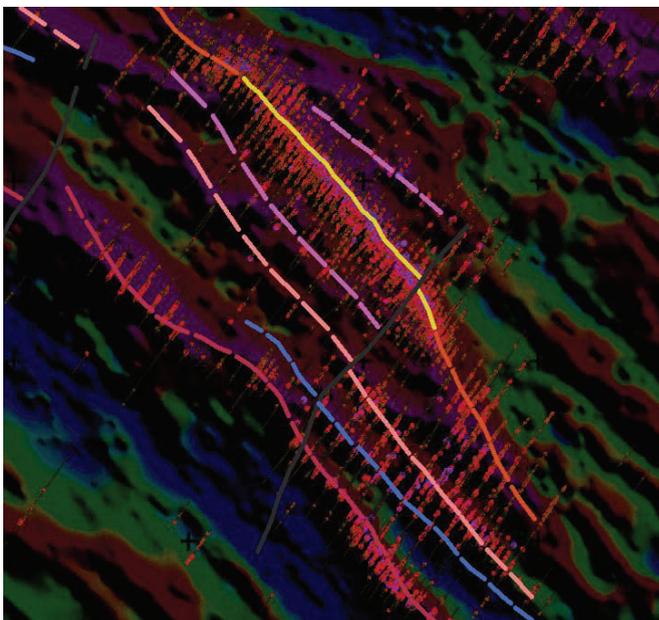


Fig 23. Sub Audio Magnetics (SAM) - conductivity with drill traces and target zones shown.

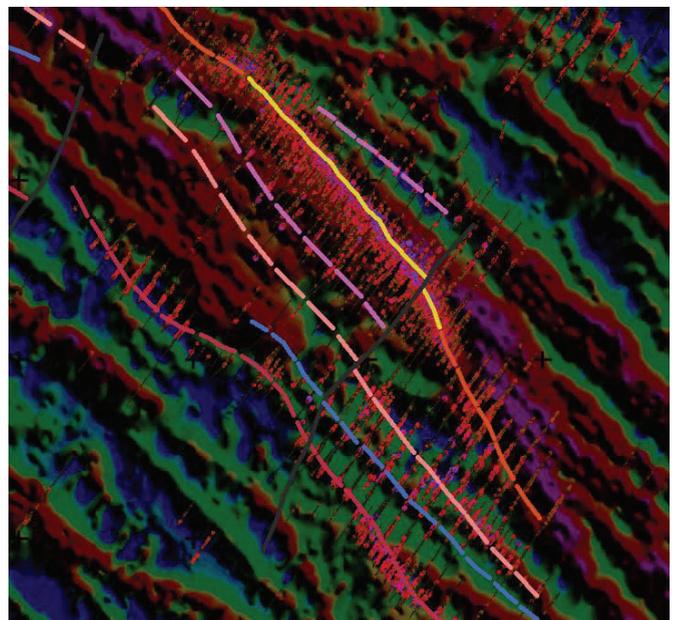


Fig 24. Sub Audio Magnetics (SAM) - total magnetic intensity (TMI), with drill traces and target zones shown.



ROCKLANDS

COPPER PROJECT

In addition to the infill drilling at Las Minerale, deeper drilling has also been conducted at 100m intervals along strike, confirming mineralisation continues to depths of at least 450m down dip over a continuous strike length of at least 700m. Of these deep holes, the deepest to target Las Minerale mineralisation are DODH044 which intersected mineralisation to 540m down dip, and DODH042 which intersected sulphide mineralisation over a 200m interval from 600-800m.

Geophysics

One of our most successful geophysical survey tools at Rocklands is Sub Audio Magnetics (SAM), which measures sub-surface Conductivity, Magnetics and Resistivity in a single pass. This survey method has been extraordinarily successful at Rocklands, and has been largely responsible for identifying an aggregate length of approx 10km of mineralisation to date. Many more targets identified by SAM are yet to be tested, including extensions to known zones of mineralisation.

In addition to the SAM survey, Radiometrics and Induced Polarisation (IP) Geophysical Surveys have identified numerous sub-surface targets, including two large areas coincident in the south-west of the EPM. A similar target was identified at Wilgar, which is rapidly displaying all the signs of being a significant IOCG system. The targets to the south west of the EPM however are multiples of the size of Wilgar, with an area of approximately 1.4km x 1km. This target remains undrilled and unexplored.

During the year a gravity survey was completed over the entire EPM, highlighting significant areas of increasing density.

Gravity surveys identify the subtle gravitational variances that result from different rock densities found within the earth's crust, including the variances found in certain types of mineral deposits.

Typically ground based, these surveys can reach to depths below 1km and depending on the spacing between survey stations, can detect anything from relatively small zones of interest, right up to large scale regional gravitational signatures.

Interpretation of gravity surveys can be quite revealing and are routinely used as an exploration tool for finding large scale mineralised deposits, including IOCG (Iron Oxide, Copper, Gold) mineralised

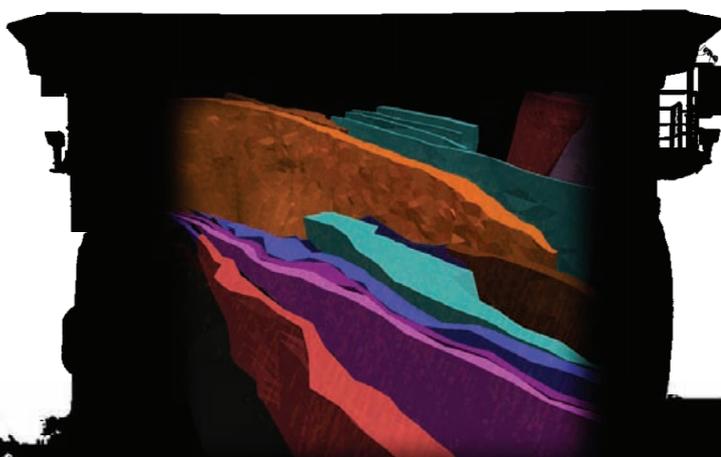


Fig 25: Guidelines being drawn on to solid diamond core in preparation for diamond cutting and prep for assay.

systems, and will add a further level of knowledge to the already extensive geophysics dataset for Rocklands.

The tenement-wide gravity survey will provide further insights at Las Minerale, but also at the important Wilgar Gold/Uranium prospect and indeed across the rest of the highly prospective Rocklands EPM, many areas of which are yet to see any form of active exploration or drilling.

Down-hole geophysics including Electromagnetic (EM) and Induced Polarisation (IP) surveys are planned for late 2010.



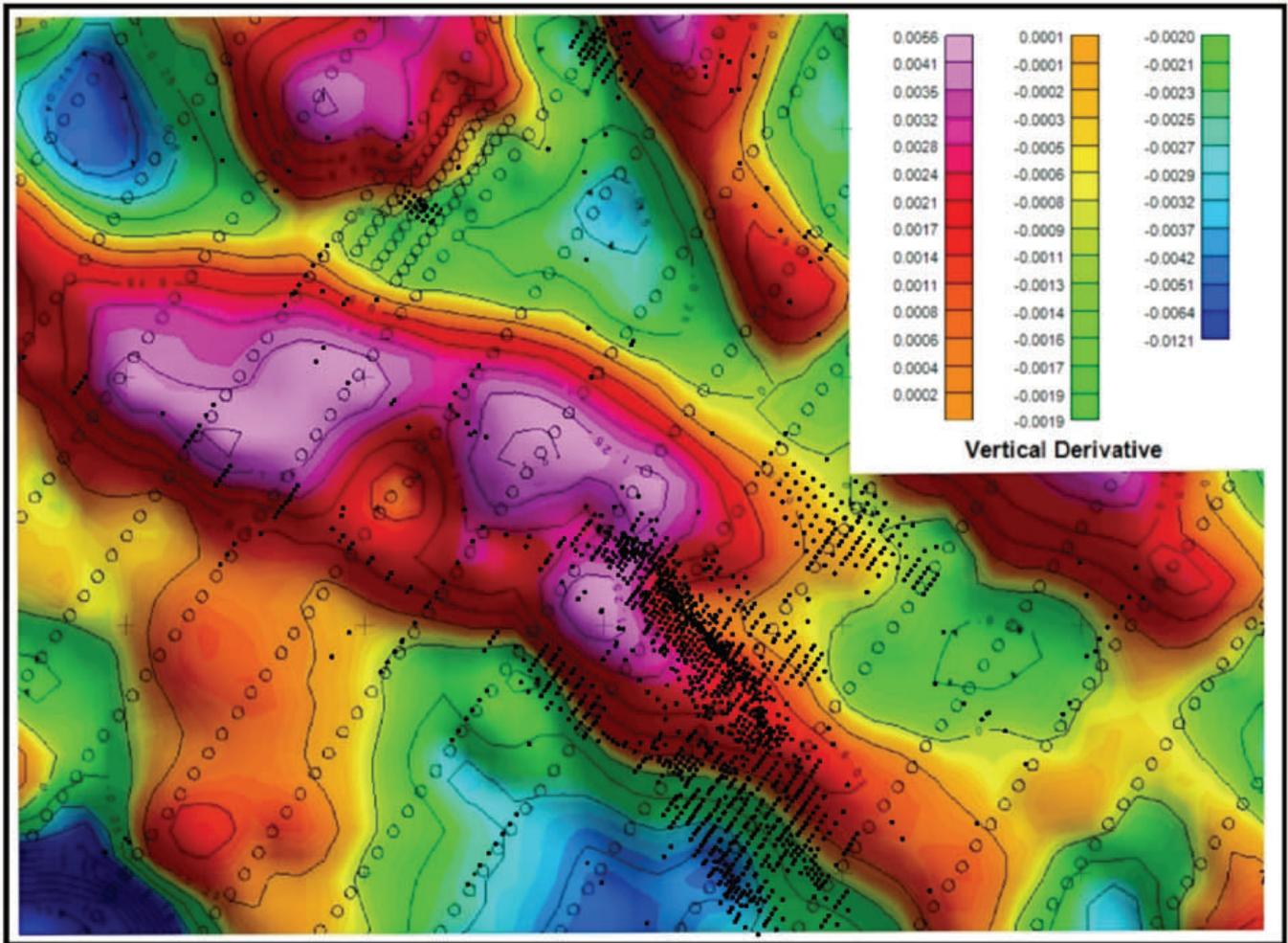


Fig 26: Bouguer residual gravity survey (terrain corrected), with drill collars shown. Significant targets have been revealed with several deep targets requiring further investigation. The results of 3D inversion analysis are awaited.

Gravity surveys, which effectively measure the density of sub-surface bedrock, are widely used in exploration for highlighting potential areas of mineralisation, which are often more dense than the surrounding rock due to their metal content. Gravity typically identifies large structural differences.

Down-Hole EM Surveys Target Sulphides and Potential Offset Mineralisation at Las Minerale.

Downhole Electromagnetic (EM) surveys help map subsurface geology and are highly successful in locating conductive targets, including massive sulphides, that may have been missed or partially intersected by drill holes. The technique uses a surface loop to induce an EM field in the subsurface, which is then measured using a down-hole probe that

is lowered into a drill hole. Numerous holes have intersected massive sulphides at Rocklands, from near surface to depths of 600m, including the following;

- LMRC082 - 11m @ 4.66% Cu Eq fm 115 - 126m
- LMRC161 - 12m @ 10.25% Cu Eq fm 41 - 53m
- DORC500 - 9m @ 13.37% Cu Eq fm 46 - 55m

These holes, together with the deepest hole yet drilled at Rocklands to hit massive sulphides (DODH042), with results up to 2.78% Cu Eq below 600m down-hole depth, and other significant holes which hit massive sulphides, will be targeted for down-hole EM surveys, with the view to fining potential depth extensions and/or offset zones of massive sulphide mineralisation at Rocklands.



Wilgar

A shallow bedrock drilling programme was conducted at Wilgar, to test yet another target generated by our exploration team, in an area also highlighted by the recently completed gravity survey.

The bedrock drilling at Wilgar is carried out by drilling shallow vertical holes until hard bedrock is reached, at which point the drill continues for another metre before stopping. Samples are taken down hole in 1 metre intervals, including the last metre of material drilled into the bedrock. A six metre hole would typically provide 5m of softer, decomposed top-soil material (colluvium, alluvium, regolith or just plain soil), and one metre of fresh bedrock. The depth of the cover material at Rocklands generally varies from 2 to 11 metres in thickness.

The Company brought forward the previously planned bedrock drilling programme at Wilgar due to the discovery of high grade mineralisation from RC Drill Hole LMRC754, which intersected high grade gold (up to 12.6g/t Au), Silver (up to 4.03kg/t Ag), Molybdenum (up to 3.18% Mo), Uranium (up to 2.30kg/t U), and rare elements Tellurium (up to 2640ppm Te) and Selenium (up to 0.98% Se)...see *Company announcement to the ASX, 22nd March 2010*.

Highlights from the Shallow Bedrock programme include:

- WUBR003 - 14m @ 5.03 g/t Au Eq fm 0m – 14m
- WUBR071 - 3m @ 15.56 g/t Au Eq fm 0m – 3m
- WUBR072 - 9m @ 6.79 g/t Au Eq fm 0m – 9m
- WUBR099 - 8m @ 11.74 g/t Au Eq fm 0m – 8m
- WUBR100 - 6m @ 4.91 g/t Au Eq fm 0m – 6m
- WUBR116 - 8m @ 5.16 g/t Au Eq fm 0m – 8m

Mineralisation in the soil cover and bedrock at Wilgar, as sampled in this programme, predominately recorded high-grade gold, silver and tellurium, with grade increasing in relationship to each other suggesting telluride-style mineralisation similar to that observed in the Kalgoorlie goldfields (e.g. Golden Mile). In the case of Wilgar however, it has formed from a distinctly different mineralising system, playing host to a greater variety of deposited metals such as Mo, Cu and U.

Due to the nature of the high grade results, an upgraded 2,000 hole bedrock drilling programme has



Fig 27: RAB drill - Rock chips are sampled every metre down-hole. Each hole ends once it has drilled through approximately 1m of hard fresh bedrock, which is typically encountered at depths between 2 to 11 metres at Rocklands.

been designed for Wilgar, based on the observation that high grade mineralisation exist in the soil cover and well into the bedrock profile. Results suggest mineralisation may be widespread and follow up drill

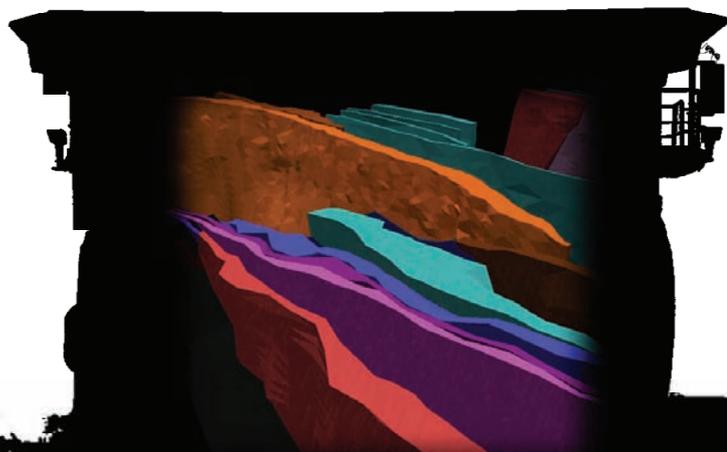




Fig 28: Rock-chip samples taken from a costean excavated at Wilgar, returned high grade gold, silver and tellurium.

programmes will be required before any detailed determinations are made.

Early interpretation, however, could possibly suggest a shallow dip to the local grid north, correlating with the dip direction interpreted from the Terrain Corrected high resolution Wilgar Gravity Survey.

High grade shoots with a general parallel dip have also been identified within the mineralised zone, that grade up to 39.1g/t Au, 350g/t Ag and 730g/t Te.

To date, drilling has been confined to the twin hills of Wilgar, which is the most westerly of a group of 4 small hills which outcrop and strike in an East/West arc, over a distance of approx 1.5km.

Market Comment

In last years Annual Report we discussed the fall-out from the Global Financial Crisis and likely direction forward for world markets and commodities in general.

As suggested, the worst appears behind us and if not for the financial hiccup from Europe this year, world growth may have been far more robust...none the less, a slow steady recovery does seem to be the order of the day as predicted.

Commodities were well on the way to staging significant gains for the year, but were quickly adjusted downwards, once again on the back fears of banking defaults emanating from Europe.

Since the end of the financial year however, most commodities have recovered all their lost ground and surged above pre-European jitters pricing.

Copper

As we go to print, copper is trading at spot prices over US\$3.80/lb, which on a year-to-year basis is in technical breakout territory and on a longer term time frame, is approaching the all important pre-GFC levels of US\$4.00/lb.

Numerous reports that significantly upgrade the prospects for copper can be found circulating, from commodity traders and advisors to end users. Mid to long term averages have been lifted to levels between US\$3.50-\$4.00/lb in some reports, and short term predictions suggest copper could exceed as high as \$6/lb (Goldman Sachs), within as little as 12 months.

Importantly, the BRIC economies (Brazil, Russia, India and China), are still showing fundamental growth prospects, and China in particular is signaling an



Fig 29: Spot copper price chart showing the performance over the last year, and the 5 months to October shown faded to the right of the blue line.





ROCK



LANDS COPPER PROJECT

intention to more proactively manage their domestic growth at more sustainable benchmarks, which will abate concerns of an overheating market leading to a bubble.

The United States is finally showing tentative signs of recovery, and the wider Asian market is beginning to wake amidst isolated pockets of significant growth activity, so notwithstanding another crisis in Europe the next financial year should see a relatively robust increase in the pace of world growth and with it, a corresponding increase in demand for all commodities, particularly copper.

Australia should do well in the period ahead, not only due to the significant growth expected from the mining sector, but also on the back of improved conditions for the farming sector as El Nino breaks its Australian dry-cycle, in favour of a more forgiving environment for many of our farmers.

Gold

Gold has recently broken out of previous pricing ranges based on strong fundamental and technical reasons, and we see no reason why this will not continue. It appears gold is finally being re-rated and should, subject to market volatility, find a new fall-back support level above the \$1000/ounce range. As per copper, there are many bullish projections for the gold market, all of which appear favorable to producers.

Cobalt

We see cobalt as the potential surprise package in the years to come, yet it appears many perhaps do not see the building opportunity and perhaps even discount its value.

A common discussion point is the potential impact of a world gradually shifting away from its dependence on fossil fuels, in favour of the wider electrification and/or replacement of existing energy sources with electrical alternatives...particularly in relation to transportation. Regardless of how that electrical energy is ultimately generated, be it via gas fired power stations, wind or wave farms, solar cells, hydro or nuclear, the one common denominator of a future driven by electrification is the ongoing question of storage...or more specifically, the requirement to store electrical energy produced at one point in time, with the view to redistribution it at a later point in time.

For the most part, when we are talking about storage, we are talking about batteries that can be charged and discharged as required.

One of the most efficient batteries on an energy-density measure is the Lithium-Cobalt battery, with ratings of about 170Wh/kg, versus a significantly less 110Wh/kg for the nearest comparable line of units such as the Lithium-Manganese or Lithium-Phosphate batteries.

Whilst there are clearly alternative metal types suitable for battery use, Cobalt based batteries generally out-perform non-cobalt based batteries on a power to weight rating. This is of critical importance when it comes to transport in particular.

In the immediate future, the demand for battery storage is expected to mostly come from the growing electric transport market. A medium range electric car needs up to 300kg of copper and would typically require as much as 10kg of cobalt.

Nissan recently announced a replacement technology for the Lithium-Cobalt battery, earmarked for use in 2015, that makes a significant leap forward on a power to weight basis...it too uses cobalt (Nickel Manganese Cobalt Li-ion Cell).

The electric car market is in its infancy, yet even today the popular hybrids use around 2-4kg of cobalt in a typical battery configuration. All-electric cars use significantly more metal, with up to 10kg of cobalt per car. China alone plans on producing 500,000 electric cars per year by the end of 2012, so based on 10kg of cobalt per car, this equates to an extra 5,000 tonnes of cobalt that will be needed just for this start-up level of production. Whilst it may not seem like much, it represents an 8.3% increase in annual world cobalt demand. Of course, we still have the major car makers in Japan, Korea, Germany, the rest of Europe and of course the major United States car industries to consider, who collectively could generate a doubling of

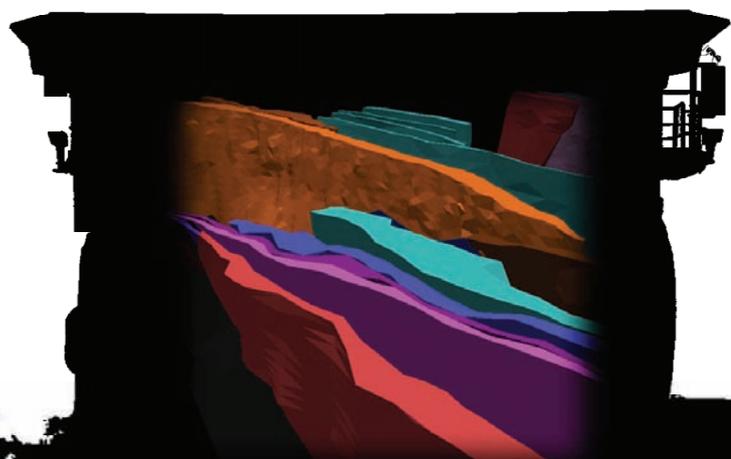




Fig 30: Cobalt is typically associated with pyrite at Rocklands. Shown above is chalcopyrite (high grade copper mineral), with associated pyrite.

cobalt demand over the next few years with little effort.

Market commentators suggest production of up to 500m electric cars may be reached over the next 20 years, which bring some staggering numbers to the table. If this were to transpire, demand for an additional 5,000,000 tonnes of cobalt could eventuate from a market that sees total cobalt consumption in the range of 60,000 tonnes per annum at present. At this rate, it would take some 83 years of current annual cobalt production just to meet the demands of this new electric car market...and all this extra demand is without taking into account existing cobalt consumption.

To get these sorts of numbers in perspective, the world would need to produce an additional 250,000 tonnes of Cobalt per year, every year, on top of the current 60,000 tonnes of total annual cobalt production (an increase of more than 300% on current output), just to meet the requirements of the electric car market over the next 20 years.

This does not even account for other forms of battery use, especially in relation to the domestic housing market, or for wind, wave and solar energy production, all of which rely on an electrical output for energy transfer. Virtually every conceivable renewable energy source will require some form of electrical storage capacity.

Major economic powers such as the US, China, and the European block, have all placed Cobalt on their respective strategic minerals list...one assumes they have a very good reason for doing this.

Of course, for every 1kg of cobalt that goes into a high performance battery, about 30-40kg of copper will also be required. Re-visiting the above electric car production numbers would suggest an additional 150,000,000 tonnes of copper demand that will be generated on top of the already extremely tight copper market, over the same 20 year period...once again, simply on the back of this one new emerging market.

Fortunately, CuDeco will be producing both copper and cobalt over this period.

Significant Results

The following list of results may vary from those released throughout the year, due to the inclusion of new cobalt assays, or the addition of gold results.

Results are reported based on the copper equivalent formula used prior to August 2010 (see page 48, Note A).



Fig 31: Diamond drill core showing the copper mineral chalcopyrite (yellow) and pyrite (mid grey). Cobalt is principally associated with pyrite at Rocklands.



ROCK LANDS

COPPER PROJECT

DODH013		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	100m @ 6.87%		5.96%	781	0.76	3m	- 103m
<i>Including</i>		20m @ 11.68%		11.10%	610	1.12	45m	- 65m
<i>and</i>		11m @ 8.95%		8.31%	602	0.93	3m	- 14m

DORC637		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	79m @ 3.14%		2.17%	829	0.29	57m	- 136m
<i>Including</i>		18m @ 4.77%		3.42%	1151	0.45	71m	- 89m

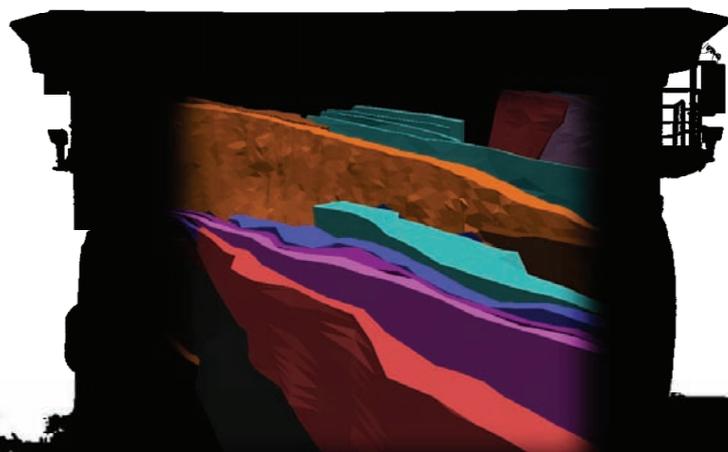
DORC643		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	30m @ 3.21%		1.90%	1130	0.20	44m	- 74m

DORC641		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	25m @ 3.10%		2.25%	757	0.20	84m	- 109m
<i>Including</i>		10m @ 4.88%		3.45%	1233	0.42	88m	- 98m

LMRC208		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	153m @ 2.72%		1.79%	801	0.21	3m	- 156m
<i>Including</i>		29m @ 6.76%		5.40%	1207	0.56	73m	- 102m
Intersection	2	22m @ 2.73%		2.43%	220	0.44	169m	- 191m
<i>Including</i>		11m @ 5.00%		4.53%	328	0.80	171m	- 182m

DODH086		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	38m @ 0.83%		0.65%	154	0.09	8m	- 46m
Intersection	2	9m @ 1.39%		1.06%	285	0.15	51m	- 60m
Intersection	3	30m @ 1.83%		1.11%	623	0.13	70m	- 100m
Intersection	4	41m @ 1.71%		1.10%	530	0.12	105m	- 146m
Intersection	5	51m @ 2.50%		1.39%	926	0.26	152m	- 203m
<i>Including</i>		16m @ 3.79%		2.30%	1203	0.53	153m	- 169m

DORC648		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	46m @ 2.89%		2.27%	579	0.15	125m	- 171m



LMRC276		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	48m @ 2.81%		1.65%	972	0.27	25m	- 73m
<i>Including</i>		17m @ 6.52%		4.09%	2029	0.68	30m	- 47m

DORC565		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	29m @ 2.85%		1.90%	839	0.15	35m	- 64m

DORC622		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	54m @ 2.22%		1.19%	836	0.31	55m	- 109m
<i>Including</i>		25m @ 3.21%		2.04%	933	0.49	58m	- 83m
<i>and</i>		7m @ 3.87%		2.85%	662	1.01	69m	- 76m

LMRC278		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	105m @ 2.39%		0.99%	1171	0.19	55m	- 160m
<i>Including</i>		20m @ 5.68%		3.15%	2095	0.62	71m	- 91m

LMRC267		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	168m @ 2.06%		1.15%	770	0.18	41m	- 209m
<i>Including</i>		25m @ 3.24%		1.97%	1083	0.27	104m	- 129m
<i>and</i>		14m @ 2.91%		1.64%	1082	0.23	168m	- 182m

LMRC266		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	7m @ 1.91%		1.57%	280	0.23	0m	- 7m
Intersection	2	121m @ 2.16%		1.49%	580	0.17	12m	- 133m
<i>Including</i>		7m @ 7.42%		6.57%	689	0.97	13m	- 20m
<i>and</i>		26m @ 2.74%		1.86%	775	0.17	28m	- 54m
Intersection	3	3m @ 1.53%		1.26%	177	0.32	155m	- 158m
Intersection	4	19m @ 1.26%		0.24%	874	0.02	176m	- 195m

LMRC274		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	84m @ 2.02%		1.06%	812	0.18	0m	- 84m
<i>Including</i>		12m @ 5.06%		2.87%	1853	0.44	66m	- 78m
Intersection	2	125m @ 0.54%		0.20%	293	0.02	94m	- 219m
<i>Including</i>		16m @ 0.87%		0.55%	276	0.06	126m	- 142m

DODH049		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	42m @ 1.03%		0.99%	19	0.16	328m	- 370m

ROCK LANDS

COPPER PROJECT

LMRC272		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	166m @ 1.93%		0.93%	849	0.14	6m	- 172m
<i>Including</i>		5m @ 6.15%		4.69%	1276	0.53	15m	- 20m
<i>and</i>		9m @ 3.51%		2.25%	1051	0.38	83m	- 92m
<i>and</i>		16m @ 4.02%		1.94%	1773	0.25	114m	- 130m

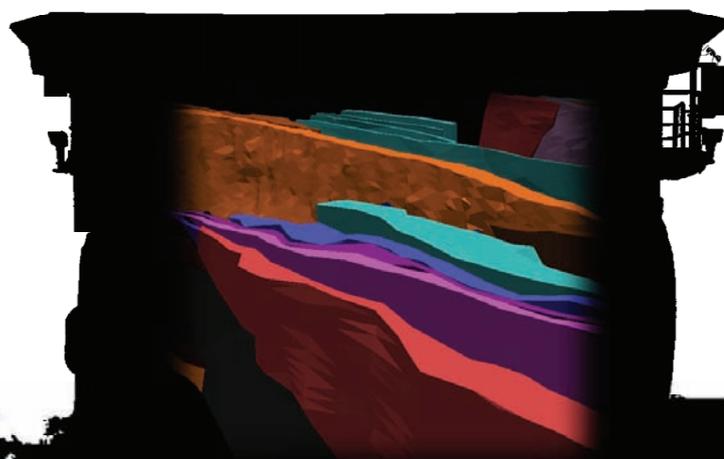
LMRC200		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	166m @ 1.32%		0.80%	452	0.09	4m	- 170m
<i>Including</i>		19m @ 3.93%		2.99%	873	0.19	79m	- 98m

LMRC271		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	198m @ 1.59%		0.99%	496	0.18	0m	- 198m
<i>Including</i>		5m @ 2.57%		2.08%	270	0.71	2m	- 7m
<i>and</i>		8m @ 2.32%		1.97%	288	0.29	35m	- 43m
<i>and</i>		31m @ 4.00%		3.03%	800	0.47	115m	- 146m

LMRC273		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	124m @ 1.71%		0.76%	777	0.19	4m	- 128m
<i>Including</i>		19m @ 2.38%		1.35%	867	0.20	93m	- 112m
Intersection	2	44m @ 1.96%		0.60%	1162	0.07	150m	- 194m
<i>Including</i>		11m @ 4.35%		1.95%	2055	0.24	157m	- 168m

LMRC275		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	27m @ 1.22%		0.41%	699	0.04	12m	- 39m
<i>Including</i>		19m @ 1.57%		0.50%	919	0.05	16m	- 35m
Intersection	2	53m @ 1.74%		0.73%	850	0.15	73m	- 126m
<i>Including</i>		37m @ 2.16%		0.95%	1014	0.19	84m	- 121m
Intersection	3	24m @ 0.55%		0.20%	298	0.03	132m	- 156m
Intersection	4	18m @ 1.28%		0.12%	994	0.01	165m	- 183m

DORC655		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	43m @ 1.95%		1.30%	556	0.16	5m	- 48m
<i>Including</i>		12m @ 3.82%		2.91%	786	0.37	34m	- 46m



LMRC270		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	124m @ 1.63%		1.03%	499	0.17	3m - 127m	
<i>Including</i>		15m @ 2.07%		1.45%	463	0.38	10m - 25m	
<i>and</i>		13m @ 2.47%		2.07%	337	0.29	32m - 45m	
<i>and</i>		9m @ 4.13%		3.21%	782	0.44	74m - 83m	

DORC095		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	116m @ 1.70%		1.14%	470	0.17	25m - 141m	
<i>Including</i>		16m @ 3.92%		2.53%	1193	0.32	26m - 42m	
<i>and</i>		17m @ 3.29%		2.56%	599	0.40	50m - 67m	
Intersection	2	12m @ 0.62%		0.13%	421	0.00	246m - 258m	
Intersection	3	2m @ 0.88%		0.80%	57	0.15	296m - 298m	

DODH022		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	114m @ 1.81%		0.94%	729	0.15	0m - 114m	
<i>Including</i>		17m @ 6.06%		5.07%	777	0.89	85m - 102m	

DORC653		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	86m @ 1.19%		0.62%	478	0.11	16m - 102m	
<i>Including</i>		64m @ 1.45%		0.72%	615	0.12	31m - 95m	

DORC920		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	37m @ 1.39%		1.15%	213	0.12	64m - 101m	
<i>Including</i>		6m @ 2.93%		2.43%	437	0.29	91m - 97m	
Intersection	2	5m @ 0.85%		0.43%	365	0.04	109m - 114m	
Intersection	3	10m @ 0.65%		0.49%	144	0.04	151m - 161m	

LMRC277		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	72m @ 1.04%		0.81%	201	0.10	14m - 86m	
<i>Including</i>		19m @ 2.14%		1.99%	135	0.25	19m - 38m	
Intersection	2	12m @ 0.86%		0.55%	283	0.04	180m - 192m	
Intersection	3	14m @ 1.16%		0.55%	525	0.07	241m - 255m	

DODH031		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	27m @ 1.68%		0.60%	912	0.11	289m - 316m	
Intersection	2	10m @ 0.81%		0.67%	110	0.10	355m - 365m	
Intersection	3	22m @ 0.81%		0.21%	508	0.02	435m - 457m	

DODH007		Width	Cu Eq	Cu %	Co ppm	Au g/t	From (m)	To (m)
Intersection	1	25m @ 1.32%		0.60%	609	0.09	319m - 344m	

ROCKLANDS

COPPER PROJECT

Summary

Once again it has been a very busy year for CuDeco Ltd. I would like to thank all of our loyal hard-working staff, both our administration and our people on site at Rocklands and in the field. I would also like to thank the many consultants that have worked on the Rocklands Project over the past twelve months. We have achieved a great deal in moving Rocklands from an exploration project to a future world-class, low cost copper producer.

Whilst we move towards production, exploration will still continue, with at least 5 years planned work ahead of us. We have had great success at Rocklands to date and believe there will more significant finds to come from this significantly mineralised copper field.



Fig 32: Pre development surveying has begun.

The most important focus in the next phase of life for Rocklands, is to bring project into production. With the assistance of our many valued staff, external consultants including Lycopodium, Knight Piesold, and engineering consultants Sinosteel...and with an ever growing team of mining engineers and contractors, we feel we are well on the way.

Key government approvals are all that now stand in the way of a new copper project for Queensland.

In expectation of a successful outcome, the Company is currently embarking on a due diligence process with



Fig 33: Korean visitors in the core shed at Rocklands.

interested parties, via access to our data-room. With significant interest shown in preliminary discussions, the Company looks forward to seeking out the best possible financing deal for shareholders.

We will consider debt financing, direct equity injections into Rocklands by a third party, finance linked to potential off-take agreements with copper smelters or even joint ventures with other groups. No option is being ruled out...but it must be in the best interests of shareholders. With the continuing increase in metal prices, particularly copper, and an expected increase in global consumption in the period ahead, we do not expect financing of the production phase of Rocklands to be difficult.

With Rocklands ore commencing at surface and initial studies indicating strip ratio's of less than 2:1 in the first 4 years, and still just 3:1 over the life of mine, I have no doubt that Rocklands will be one of the most profitable copper mines in the world.

To our loyal shareholders who have stuck hard and fast with CuDeco, once again I make the commitment that we will deliver!

Finally, I would like to extend a heart-felt thank you to the Directors of CuDeco, with a special mention to my wingman and executive director Peter Hutchison, who

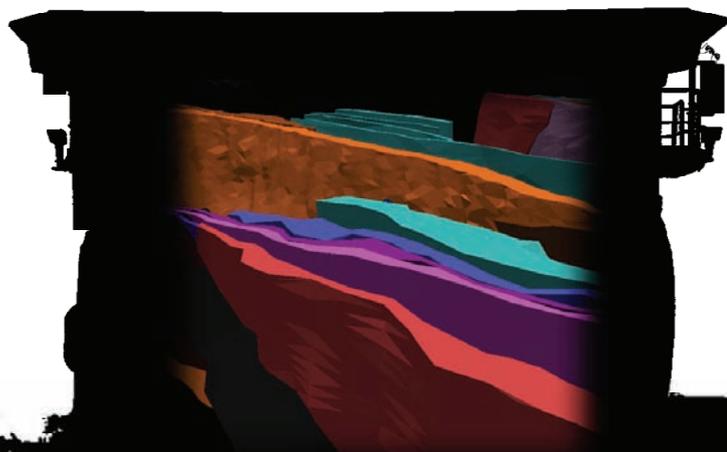




Fig 34: CEO Wayne McCrae, waiting for the next sample to come out of the ground from an RC rig.

never knows when to quit. Thank you also to my administrative staff at Southport, with a special thanks to Karen Erb who carries the weight of the day-to-day administration role at CuDeco...she literally does the work of 6 people.

Thanks also to Kay Neilsen and Ann Stuart in our Gold Coast Office and to Deb Holmes at our Cloncurry Office, and of course the numerous other dedicated personnel at Rocklands.

Importantly, to the workhorses of the exploration team, a special thanks goes to our Senior Geologist Matt Healy, who directs operations on site, senior consulting geologist Andrew Day, site geologists Rod Berrell, Jack Wang and Larni, Lincoln, Aaron and the rest of the exploration team who put in day to day...and an extra thank you to David Wilson, who has



Fig 35: Some of our geological, field and support people

dedicated the last 4 years of his life to help ensure the Rocklands Project reaches its maximum potential.

Thanks also to John Green our Logistics Manager, for securing the major infrastructure requirements for the company, including the Townsville Port facility, the rail access and spur-line in Cloncurry and power and water requirements for the project. A relatively new arrival to CuDeco, he is forming a very important cog in the CuDeco wheel.

Arthur Hunt, metallurgist and mechanical engineer, who together with executive director Peter Hutchison are addressing metallurgical requirements at Rocklands, brings considerable real-project experience to the team.

Dave Richardson who is head of the mechanical division at CuDeco and responsible for refurbishment of the earthmoving equipment now at site, as part of the "mine ready" certification process...the Company thanks you Dave for a big effort this year.

Lets not also forget our diamond core cutters Arthur and Darb, many thanks guys. Collectively you have cut more than 60,000 metres of core, with not a single finger lost...a real achievement!

To Ian our head driller who manages CuDeco's RC Rigs and all of his crew, to all of the contract drillers and in particular Richard Pitt and Alton Drilling, who between them operate four diamond core rigs and have been on site drilling continuously for the past 5 years; well done guys.

My passion for this project is as strong as ever and I look forward to major milestones being achieved in the period ahead.

Yours faithfully

Wayne McCrae
Chairman





ROCK LANDS



COPPER PROJECT

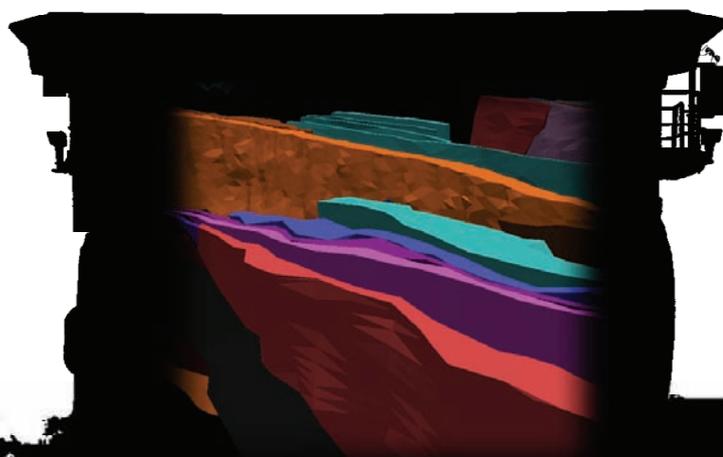
CuDeco Limited

ABN 14 000 317 251

Annual Report 2010

Contents

Section 1	Page
Corporate Directory	3
Chairman's Report	4-30
Section 2	
Review of Operations	32-49
Directors' Report	50-60
Auditor's Independence Declaration	61
Consolidated Statement of Comprehensive Income	62
Consolidated Balance Sheet	63
Consolidated Statement of Changes in Equity	64
Consolidated Statement of Cash Flows	65
Notes to the Financial Statements	66-90
Directors' Declaration	91
Independent Auditor's Report	92-93
Corporate Governance Statement	94-99
Shareholder Information	100-101
Section 3	
Drill Hole Collar Location Table	104
Miscellaneous images	105-108





Review of Operations

Significant Highlights Post Year End:

1. A new resource update to JORC guidelines was announced that has increased the total Copper Equivalent (CuEq) resource by almost 100% from 531,000 tonnes to 1,029,000 tonnes copper.
2. The resource update included a measured and indicated resource of 30.9 Mt at 1.24% CuEq, required for approval of the Environmental Impact Statement (EIS), which is required for granting of the Mining Lease Applications and to satisfy financing requirements for the Rocklands Copper Group Project. The EIS includes engineering and geotechnical design, and layout for infrastructure, including roads, water management, waste-rock dumps and tailings dam to support mining of 30Mt of ore and approximately 90Mt of associated waste-rock over the 10-year term.
3. Draft EIS for the Company's 100% owned Rocklands Copper Group Project completed its public submission period and the supplementary EIS submitted to the Department of Environment and Resource Management.
4. Stage 1 infrastructure project, technical and design office complex and accommodation facility in Cloncurry was commissioned.
5. Wilgar Prospect Phase 2 bed-rock drilling identifies high grade mineralisation with a general parallel dip within the surface mineralised zone, with results up to 26.7g/t Au, 320g/t Ag and 730g/t Te. The Phase 1 bedrock drilling programme returned results up to 39g/t Au, 350g/t Ag and 730g/t Te.
6. Azure Capital Limited was appointed as corporate advisor to assist with securing funding for the 3Mtpa copper/cobalt/gold processing plant and support infrastructure for the Rocklands Group Copper Project.

2009 – 2010 Year Highlights:

1. Definitive Feasibility Study enters its final phase and Sinosteel Equipment and Engineering Co Ltd (Sinosteel) commissioned to undertake the basic engineering design in Beijing and Cloncurry;
2. Metallurgical testing, including locked-cycle flotation circuit testing of Rocklands Primary (chalcopyrite) Ores results in 95% copper recoveries at concentrate grades of over 30% Cu, and for Supergene chalcocite ore preliminary results gave copper recoveries of 95% at concentrate grades of over 45% Cu.
3. Pilot-Scale test-work from bulk-size samples of representative native copper supergene ore with an average head grade of 4.37% Cu (3.38% Native Cu metal), using High Pressure Grinding Rolls (HPGR) technology and a range of physical separation techniques was completed in S.A. and W.A. This was followed up with testing on a plant-size HPGR in W.A. and subsequent processing steps through to flotation to produce a clean native copper nugget concentrate with a copper recovery of 95%.
4. An independent mining and processing study by AMDAD and Lycopodium has indicated a total mining cost of \$3.40 per tonne and processing costs of \$14.07 per tonne.
5. All documents for native title agreements and indigenous heritage clearance over the CuDeco Rocklands Group Copper Project have been completed under "Deed of Grant under Section 31 of the Commonwealth Native Title Act", and signed by the relevant Queensland Government Minister.
6. Stage 2 infrastructure, 200-man construction village for Cloncurry, plans and approvals are well advanced.
7. Major mining and engineering equipment items (approximately 95% of mining fleet) arrived on site and are at an advanced stage of refurbishment or mine-ready.
8. Geophysical gravity survey over entire Rocklands project area identifies possible large scale Iron Oxide – Copper – Gold (IOCG) systems at depth.
9. Down-hole Electromagnetic (EM) survey commissioned to target possible deep sulphide zones identified by Induced Polarisation (IP) survey.

Review of Operations (continued)

10. Significant developments have occurred during the on-going drilling programme:
 - a. The deepest diamond core hole ever drilled at Rocklands has confirmed sulphide mineralisation persists below 600m depth with continuous mineralisation intersected over 200m downhole length from 600 – 800m;
 - b. Confirmation has been provided that Las Minerale mineralisation persists consistently along strike below 470m depth with intersection of abundant visible sulphides (chalcopyrite);
 - c. Deep drilling has encountered a second continuous zone of sulphide mineralisation (incl. chalcopyrite and cobaltian-pyrite), striking sub-parallel to, and south of Las Minerale, and;
 - d. Structure targeted drill hole provides significant results to facilitate understanding of mineralisation at Rocklands; DODH069 intersects 302m @ 2.30% Cu eq fm 7m - 309m.
11. New discoveries and mineralisation targets have been made during the last half of 2009:
 - a. Geophysical survey results led a ground reconnaissance team to native copper at surface at Solsbury Hill;
 - b. A drill programme at Rainden to follow up on geochemical and geophysical targets has discovered a new 500m strike-length zone of mineralisation. The geophysical target (from earlier SAM survey) extends several kilometres with the Wilgar prospect at its indicated NW extremity;
 - c. Wilgar Bedrock drilling intersects high grade gold up to 39g/t gold with aggregate results of 257m @ 3.58g/t gold (0.5gt cutoff and 301m @ 67.80 g/t silver (31g/t cutoff);
 - d. SAM (Sub Audio Magnetic) geophysics survey, completed over the balance of the Rocklands EPM has revealed further geophysically defined continuity targets to be tested; and;
 - e. New zone of copper mineralisation uncovered at surface whilst preparing drill pads 100m north of Rocklands South.
12. A 300,000m RAB Bedrock Drill programme commenced over the balance of the EPM not already tested.
13. Continued interest in Rocklands Group Copper Project being shown by Chinese, Korean and USA companies.
14. Memorandum of Understanding (MOU), in relation to financing signed with Sinosteel in Beijing.
15. CuDeco Ltd gains inclusion to the S&P/ASX 200 Index and the S&P/ASX All Australian 200 list of public companies.
16. Kerosene Claim resolved, with cash settlement of \$650,000 in favour of CuDeco.
17. Cash and Liquid Assets, \$36m with zero debt.



Review of Operations (continued)

18. The Company welcomed Mr Arthur Hunt, metallurgist and mechanical engineer, formerly holding senior technical and operational positions at BHP Billiton's Olympic Dam and Oz Minerals' Prominent Hill, to his appointment as Senior Technical Manager, Rocklands Group Copper Project.
19. The Directors welcomed Mr David Taylor BA LLB as an independent non-executive director to the CuDeco Board; also welcomed as an independent non-executive director was Mr Gerry Lambert who joined the Board following the resignation of Mr William (Bill) Cash.

Rocklands Group Copper Project

CuDeco Ltd owns 100% of the Rocklands Group Copper Project located 15km west of the major North West Queensland regional township of Cloncurry. The Company owned Exploration Project EPM 13049 is located in one of Australia's premier copper provinces. The size of the EPM is approximately 20sq km. A mining lease has been applied for and is expected to be granted during 2010.

It remains CuDeco's strategy to bring the Rocklands Group Copper Project into production during 2012.

Critical to achieving this aim was the production and release of an updated JORC-Compliant resource for the Rocklands EPM3049, which was released post year-end, with more than a Cu Eq of 1 million tonnes of copper defined in measured, indicated and inferred category of which Cu Eq of 738,000 tonnes of copper is in the measured and indicated category.

What makes Rocklands Standout from other Copper Discoveries?

Depth of ore: The Rocklands mineralisation commences at surface.

Mineralisation: Contains high grade coarse native copper (metal grade 99.96%Cu) along a total strike of 1.6km, up to 50m wide and up to 185m deep;

Metallurgy: Metallurgical studies including pilot plant studies indicate metal recoveries are high (average 95% Cu across all zones) and the concentrates clean (ie., free from significant concentrations of deleterious elements).

Pit Optimisation: The multiple orebodies at Rocklands all strike parallel which will enable development of one super pit as the deeper ore is extracted in years to come.

Mining costs: The strip ratio of "waste to ore" in early in-house studies appears to be very low (indications are around 2.5 tonne of waste to 1 tonne of ore).

Location: The Rocklands site is located only 15km from the Cloncurry town centre and the rail spur to load the concentrates.

Power Access: The main power line is 7km from Rocklands.

Smelter Facilities: Mt Isa Copper smelter is only 90km to the west of Rocklands.

Transport: Rocklands will have a bitumen road to the minesite in an agreement struck with the Cloncurry Shire Council.

Infrastructure: The township of Cloncurry has its own airport and runway, serviced by QANTAS and fully staffed lounge facilities.

Other Key Features: The first years of production will be mining the high grade native copper and supergene zones.



Review of Operations (continued)

The Company will take full advantage of the opportunity that exists for developing housing and accommodation for labour within the Cloncurry township only 15km away at significant cost savings to the project. The normal high costs usually associated with mineral mining infrastructure in remote locations, including, road constructions, water costs for process treatments, labour in remote areas, access to power, construction of airport and runways for fly-in fly-out for remote operations are not required with the Rocklands Copper Project.

CuDeco has an agreement for its own area for unloading, storage and loading at Townsville Port and an agreement for storage and loading facilities and rail spur at Cloncurry.

The DFS is being completed for a 30mt resource to be processed at an on-site process facility at the rate of 10,000 tonnes per day (approx 3mtpa).

Significant events during the past year:

A. Project Developments

Mining Lease Application (MLA)

- The Mining Lease Applications (MLA's) were lodged with the Queensland Department of Mines in August 2006. The MLA's blanket the entire EPM's that makes up the Rocklands Group Copper Project near Cloncurry in NW Queensland. The MLA is for a lease period of 40 years.

Native Title Agreement & Mining Lease Application (MLA)

- The signing by the relevant Queensland Government Minister of the "Deed of Grant under Section 31 of the Commonwealth Native Title Act", incorporating the Ancillary (Native Title Compensation) Agreement and CHMP during the year completed all requirements for Native Title that were required to be met for the granting of the Mining Leases (ML 90177 and ML 90188) for the project to proceed.

Lodgement of Environmental Impact Statement

- The company's Environmental Consultants, Australasian Pacific Environmental Consultants (APEC) Pty Ltd, lodged the Environmental Impact Statement (EIS) for the Rocklands Group Copper Project on behalf of CuDeco Ltd, to the Queensland Department of Environment and Resource Management (DERM) in November, 2009.
- The EIS was lodged incorporating an initial 3mtpa copper/gold/cobalt operation for 10 years, and caters for a 30mt tailing facility and a 90mt waste rock facility. The EIS is the final report to be lodged with the Queensland Government prior to granting of the Mining Lease Application over the entire EPM13049 that incorporates the Rocklands Group Copper Project near Cloncurry NW Qld. The EIS was advertised for public display and comment with submissions due in July, 2010.
- The Company has responded to submissions and lodged its Supplementary EIS to the DERM post year end.



Review of Operations (continued)

Possible Off-Take Agreements For Copper Concentrates From Rocklands

- The CuDeco management team have been in discussions with a number of Mainland China's copper smelters, both private and state owned, including China's largest private copper metal trading group. The Company is also continuing discussions with U.S. and Korean interests for possible off-take agreements interlocked with funding options for the Rocklands concentrate products, again with a minimum dilution to shareholders being a key criterion.

Definitive Feasibility Study (DFS)

- The Company engaged metallurgical and process design consultants, Lycopodium Minerals QLD Pty Ltd, one of Australia's largest and respected consultants in its field, to complete the DFS (Definitive Feasibility Study) for the Rocklands Project based on a 3mtpa processing plant. The final DFS is likely to be completed late 2010, early 2011.

Engineering Design

- The Company awarded a contract for the basic engineering design for the project to Sinosteel Equipment and Engineering Co Ltd. The contract covers the design and engineering for the copper/gold/cobalt concentrator plant and auxiliary facilities, based on a production throughput of 10,000 tonnes per day.
- The engineering design work is to be based on process flow sheets and equipment sizing data provided by Lycopodium Minerals QLD Pty Ltd, and covers the complete processing plant and waste management and recycle, and service facilities such as fire protection, water management systems, control systems, electrical distribution including main transformers and substations, and reagent storage facilities.
- Sinosteel which has signed an MOU for cooperation with CuDeco, is the second largest mining, manufacturing and contracting company in the Peoples Republic of China, has formed a technical team for the project in conjunction with China Nerin Engineering Co Ltd, China's largest metallurgical design company which recently undertook process design for BHP Billiton's Olympic Dam Expansion Project and MCC20, one of China's largest construction companies.

Metallurgy

- Definitive large-scale test-work and metallurgical studies were completed at Ammtec Ltd in Western Australia. The aim of this phase of the test-work was to provide an efficient circuit for the recovery of a clean native copper concentrate, with subsequent recovery by flotation of oxide (eg. malachite) and sulphide (eg. chalcocite and chalcopyrite) components. Following completion of this work the preliminary process design will be finalised.
- The processing test-work, utilising HPGR and jig technology, successfully recovered 95% Cu from a representative bulk sample of 528m of core from seven holes along 152 m strike in the central area of Las Minerale. The grade of native copper in this representative sample was 3.38% Cu from a total head grade of 4.37%.
- The Company's metallurgical team was in Perth for the pilot plant test-work and then visited Sinosteel's South China facility with the results and samples from the test-work, to discuss and implement the ongoing arrangements we have with Sinosteel as part of our MOU.

Review of Operations (continued)

- Other metallurgical studies, such as locked-cycle flotation work has been ongoing in order to provide definitive design data for the processing plant. Also, samples from all parts of the Las Minerale and Southern Rocklands orebodies are being checked, both singularly and in composite, for variability in flotation performance.
- Flotation concentrates were prepared from representative samples of supergene and primary ore for evaluation of filtration (dewatering) performance using pilot-size equipment in order to generate meaningful engineering data for design purposes. This test-work showed no significant issues are expected with plant design and in choice of filtration equipment.
- A total of eight laboratories and research facilities have been and will continue contributing to the metallurgical test-work programme.

Water Studies

- The Company engaged Knight Piesold Pty Ltd to complete a study on the water requirements for the Rocklands Project. The preliminary results from test-work show that on a throughput of up to 3mtpa, sustainable management can be achieved. A final water test programme will be carried out during the detailed design stage of the project.
- The water management scheme has been designed to DFS level by Knight Piesold.

Geotechnical Studies

- The Company also engaged Knight Piesold to undertake geotechnical studies to enable design of the processing plant, water management structures and the Tailings Storage Facility (TSF).
- These structures including the TSF have been designed to DFS level by Knight Piesold.

Earthmoving and Mining Equipment

- Taking advantage of the downturn in the mining sector in 2009, the Company sourced and purchased numerous prime-cost, large scale mining items, including equipment from various distressed or forced sales, both locally and from across the globe. The timing and select nature of our purchases has resulted in significant cost savings to the Company (in some instances, less than 10% of the replacement value based on today's prices).
- By the end of the year the Company had taken delivery of 15 dump trucks, 7 large scale (120-200 tonne) Hitachi diggers, several D10 and D11 dozers, and numerous other key items of equipment and machinery such as mine-equipped water tankers. The dump trucks and diggers are at an advanced stage of mine-ready refurbishment, with the remainder expected to be completed by December, 2010.



Review of Operations (continued)

- The Company has now acquired approx 95% of all of the earthmoving equipment for the mining operation at Rocklands. The company will call for mining industry earthmoving contractors to tender for the mining and delivery of ore to the process plant using only CuDeco plant machinery. The contractors will be responsible for the upkeep and the maintenance of all of the equipment.

Technical Office Facility and Accommodation Township of Cloncurry

- The technical and accommodation facility in the Cloncurry Township was completed by the Company during the year and commissioned post year end. In addition to this facility the Company is constructing a 200-man village to accommodate the construction crews during this phase of the project. The village is to be located within the township of Cloncurry.

Transport and Rail Spur and Storage Facility in Cloncurry

- The Company has engaged with Queensland Rail, ARG and road transport operators to transport the concentrates from the Rocklands Project to the Port of Townsville. An agreement has been completed on a rail spur and a loading and storage facility for the loading of mineral copper and cobalt concentrates from the Rocklands Process facility.

Townsville Port Facilities

- The Company has successfully negotiated an operational area within the Townsville Port Authority's port facility. The area will be developed for ship loading for the export of the Rocklands mineral concentrates at the Townsville Port. Engineering design of the offloading facility, storage, handling and ship-loading facilities is being undertaken by consulting engineers for CuDeco.

B. Exploration

- Drilling and exploration activity in the second half of the year was at the highest level attained by the Company since exploration drilling commenced on the Rocklands Project, with up to 15 drilling rigs in operation and over 100 personnel on site to support the operation, undoubtedly the largest exploration operation in Australia. Following completion of the resource drilling the Company has scaled back the level of activity to return the focus on exploration work at a significantly reduced budget.
- At year-end the Company had completed just less than 300,000 metres (300km) of resource and exploration drilling on EPM13049.

Exploration – New Discoveries

- The Rocklands exploration team were successful with new discoveries during the year, with new ore zones defined at Solsbury Hill, in the north, and Rainden near the centre, of the EPM.
- Follow-up drilling is required at the Solsbury Hill discovery, which remains open in all directions, and where drilling continued to intersect copper mineralisation along strike and at depth, including visible native copper. Solsbury Hill mineralisation was initially identified from interpretation of Sub Audio Magnetics (SAM) geophysical survey and subsequent ground reconnaissance and the mineralisation encountered, appears to correlate with a SAM conductivity high signature, the extent of which continues for more than 2km in a NW-SE trend across Solsbury Hill.



Review of Operations (continued)

- Intensive drilling at the new “Rainden” discovery has confirmed continuous zones of mineralisation, including multiple zones of over 500m strike length. Rainden remains open to the East, West and at depth.
- It should be noted that the polymetallic Wilgar (Au, Ag, Cu, U, Mo, Te, Se) prospect is located at the far NW end of the SAM target zone extending from Rainden.
- Further exploration and investigation of the new discoveries will result from drill rigs being released from resource drilling to pursue the first of numerous high priority geophysical targets identified across the Rocklands EPM.

Exploration – Las Minerale Vertical Drilling

- On-going drilling at Las Minerale and Southern Rocklands during the year has supplied samples for metallurgical test-work, and important information regarding likely mining grade and for information assisting in the geotechnical data required for the open cut mining operations. This is an important aspect of the vertical drilling programme in these areas as it is planned that mining will commence simultaneously with two open cut operations at Las Minerale and Southern Rocklands.
- Seven holes reported during the year in these areas highlight what will be expected during mining operations:

DODH067 intersected 189m @ 2.16% Cu eq in 2 mineralised zones

Intersection 1: 179m @ 2.12% Cu eq fm 4m – 183m

Intersection 2: 10m @ 2.95% Cu eq fm 259m – 269m

DODH080 intersected 84m @ 2.20% Cu eq fm 1m – 85m

DODH095 intersected 96m @ 3.26% Cu eq in 2 mineralised zones

Intersection 1: 81m @ 3.33% Cu eq fm 5m – 86m

Intersection 2: 15m @ 2.88% Cu eq fm 114m – 129m

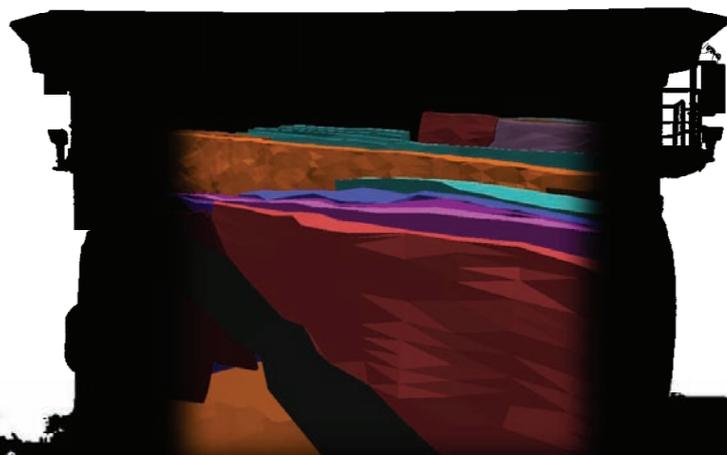
DODH099 intersected 123m @ 2.57% Cu eq fm 2m – 125m

DODH140 intersected 114.4m @ 6.93% Cu eq fm 4m – 118.4m

DODH083 intersected 100.7m @ 4.73% Cu eq fm 4m – 104.7m

DODH069 intersected 302m @ 2.33% Cu eq fm 7m – 309m

** Refer section "Equivalent Calculations" Note A, for the above copper equivalent calculation details.*





Review of Operations (continued)

Exploration – New Programmes

- During the year our geological team commissioned a gravity survey to be conducted over the entire Rocklands project area. Gravity surveys identify the subtle gravitational variances that result from different rock densities found within the earth's crust, including the variances found in certain types of mineral deposits. These surveys can reach to depths below 1km. Interpretation of gravity surveys can be quite revealing and are routinely used as an exploration tool for finding large scale mineralised deposits, including IOCG (Iron Oxide, Copper, Gold) mineralised systems, and will add a further level of knowledge to the already extensive geophysics dataset for Rocklands.
- CuDeco's geological team has also commissioned a down-hole Electromagnetic (EM) and Polarisation (IP) surveys to target possible deep sulphide zones adjacent to known zones of mineralisation.
- Down-hole EM surveys help map subsurface geology and are highly successful in locating conductive targets, including massive sulphides, which may have been missed or partially intersected by drill holes. The survey utilises existing drill holes including the deepest hole yet drilled at Rocklands to hit massive sulphides (DODH042), which was announced to the ASX on 3rd September, 2009, and will assist the team in the search for depth extensions and/or potential offset zones of massive sulphide mineralisation at Rocklands.

Exploration – New Developments

- The deepest hole drilled to date (terminating at 975 metres depth), DODH042, was drilled during the year and encountered a 200 metre wide alteration zone which has intersected abundant and multiple, intermittently occurring zones of sulphides in massive, semi massive and general mineralised sections of chalcopyrite (copper mineral) and pyrite (predominantly hosting cobalt at Rocklands).
- Wide intercepts of mineralisation were also intersected during the year over multiple zones in an area to the south of and sub-parallel to Las Minerale. The diamond drill holes were designed to test a geophysical signature offset and to the south of Las Minerale, whilst also continuing on to test Las Minerale at depth. This potentially significant new mineralised zone has been called the Southern Siltstone Unit, and remains open in all directions.

Exploration – Wilgar

- Historical soil samples, bedrock samples, geophysical gravity and magnetic survey results, and RC and Diamond drilling, all point to IOCG style mineralisation at Wilgar.
- As part of the wider investigation of the Wilgar IOCG prospect, a high resolution Bedrock Drill programme commenced in April 2010, with the view to identifying the areal extent, strike, dip and morphology of near surface high grade gold (Au), silver (Ag) and tellurium (Te), mineralisation encountered at Wilgar. Holes were sampled every metre down-hole from surface to aid in the identification of strike and dip of the Au-Ag-Te mineralisation. An aggregate result of 257m @ 3.58g/t Au (0.5g/t cutoff) and 301m @ 67.80g/t Ag (2.18 oz/t) (31 g/t (1 oz) cutoff) has been drilled to date. Highlights from the Shallow Bedrock programme include:

WUBR003 intersected 14m @ 5.03 g/t Au Eq fm 0m – 14m

Review of Operations (continued)

WUBR071 intersected 3m @ 15.56 g/t Au Eq fm 0m – 3m

WUBR072 intersected 9m @ 6.79 g/t Au Eq fm 0m – 9m

WUBR099 intersected 8m @ 11.74 g/t Au Eq fm 0m – 8m

WUBR100 intersected 6m @ 4.91 g/t Au Eq fm 0m – 6m

WUBR116 intersected 8m @ 5.16 g/t Au Eq fm 0m – 8m

- Mineralisation in the soil cover and bedrock at Wilgar, as sampled in this programme, predominately recorded high-grade gold, silver and tellurium, with grade increasing in relationship to each other suggesting telluride-style mineralisation similar to that observed in the Kalgoorlie goldfields (e.g. Golden Mile), in the case of Wilgar, has formed from a distinctly different mineralising system, playing host to a greater variety of deposited metals such as Mo, Cu and U.

** Refer section "Equivalent Calculations" Note C, for the above gold equivalent calculation details.*

C. Corporate

Admission to ASX 200

- During the year, CuDeco commenced trading as a Standard and Poors /ASX 200 inclusion, which became effective from the close of business on Oct. 7, 2009.
- Entry to the ASX200 gives the Company a much wider market audience, both locally and internationally, and adds a potential new investor base from index centric investors, including some of the country's largest funds and investment institutions.

Kerosene Claim resolved, with cash settlement of \$650,000 in favour of CuDeco

- CuDeco Ltd was successful in reaching an acceptable settlement with GSB Chemicals Pty Ltd over the supply of a substituted kerosene product to its Mt Norma operations in December 2005.
- The settlement agreed between the parties was a cash settlement of \$650,000 in favour of CuDeco Ltd.
- The company remains healthy with cash assets of \$36M and zero debt at year-end.



Review of Operations (continued)

D. Personnel

New Member Joins the Rocklands Project and Operations Committee

- Arthur Hunt, one of Australia's most highly experienced metallurgical managers joined the Rocklands Management Team during the year. Arthur is qualified in both the fields of metallurgy and engineering and has extensive experience in all aspects of metallurgical processing and technical operations, leadership and management, health and safety, production, financials, maintenance and technical development. Arthur has a long track record of achievements in his career including start-up and operations at OZ Mineral's Prominent Hill copper-gold project and General Manager Smelter, Process Technical Manager and Chief Metallurgist during his 9 years at the giant BHP Billiton Olympic Dam operation in South Australia.
- Arthur has joined the CuDeco team as Senior Technical Manager at Rocklands and will assist in the finalisation of the metallurgical process development, and will review all construction and process design developments. Arthur will be responsible for taking the Rocklands Project through to commissioning and operations.

Changes to CuDeco Board

- The Board welcomed the appointment in July, 2009 of Mr David Taylor as an independent non-executive director, which provided the board with a majority of independent non-executive directors. Mr Taylor is a Solicitor with admissions in the Supreme Court of Queensland and High Court of Australia and is experienced within the field of civil litigation. Mr Taylor brings to the Board considerable skill which will be invaluable to the Company as the Rocklands project moves forward. David gained valuable insight into the Company's operations in his first few months as a director by spending a few weeks in Cloncurry deployed as a field assistant and drill-rig offsider.
- Following the resignation of non-executive director Mr William (Bill) Cash, the Company welcomed the appointment by the Board of Mr Gerald (Gerry) Lambert as an independent non-executive director. Mr Lambert is an experienced company director with listed and unlisted entities and an experienced Senior Corporate Executive with expertise/experience in financial, strategic, systems/compliance, management and human resource areas in the mining and exploration (gold), property development and building & construction industries.
- After a 30-year corporate career Gerry is now utilising his experience and expertise as a non-executive director, mentor and corporate advisor and will be an asset as we proceed through the next phase of the Rocklands Group Copper Project.

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 Limited to provide independent consulting services. Mr Day has a BAppSc (Hons) in geology, 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 of Conduct for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Day and GeoDay Pty Ltd consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Review of Operations (continued)

The information in this report insofar as it relates to previously published resource information and to metal grades and likely recoveries, is based on information compiled by Mr Peter Hutchison, ARACI 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 consented to the inclusion in the report of the information, in the form and context in which it appears.

NOTE 1: Resource Notes to support comments in this Operations Review:

Rocklands Resource Upgrade, 18 August, 2010 Estimates Using a Copper Equivalent Cut-off:

Rocklands Measured Resource

Cu Eq Cutoff (%)	M Tonnes	Cu %	Au g/t	Co (ppm)	Kt Cu	Koz Au	t Co
0.15	69	0.34	0.06	228	230	140	15,690
0.25	51	0.44	0.08	271	220	130	13,700
0.80	20	0.88	0.14	415	180	90	8,460

Rocklands Indicated Resource

Cu Eq Cutoff (%)	M Tonnes	Cu %	Au g/t	Co (ppm)	Kt Cu	Koz Au	t Co
0.15	82	0.17	0.03	152	140	90	12,460
0.25	51	0.25	0.05	178	120	80	8,990
0.80	11	0.67	0.08	230	70	30	2,420

Rocklands Inferred Resource

Cu Eq Cutoff (%)	M Tonnes	Cu %	Au g/t	Co (ppm)	Kt Cu	Koz Au	t Co
0.15	94	0.14	0.03	163	130	100	15,300
0.25	56	0.21	0.05	195	120	80	10,960
0.80	10	0.63	0.09	275	60	30	2,690

Review of Operations (continued)

Rocklands Measured & Indicated Resource

Cu Eq Cutoff (%)	M Tonnes	Cu %	Au g/t	Co (ppm)	Kt Cu	Koz Au	t Co
0.15	151	0.25	0.05	186	370	230	28,150
0.25	101	0.34	0.06	224	350	210	22,690
0.80	31	0.81	0.12	352	250	120	10,890

Rocklands Measured, Indicated & Inferred Resource

Cu Eq Cutoff (%)	M Tonnes	Cu %	Au g/t	Co (ppm)	Kt Cu	Koz Au	t Co
0.15	245	0.21	0.04	177	510	340	43,480
0.25	157	0.30	0.06	214	470	290	33,660
0.80	41	0.77	0.11	333	310	150	13,580

* Refer section "Equivalent Calculations" Note B, for the above copper equivalent calculation details.

NOTE 2: Details of July, 2006 Resource:

	Inferred Resource Category				
	Tonnes (Mt)	Grade			
		Cu (%)	Au (g/t)	Co (ppm)	Cu Eq
Las Minerale	25	1.57	0.2	818	2.04
Southern Rocklands	5.2	0.77	na	na	na

The following values were used in determining the Copper Equivalent value for the 2006 resource calculation:

"Note: The CuEq value quoted for the Las Minerale deposit has been calculated based on a copper price of US\$3.15 per pound, gold price of US\$500 per ounce and a cobalt price of US \$15 per pound.

* 0.2% copper cut-off grade. Cu = copper

**200 ppm cobalt cut-off grade. Co = cobalt

*** 0.2% copper cut-off grade for Gold value. Au = gold"

Review of Operations (continued)

NOTE 3: Details of diamond holes, previously announced:

Drill Hole DODH067 intersected 2 zones over 189 metres

Intersection 1: 179m @ 2.12% Cu eq fm 4m – 183m
 Intersection 2: 10m @ 2.95% Cu eq fm 259m – 269m

Copper Intersection

Intersection 1: 179m @ 1.35% Cu fm 4m – 183m
including 31m @ 2.76% Cu fm 48m – 79m
and 15m @ 2.50% Cu fm 110m – 125m
 Intersection 2: 10m @ 1.16% Cu fm 259m – 269m

Cobalt Intersection

Intersection 1: 179m @ 634 ppm Co fm 4m – 183m
including 31m @ 712 ppm Co fm 48m – 79m
and 15m @ 687 ppm Co fm 110m – 125m
 Intersection 2: 10m @ 1349 ppm Co fm 259m – 269m

Gold Intersection

Intersection 1: 179m @ 0.25 g/t Au fm 4m – 183m
including 31m @ 0.46 g/t Au fm 48m – 79m
and 15m @ 0.56 g/t Au fm 110m – 125m
 Intersection 2: 10m @ 0.70 g/t Au fm 259m – 269m

Drill Hole DODH080 intersected 84m @ 2.20% Cu eq fm 1m– 85m

Copper Intersection

Intersected: 84m @ 1.32% Cu fm 1m – 85m
including 17m @ 2.87% Cu fm 20m – 37m
and 6m @ 2.06% Cu fm 72m – 78m

Cobalt Intersection

Intersected: 84m @ 749 ppm Co fm 1m – 85m
including 17m @ 1030 ppm Co fm 20m – 37m
and 6m @ 1373 ppm Co fm 72m – 78m

Gold Intersection

Intersected: 84m @ 0.19 g/t Au fm 1m – 85m
including 17m @ 0.20 g/t Au fm 20m – 37m
and 6m @ 0.18 g/t Au fm 72m – 79m



Review of Operations (continued)

Drill Hole DODH095 intersected 2 zones over 96 metres

Intersection 1: 81m @ 3.33% Cu eq fm 5m – 86m
Intersection 2: 15m @ 2.88% Cu eq fm 114m – 129m

Copper Intersection

Intersection 1: 81m @ 2.20% Cu fm 5m – 86m
Intersection 2: 15m @ 1.93% Cu fm 114m – 129m

Cobalt Intersection

Intersection 1: 81m @ 895 ppm Co fm 5m – 86m
Intersection 2: 15m @ 708 ppm Co fm 114m – 129m

Gold Intersection

Intersection 1: 81m @ 0.49 g/t Au fm 5m – 86m
Intersection 2: 15m @ 0.57 g/t Au fm 114m – 129m

Drill Hole DODH099 intersected 123m @ 2.57% Cu eq fm 1m– 125m

Copper Intersection

Intersected: 123m @ 1.31% Cu fm 2m – 125m
including 34m @ 2.81% Cu fm 86m – 120m

Cobalt Intersection

Intersected: 123m @ 1067 ppm Co fm 2m – 125m
including 34m @ 2334 ppm Co fm 86m – 120m

Gold Intersection

Intersection 1: 123m @ 0.21 g/t Au fm 2m – 125m
including: 34m @ 0.42 g/t Au fm 86m – 120m

Drill Hole DODH140 intersected 114.4m @ 6.93% Cu eq fm 4m – 118.4m

Copper Intersection

Intersected: 114.4m @ 5.90% Cu fm 4m – 118.4m
including 60m @ 10.07% Cu fm 56m – 116m

Cobalt Intersection

Intersected: 114.4m @ 900 ppm Co fm 4m – 118.4m
including 60m @ 736 ppm Co fm 56m – 116m

Gold Intersection

Intersected: 114.4m @ 0.69 g/t Au fm 4m – 118.4m
including 60m @ 1.15 g/t Au fm 56m – 116m

Drill Hole DODH083 intersected 100.7m @ 4.73% Cu eq fm 4m – 104.7m

Copper Intersection

Intersected: 100.7m @ 3.45% Cu fm 4m – 104.7m
including 25m @ 6.28% Cu fm 42m – 67m
and 26.7m @ 4.45% Cu fm 78m – 104.7m

Review of Operations (continued)

Cobalt Intersection

Intersected: 100.7m @ 1096 ppm Co fm 4m – 104.7m
 including 25m @ 1265 ppm Co fm 42m – 67m
 and 26.7m @ 1220 ppm Co fm 78m – 104.7m

Gold Intersection

Intersected: 100.7m @ 0.43 g/t Au fm 4m – 104.7m
 including 25m @ 0.81 g/t Au fm 42m – 67m
 and 26.7m @ 0.52 g/t Au fm 78m – 104.7m

Drill Hole DODH069 intersected 302m @ 2.33% Cu eq fm 7m – 309m

Copper Intersection

Intersected: 302m @ 1.46% Cu fm 7m – 309m
 including 7m @ 11.01% Cu fm 7m – 14m
 and 15m @ 4.71% Cu fm 263m – 278m

Cobalt Intersection

Intersected: 302m @ 742 ppm Co fm 7m – 309m
 including 7m @ 674 ppm Co fm 7m – 14m
 and 15m @ 1241 ppm Co fm 263m – 278m

Gold Intersection

Intersected: 302m @ 0.20 g/t Au fm 7m – 309m
 including 7m @ 0.89 g/t Au fm 7m – 14m
 and 15m @ 0.47 g/t Au fm 263m – 278m

•Refer section "Equivalent Calculations" Note A, for the above copper equivalent calculation details.

Hole Location Data:

Hole ID	Northing	Easting	Azimuth	Dip
DODH067	7713883	433515	137	-70
DODH069	7713895	433517	142	-30
DODH080	7714103	433339	0	-90
DODH083	7713878	433528	0	-90
DODH095	7713789	433608	0	-90
DODH099	7713682	433673	0	-90
DODH140	7713898	433511	0	-90

DATUM: AGD66 PROJECTION: UTM54



Review of Operations (continued)

Rocklands style mineralisation; is dominated by dilational brecciated shear zones, throughout varying rock types, hosting coarse splashy to massive primary mineralisation with high-grade supergene chalcocite enrichment and bonanza-grade coarse native copper. Polymetallic copper-cobalt-gold mineralisation persists throughout the oxidation profile and remains open at depth.

Wilgar; Polymetallic and rare element prospect, which includes Au, Cu, Mo, Ag, Te, Se, ±U. The high-grade gold, silver and tellurium, intersected in the shallow bedrock drilling, does not appear to be directly associated with uranium mineralisation which is predominantly associated with molybdenum and selenium at depth.

Equivalent calculations

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

The formula is based on the metal prices of:

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

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

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

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

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

Reported intersections are down-hole widths.

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

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

The formula is based on the metal prices of:

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

Review of Operations (continued)

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

Notes on Assay Results

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

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

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

Reported intersections are down-hole widths.

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

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

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

Note C. GOLD (Au) EQUIVALENT CALCULATION

The formula is based on the metal prices of:

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

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

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



DIRECTORS' REPORT

The Directors present their report together with the financial report of CuDeco Limited (the "Company") for the year ended 30 June 2010. 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 (62 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 (61 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 (67 years) is a chemical engineer with more than 30 years experience in the resource sector in Australia and internationally, in senior operations management and project development roles in base metals mineral processing, smelting and technology development. He was previously with MIM Holdings as General Manager - Group Metallurgical Development and Metallurgical Works Manager at Mt Isa. He also completed technical assessment and development of the US \$1 billion Alumbrera copper/gold project in Argentina.

Gerald Adrian Lambert

ACA MAICD
Independent, Non-Executive
Director
(Appointed 27 April 2010)

Gerald (Gerry) Lambert (57 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 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.

David John Edward Taylor

B.A. LL.B.
Independent, Non-Executive
Director
(Appointed 3 July 2009)

David J. E. Taylor (26 years) is a Solicitor with admissions in the Supreme Court of Queensland and High Court of Australia. He is experienced within the field of civil litigation where he provides wide-ranging advice to clients of the law firm, Taylors. He holds bachelor degrees in Law and Arts from Bond University, with a specialisation in Legal Practice.

William Douglas Cash

Independent, Non-Executive
Director
(Resigned 27 April 2010)

William (Bill) Cash (65 years) has wide experience in base metals and concentrates sales and marketing, shipping and logistics, product handling, sales contract administration, feasibility studies, development of marketing strategies for new mining projects, particularly in the copper, zinc and lead metal and concentrate businesses. He was previously with MIM Holdings for over 20 years. Mr Cash has been a director of Blackthorn Resources Ltd since 31 May 2007.

None of the Company's Directors have held office as directors of other public listed companies in the three year period ended 30 June 2010 (except as disclosed above).

DIRECTORS' REPORT (continued)

COMPANY SECRETARY

Lisa Sharon Rowe

(Appointed May 2004)

Lisa Rowe is a certified practicing accountant with over 15 year's experience. Ms Rowe has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The loss after tax for the year ended 30 June 2010 was \$10,577,515 (30 June 2009: \$79,795). The significant items that contributed to the loss were; share-based payments expense \$7,099,570, loss on sale of available for sale financial assets \$1,965,901 and impairment of available for sale financial assets \$2,023,700. 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 Company during the year ended 30 June 2010 and the results of those operations is set out on pages 3 to 17 and forms part of this Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- In July 2009, 2,004,800 shares were issued under the Share Purchase Plan ("SPP") with respect to subscriptions received during June 2009. A total of 1,995,200 shares were allotted in August 2009 with respect to a shortfall arising from the underwritten SPP. These SPP transactions for a total of \$10 million (before costs) were brought to account during the financial year ended 30 June 2009.
- The Company cancelled 2,153,386 ordinary shares pursuant to the Company's on-market share buy-back that was announced on 28 September 2009. These shares were bought back at a total cost of approximately \$9.4 million, with an average of approximately \$4.37 per share.

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 Company, the results of those operations or the state of affairs of the Company, in future financial years other than:

754,673 ordinary shares have been bought back at a total cost of approximately \$1.78m, pursuant to the Company's on-market share buy-back announced on 28 September 2009.

LIKELY DEVELOPMENTS

The Company will continue exploration on its Rocklands Group Copper Project. Further commentary on likely developments over the forthcoming year is provided in the "Review of Operations".

DIRECTORS' REPORT (continued)

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 2010 are:

	Full meetings of directors		Meetings of committees			
	A	B	Audit		Remuneration	
			A	B	A	B
W McCrae	8	8	*	*	*	*
P Hutchison	8	8	3	3	*	*
P Keran	8	8	3	3	*	*
G Lambert (appointed 27 April 2010)	1	1	1	1	-	-
D Taylor (appointed 3 July 2009)	8	8	*	*	2	2
W Cash (resigned 27 April 2010)	5	6	2	2	2	2

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

* = Not a member of the relevant committee

There were 8 Directors' meetings held during the year. However, matters of board business have also been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings of the Directors.

An audit committee was established on 5 September 2007. The audit committee consists of G Lambert (Chairman, previously W Cash until his resignation on 27 April 2010), P Hutchison and P Keran.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares, options or other instruments issued by the Company, as notified by the directors to the ASX Ltd in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	CuDeco Limited	
	Fully Paid ordinary shares	Options over ordinary shares
W McCrae	12,669,538	-
P Hutchison	1,032,534	2,500,000
P Keran	70,000	100,000
G Lambert	10,500	-
D Taylor	32,000	100,000

DIRECTORS' REPORT (continued)

SHARE OPTIONS

As at the date of this report, there were 7,450,000 unissued ordinary shares under option.

	Number	Exercise Price	Expiry Date
Consultant Unlisted Options:	300,000	\$3.50	10-Jun-12
Directors Unlisted Options	2,700,000	\$6.50	31-Dec-12
Employee Unlisted Options:	250,000	\$6.00	7-Nov-10
Employee Unlisted Options:	100,000	\$3.50	25-Nov-11
Employee Unlisted Options:	2,400,000	\$4.00	31-Jul-12
Employee Unlisted Options:	200,000	\$4.50	31-Jul-12
Employee Unlisted Options:	100,000	\$4.50	22-Feb-13
Employee Unlisted Options:	200,000	\$2.50	13-Sep-13
Employee Unlisted Options:	600,000	\$2.50	15-Sep-13
Consultants Unlisted Options:	600,000	\$2.50	15-Sep-13

During or since the end of the financial year 125,000 consultant options were exercised at \$4.00 each resulting in the issue of 125,000 ordinary shares by the Company. 225,000 unlisted consultant options expired unexercised. 100,000 director's unlisted options lapsed on resignation of a director.

Options issued during the year are as follows:

- 2,600,000 options to subscribe for ordinary shares were issued pursuant to the CuDeco Ltd Employee Option Plan. These unquoted options have an exercise period between 31 July 2010 and 31 July 2012. 2,400,000 options are exercisable at \$4.00 each and 200,000 options are exercisable at \$4.50 each.
- 2,800,000 options to subscribe for ordinary shares were allotted to Directors as approved by shareholders at the Annual General Meeting held on 26 November 2009. The unquoted options are exercisable at \$6.50 each on or before 31 December 2012. 100,000 of these options lapsed during the year on the resignation of Mr William Cash.
- 100,000 options to subscribe for ordinary shares were issued pursuant to the CuDeco Ltd Employee Option Plan. These unquoted options have an exercise period between 22 February 2011 and 22 February 2013 and are exercisable at \$4.50 each.

The following options have been issued subsequent to year end or up to the date of this report:

- 200,000 options to subscribe for ordinary shares were issued pursuant to the CuDeco Ltd Employee Option Plan. These unquoted options have an exercise period between 13 September 2011 and 13 September 2013 and are exercisable at \$2.50 each.
- 600,000 options to subscribe for ordinary shares were issued pursuant to the CuDeco Ltd Employee Option Plan. These unquoted options have an exercise period between 15 September 2011 and 15 September 2013 and are exercisable at \$2.50 each.
- 600,000 options to subscribe for ordinary shares were issued to consultants of the Company. These unquoted options have an exercise period between 15 December 2010 and 15 September 2013 and are exercisable at \$2.50 each.

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



DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED

This report outlays the remuneration arrangements in place for the Directors and executives (as defined under section 300A of the Corporations Act 2001) of CuDeco Limited.

There were no key management personnel during the year other than the Directors.

The following were Directors and Executives of the Company during or since the end of the financial year.

Executive Directors

Mr Wayne McCrae
Mr Peter Hutchison

Non-Executive Directors

Mr Paul Keran
Mr Gerald Lambert (appointed 27 April 2010)
Mr David J.E. Taylor (appointed 3 July 2009)
Mr William Cash (resigned 27 April 2010)

Other Senior Management

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year:

Cameron McCrae – Business Development Manager

Arthur Hunt – Technical Manager – Metallurgy and Engineering, employment commenced 12 April 2010

Company Secretary

Lisa Rowe - Ms Rowe's services are provided by Corporate Consultants Pty Ltd.

There have been no changes of the CEO or key management personnel after reporting date to the date the financial report was authorised for issue.

Remuneration Policy

The Board is responsible for determining remuneration policies and packages applicable to the key management personnel and other executives of the Company. The remuneration of key management personnel and other executives is designed to attract, retain and motivate these people in order to achieve the Company's objectives. Where necessary, independent advice on the appropriateness of remuneration packages is obtained.

The remuneration of key management personnel and other executives 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 Company's objectives.

Incentives may be provided to reward key management personnel and other executives for achievement of targets aligned with the Company's objectives. These incentives are likely to consist of shares in the Company, options for shares or cash bonuses. No such targets were set during the year and no such incentives paid.

During the year no element of the remuneration of key management personnel and other executives was dependent on the satisfaction of a performance condition. No bonuses were paid during the year.

Remuneration Committee

A formally constituted remuneration committee, comprising Mr Cash and Mr Taylor, was established on 26 November 2009. Mr Lambert was appointed to the committee on 5 May 2010, subsequent to Mr Cash's resignation. The Committee's terms of reference include the following duties:

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

DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (Continued)

Equity components of remuneration, including the issue of options, are required to be approved by shareholders prior to award.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers 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 Company aims to reward the Directors and executives with a level of remuneration commensurate with their position and responsibilities within the Company 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 Company; 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 Board 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. Where necessary independent advice on the appropriateness of remuneration packages is obtained.

At the 2007 Annual General Meeting shareholders approved a pool of \$150,000 per annum for non-executive Directors' fees. The Board has increased the annual remuneration of non-executive Directors from \$30,000 plus superannuation to \$45,000 plus superannuation at the statutory guarantee level from 1 January 2010. In addition non-executive Directors providing services to the Company outside the scope of their duties as Directors will receive fees at an hourly rate.

The Board 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.

Directors receive no additional compensation for membership of Board Committees.

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.



DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (Continued)

Variable Remuneration – Long Term Incentive (LTI)

As such LTI grants are only made to Directors and executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

Structure

LTI grants to Directors and executives are delivered in the form of options. The issue of options as part of the remuneration packages of Directors is an established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding each of the Directors.

2,500,000 options were granted to Mr P Hutchison and 100,000 options were granted to each of Messrs Cash, Keran & Taylor during the year as part of their remuneration. There were no vesting conditions attached to these options. 500,000 and 50,000 options were granted to Mr C. McCrae and Ms Rowe, respectively during the year as part of their remuneration. These options vested on 31 July 2010. Options were not granted to Directors or executives during the year ended 30 June 2009. The options granted to the Directors and executives during the year are in recognition of the past services and as an incentive for future services.

Employment Contracts

Formal employment contracts for the executive Directors have been in place since 31 March 2008.

The annual base salaries of executive Directors are as follows:

Effective from:		Base Salary	Superannuation
		\$	\$
1 July 2009	W McCrae	400,000	13,050
1 July 2009	P Hutchison	275,000	13,050
1 January 2010	W McCrae	800,000	50,000
1 January 2010	P Hutchison	600,000	50,000

These executives 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 Company 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.

Cameron McCrae was appointed Business Development Manager, resident in Hong Kong in February 2008. His employment contract includes remuneration of \$256,250 per annum, allowances of \$36,400, accommodation in Hong Kong and medical cover. His salary increases 2.5% annually. Mr C. McCrae has a 5 year fixed term contract with the Company. If his contract is terminated for any reason other than Mr C. McCrae withdrawing his services he is entitled to be paid the balance of the term of his contract.

Arthur Hunt was appointed Senior Technical Manager in April 2010. His 3 year employment agreement includes remuneration of \$180,000 per annum, 15% superannuation and a relocation allowance of \$25,000. Mr Hunt can terminate the employment agreement by providing CuDeco a minimum three months notice in writing. CuDeco can terminate the agreement if Mr Hunt fails to carry out his duties in a safe and professional manner, and to the satisfaction of CuDeco. CuDeco can also terminate the agreement by written notice at any time, by paying out the remaining term of the agreement.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (Continued)

Directors' and executives remuneration

The remuneration for each director of the Company during the year was as follows:

Director		Short-Term Benefits	Post Employment	Share-Based Payments	Other Benefits	Total
		Salary / Fees \$	Superannuation \$	Equity Settled Value of Options \$	\$	
W McCrae	2010	600,000	40,756	-	-	640,756
	2009	400,000	13,050	-	-	413,050
P Hutchison	2010	437,500	40,756	7,200,000	-	7,678,256
	2009	250,000	13,050	-	-	263,050
P Keran	2010	37,500	3,375	288,000	-	328,875
	2009	30,000	2,700	-	-	32,700
G Lambert (appointed 27 April 2010)	2010	8,036	723	-	-	8,759
	2009	-	-	-	-	-
D Taylor (appointed 3 July 2009)	2010	32,500	2,925	288,000	-	323,425
	2009	-	-	-	-	-
W Cash (resigned 27 April 2010)	2010	29,217	2,630	288,000	-	319,847
	2009	30,000	2,700	-	-	32,700
Total	2010	1,144,753	91,165	8,064,000	-	9,299,918
	2009	710,000	31,500	-	-	741,500

The remuneration for the executives during the year was as follows:

Executives		Short-Term Benefits	Post Employment	Share-Based Payments	Other Benefits	Total
		Salary / Fees \$	Superannuation \$	Equity Settled Value of Options \$	\$	
C McCrae (i)	2010	297,654	-	599,673	198,489	1,095,816
	2009	230,670	-	-	140,345	371,015
L Rowe	2010	-	-	59,967	-	59,967
	2009	-	-	-	-	-
A Hunt (appointed 12 April 2010)	2010	38,077	5,712	-	-	43,789
	2009	-	-	-	-	-

(i) Includes the value of non-cash benefits such as accommodation and medical cover.

The Company Secretary, Ms Lisa Rowe's services are provided through Corporate Consultants Pty Ltd. Accounting, secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd during the year ended 30 June 2010 amounted to \$49,759 (2009: \$47,593).

No element of remuneration is related to performance. As the Company is still in the exploration and development stage the link between remuneration, company performance and shareholder wealth is tenuous. Share prices are subject to the influence of metals prices and market sentiment towards the sector, and as such increases and decreases may occur quite independent of executive performance or remuneration.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT - AUDITED (Continued)

Options granted as part of remuneration for the year ended 30 June 2010 (in accordance with the LTI plan)

Directors	Grant Date	Grant Number	Exercise Price	Vesting Date	Value per option at grant date	% of Remuneration
P Hutchison	26 Nov 2009	2,500,000	\$6.50	1 Dec 2009	\$2.88 (A)	94
W Cash	26 Nov 2009	100,000	\$6.50	1 Dec 2009	\$2.88 (A)	90
P Keran	26 Nov 2009	100,000	\$6.50	1 Dec 2009	\$2.88 (A)	88
D Taylor	26 Nov 2009	100,000	\$6.50	1 Dec 2009	\$2.88 (A)	89
Executives						
C McCrae	29 July 2009	500,000	\$4.00	31 July 2010	\$1.31 (B)	57
L Rowe	29 July 2009	50,000	\$4.00	31 July 2010	\$1.31 (B)	n/a

(A) Each option was valued at \$2.88 being the value of the options at the date of grant using a Black-Scholes model. The options vested 100% at the time of grant, so there is no value of options yet to vest. Other factors and assumptions taken into account in determining the fair value of the options allocated to this reporting period include, price of shares on grant date \$5.41, volatility 84% and risk free interest rate 4.65%.

(B) Each option was valued at \$1.31 being the value of the options at the date of grant using a Black-Scholes model. The options vest on 31 July 2010. Other factors and assumptions taken into account in determining the fair value of the options allocated to this reporting period include, price of shares on grant date \$2.61, volatility 90% and risk free interest rate 4.9%.

All options granted as part of remuneration for the year ended 30 June 2010 were granted for nil consideration. Once vested, options can be exercised any time up to the expiry date.

During or since the end of the financial year, 100,000 options over unissued ordinary shares in the Company were cancelled due to the resignation of a director. The value of the options on 27 May 2010 (date of lapse) was \$162,726.

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 granted subsequent to 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;

- 200,000 options exercisable at \$2.50 each between 13 September 2011 and 13 September 2013 were issued to Arthur Hunt in September 2010.

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 Company holds in that State, including license requirements relating to ground disturbance, rehabilitation and waste disposal.

The Directors believe that the Company 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 \$24,871 to insure the Directors and officers of any entity within 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 Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company 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 (QLD) 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 2010:

\$14,600 for the provision of tax services.



DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

The auditor, BDO Audit (QLD) 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

Cloncurry, 30 September 2010



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DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF CUDECO LIMITED

As lead auditor of CuDeco Limited for the year ended 30 June 2010, 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 of CuDeco Limited and the entities it controlled during the period.

BDO Audit (QLD) Pty Ltd

Anthony J Whyte

Director

Brisbane, 30 September 2010

BDO Audit (QLD) Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (QLD) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Consolidated Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Revenue from continuing operations	2	2,926,350	1,697,017
Expenses			
Repairs and maintenance		(19,568)	(28,005)
Motor vehicle expenses		(11,464)	(5,412)
Employee and consultant expenses	3	(9,233,963)	(1,372,833)
Shareholder expenses		(254,597)	(147,848)
Occupancy expenses		(375,667)	(299,844)
Travel		(184,836)	(59,694)
Loss on disposal of available for sale financial assets		(1,965,901)	-
Impairment of available for sale financial assets		(2,023,700)	-
Other	3	(84,169)	(261,895)
Expenses		(14,153,865)	(2,175,531)
Loss from continuing operations before related income tax benefit	3	(11,227,515)	(478,514)
Income tax benefit	5	-	-
Loss for the year		(11,227,515)	(478,514)
Discontinued operations			
Profit from discontinued operations after income tax	24	650,000	398,719
Net loss for the year		(10,577,515)	(79,795)
Other comprehensive income			
Change in fair value of available for sale financial assets		1,449,119	(5,438,720)
Reclassification			
- transfer to profit or loss on sale		1,965,901	-
- impairment transfer to profit or loss		2,023,700	-
Total comprehensive loss for the year		(5,138,795)	(5,518,515)
		Cents	Cents
Earnings per share:			
Basic and diluted gain / (loss) per share	6	(7.7)	(0.1)
Continuing operations:			
Basic and diluted loss per share	6	(8.2)	(0.4)

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

Consolidated Balance Sheet as at 30 June 2010

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	7	36,429,603	54,854,930
Trade and other receivables	8	1,006,628	8,976,324
TOTAL CURRENT ASSETS		37,436,231	63,831,254
NON-CURRENT ASSETS			
Trade and other receivables	8	41,966	21,866
Available for sale financial assets	9	764,050	1,326,697
Property, plant and equipment	10	10,786,146	5,456,086
Exploration and evaluation expenditure	11	50,257,298	30,363,809
TOTAL NON-CURRENT ASSETS		61,849,460	37,168,458
TOTAL ASSETS		99,285,691	100,999,712
CURRENT LIABILITIES			
Trade and other payables	12	1,735,920	782,873
Provisions	13	200,368	88,219
TOTAL CURRENT LIABILITIES		1,936,288	871,092
TOTAL LIABILITIES		1,936,288	871,092
NET ASSETS		97,349,403	100,128,620
EQUITY			
Contributed equity	14	139,893,702	148,859,801
Reserves	16	33,446,952	16,682,555
Accumulated losses		(75,991,251)	(65,413,736)
TOTAL EQUITY		97,349,403	100,128,620

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 2010

	Contributed Equity	Accumulated Losses	Option Reserve	Other Reserves	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2008	102,905,940	(65,333,941)	21,389,132	527,114	59,488,245
Loss for the year	-	(79,795)	-	-	(79,795)
Change in fair value of available for sale financial assets	-	-	-	(5,438,720)	(5,438,720)
Total comprehensive income	-	(79,795)	-	(5,438,720)	(5,518,515)
Shares issued during the year	42,506,950	-	-	-	42,506,950
Share issue and buy-back costs	(2,202,255)	-	-	-	(2,202,255)
Unallocated share capital (refer note 14)	9,500,000	-	-	-	9,500,000
Share buy-back	(3,850,834)	-	-	-	(3,850,834)
Cost of share based payments	-	-	205,029	-	205,029
Balance at 30 June 2009	148,859,801	(65,413,736)	21,594,161	(4,911,606)	100,128,620
Balance at 1 July 2009	148,859,801	(65,413,736)	21,594,161	(4,911,606)	100,128,620
Loss for the year	-	(10,577,515)	-	-	(10,577,515)
Change in fair value of available for sale financial assets	-	-	-	1,449,119	1,449,119
Reclassification					
- transfer to profit and loss on sale	-	-	-	1,965,901	1,965,901
- impairment transfer to profit and loss	-	-	-	2,023,700	2,023,700
Total comprehensive income	-	(10,577,515)	-	5,438,720	(5,138,795)
Shares issued during the year	500,000	-	-	-	500,000
Share buy-back costs	(45,069)	-	-	-	(45,069)
Share buy-back	(9,421,030)	-	-	-	(9,421,030)
Cost of share based payments	-	-	11,325,677	-	11,325,677
Balance at 30 June 2010	139,893,702	(75,991,251)	32,919,838	527,114	97,349,403

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

Consolidated Statement of Cash Flows for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,840	32,384
Cash payments in the course of operations		(2,262,308)	(2,453,984)
Interest received		2,107,819	2,399,878
Research & development tax concession		312,469	396,519
Settlement of claims		754,860	-
NET CASH INFLOWS FROM OPERATING ACTIVITIES	19	914,680	374,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(6,547,492)	(3,105,930)
Payments for exploration and evaluation expenditure		(14,205,597)	(10,757,836)
Proceeds from sale of plant and equipment		-	12,000
Proceeds from sale of equity investments		2,011,766	-
Payments for purchases of equity investments		-	(1,015,417)
Increase in deposits		(20,100)	(1,900)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		(18,761,423)	(14,869,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		9,003,500	44,003,450
Cost of on-market share buy-back		(9,013,828)	(3,850,834)
Share issue / buy back costs		(568,256)	(2,175,716)
NET CASH INFLOWS (OUTFLOWS) FROM FINANCING ACTIVITIES		(578,584)	37,976,900
NET INCREASE (DECREASE) IN CASH HELD		(18,425,327)	23,482,614
Cash at the beginning of the financial year		54,854,930	31,372,316
CASH AT THE END OF THE FINANCIAL YEAR	7	36,429,603	54,854,930

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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 2010 were authorised for issue in accordance with a resolution of the Directors on 30 September 2010 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 as a consequence of a change to the Corporations Act 2001. However, limited financial information for CuDeco Ltd as an individual entity is included in note 26.

The financial statements are presented in Australian currency.

(a) Basis of Preparation

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

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

No new Australian Accounting Standards that have been issued but are not yet effective have been applied in the preparation of these financial statements. Such standards are not expected to have a material impact on the Company's financial statements on initial application.

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

(b) Principles of Consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 18 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 Balance Sheet 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

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

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

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

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

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

(e) Taxation

The 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 sheet 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 credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against 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 economic 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 Ltd is responsible for recognising the current tax assets and liabilities and deferred tax assets arising from unused losses of the group for the tax consolidated group.

(f) Receivables

The collectibility of debts 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 2010 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the acquisition date.

(h) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are unsecured and normally settled within 30 days.

(i) Exploration and Evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Company's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(j) Research and Development Expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable to the project can be measured reliably. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired.

(k) Impairment of Non Financial Assets

At each reporting date the Company 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 income statement 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 recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(l) Property, Plant and Equipment

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy impairment of assets).

Property, plant and equipment

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, Plant and Equipment (continued)

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 Company 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, with the exception of exploration, evaluation and development costs in the production phase which is amortised on a units of production basis over the life of economically recoverable reserves. 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:

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Buildings	10%
Leasehold improvements	20% – 25%
Plant and equipment	20% – 33%

(m) Employee Benefits

The Company's liability for employee benefits arising from services rendered by employees to balance date are accrued. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(o) Issued Capital

Ordinary shares issued are classified as contributed equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds.

(p) Share-Based Payments

The Company provides benefits to directors, employees and suppliers of the Company 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 an Employee Option Plan in place to provide these benefits to employees (excludes directors).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share-Based Payments (continued)

The cost of these share-based payment transactions with directors and employees 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 15.

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 expense is recognised for awards that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Where options are cancelled, they are treated as if they had vested on the date of cancellation, and any unrecognised expenses are immediately recognised. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(q) Earnings per Share

- (i) *Basic Earnings per Share* – Basic earnings per share is determined by dividing the net profit or loss by the weighted average number of ordinary shares outstanding during the financial year.
- (ii) *Diluted Earnings per Share* – Diluted earnings per share adjusts the figures used in the determination of basic earnings for the after tax effect of financing costs and the effect of conversion of ordinary shares associated with dilutive potential ordinary shares.

(r) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key 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 Company 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 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) *Investments and Other Financial Assets*

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Company 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. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale financial assets revaluation reserve. On sale the amount held in available for sale reserves associated with that asset is removed from equity and recognised in profit or loss.

Investments in subsidiaries are accounted for at cost in accordance with the cost alternative permitted in separate financial statements under AASB 127 *Consolidated and Separate Financial Statements*.

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 sheet date.

(t) **Comparative figures**

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

(u) **Determination and presentation of operating segments**

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 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 Managing Director and other members of the Board of Directors.

(v) **Presentation of financial statements**

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Presentation of financial statements (continued)

Disclosure impact

(i) Terminology changes

The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

(ii) Reporting changes in equity

The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

(iii) Statement of comprehensive income

The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement. The Group's financial statements now contain a statement of comprehensive income.

(iv) Other comprehensive income

The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

	2010 \$	2009 \$
2. REVENUE		
<i>From continuing operations</i>		
Interest from cash at bank	2,421,711	1,637,382
Diesel fuel rebate	85,470	40,360
Equipment hire rental	1,840	19,275
Insurance claim	104,860	-
R&D tax concession	312,469	-
Total revenue from ordinary activities	2,926,350	1,697,017
<i>From discontinued operations</i>		
Sales of copper sulphate	-	2,200
R&D tax concession	-	396,519
Settlement of claim	650,000	-
	650,000	398,719
3. EXPENSES		
Loss before income tax benefit has been arrived at after charging/ (crediting) the following items:		
<i>From continuing operations</i>		
Operating lease rental – director-related entity	184,573	167,781
Operating lease rental – other	134,030	58,900
Loss on sale of assets	-	2,886
Loss on sale of available for sale financial assets	1,965,901	-
Impairment of available for sale financial asset	2,023,700	-
Share based payment expense – employees	2,275,570	-
Share based payment expense – directors	4,824,000	-
4. AUDITORS' REMUNERATION		
Amounts received or due and receivable by BDO:		
- Auditing or reviewing the financial report	63,997	48,733
- Tax services	14,600	17,368

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

	2010	2009
	\$	\$
5. INCOME TAX EXPENSE		
The prima facie income tax 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:		
	(3,173,255)	(23,939)
Non-allowable items	2,041,730	(115,091)
Deferred tax liability not recognised	(4,564,788)	(3,263,213)
Deferred tax asset not brought to account		
- temporary difference	716,786	(75,818)
- tax losses	4,979,527	3,478,061
Income tax expense	-	-
Deferred tax asset reconciliation		
Temporary differences		
- profit or loss related	1,133,860	417,074
- equity related	420,181	-
Tax losses		
- profit or loss related	13,981,849	9,002,323
- equity related	272,909	136,455
	15,808,799	9,555,852
Accumulated tax losses not recognised due to lack of high probability	14,254,759	9,138,778
Deferred tax liability not recognised due to lack of high probability	14,017,185	9,452,397
For the purposes of taxation, CuDeco Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group.		
6. EARNINGS PER SHARE		
	2010	2009
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	137,404,912	119,179,355

The Company has granted share options in respect of a total of 6,050,000 ordinary shares at 30 June 2010. Options are considered to be potential ordinary shares. However, as the Company's continuing operation is in a loss position they are 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 Company than is shown by basic earnings per share. The options have not been included in the determination of basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
(Continued)

	2010	2009
	\$	\$
7. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank and in hand	245,228	1,654,930
Deposits at call	<u>36,184,375</u>	<u>53,200,000</u>
	36,429,603	54,854,930
- Cash at bank earns interest at floating rates based on daily bank deposit rates.		
- Deposits at call are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Company, and earn interest at the respective deposits at call rates.		
8. TRADE AND OTHER RECEIVABLES		
Current		
Accrued interest	458,644	144,752
GST receivable	452,133	718,417
Prepayments	39,946	109,326
Other receivables (note i)	55,905	8,003,829
	<u>1,006,628</u>	<u>8,976,324</u>
Non-current		
Security deposits	<u>41,966</u>	21,866

Note i: Included in other receivables in 2009 is an amount of \$8,003,500 which relates to the underwriter's commitment to subscribe for the shortfall to the share purchase plan which was brought to account at 30 June 2009. This amount was settled after 30 June 2009.

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.

	2010	2009
	\$	\$
9. AVAILABLE FOR SALE FINANCIAL ASSETS		
Non-current		
Listed Shares (at fair value)	<u>764,050</u>	<u>1,326,697</u>

At 30 June 2010, CuDeco Ltd held 10,325,000 shares (2009: 25 million shares) in listed company, Queensland Mining Corporation Limited (QMC). The Company's investment in QMC has been recorded at market value at 30 June 2010 of \$0.074 per share. At 30 June 2009 the shares were recorded at the market value of \$0.052 per share.

The available for sale investments consist of investments in ordinary shares and therefore they have no fixed maturity date or coupon rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

10. PROPERTY, PLANT AND EQUIPMENT

	2010 \$	2009 \$
<i>Land and buildings</i>		
At cost	563,111	524,947
Less accumulated depreciation	(117,110)	(73,890)
Total land and buildings	446,001	451,057
<i>Buildings and leasehold improvements (work-in-progress)</i>		
At cost	1,392,190	-
<i>Plant and equipment</i>		
At cost	12,350,867	7,107,131
Less accumulated depreciation	(3,402,912)	(2,102,102)
Total plant and equipment	8,947,955	5,005,029
Total property, plant and equipment	10,786,146	5,456,086

Reconciliation

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year

<i>Land and buildings</i>		
Carrying amount at the beginning of year	451,057	487,208
Additions during the year	38,164	770
Depreciation capitalised to exploration	(43,220)	(36,921)
Carrying amount at the end of the year	446,001	451,057
<i>Buildings and leasehold improvements (work-in-progress)</i>		
Carrying amount at the beginning of year	-	-
Additions	1,392,190	-
Carrying amount at the end of the year	1,392,190	-
<i>Plant and equipment</i>		
Carrying amount at the beginning of year	5,005,029	2,979,117
Additions	5,245,160	3,089,693
Depreciation capitalised to exploration	(1,301,284)	(1,049,986)
Disposals	(950)	(13,795)
Carrying amount at the end of the year	8,947,955	5,005,029

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

11. EXPLORATION AND EVALUATION EXPENDITURE

	Company	
	2010	2009
	\$	\$
Costs carried forward in respect of areas of interest in exploration and/or evaluation phase:		
Balance at the beginning of the year	30,363,809	18,518,908
Exploration costs incurred	14,326,029	10,552,965
Depreciation capitalised to exploration	1,344,504	1,086,907
Share based payments expense capitalised to exploration		
	4,222,956	205,029
Total exploration and evaluation expenditure	50,257,298	30,363,809

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

12. TRADE AND OTHER PAYABLES CURRENT

Unsecured liabilities:		
Trade creditors	1,244,528	550,443
Accrued annual leave	432,951	184,177
Sundry creditors and accrued expenses	58,441	48,253
	1,735,920	782,873

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.

13. PROVISIONS

	2010	2009
	\$	\$
Long service leave provision	200,368	88,219



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

14. CONTRIBUTED EQUITY

		2010	2009
		\$	\$
Issued and paid-up share capital			
136,260,144 (2009: 134,195,702) ordinary shares, fully paid	14a	139,893,702	139,359,801
Other contributed equity (refer note ii)	14a	-	9,500,000
		139,893,702	148,859,801

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 2008	Opening balance	116,677,069		102,905,940
July 2008	Allotment on exercise of CDUO \$0.20 options (monies received prior to year end) (see note i)	2,516,065		-
July 2008	Exercise of CDUO \$0.20 options	34,750	\$0.20	6,950
Sept 2008 - May 2009	Shares cancelled pursuant to the on-market share buy-back	(2,032,182)		(3,850,834)
June 2009	Share placement issue	17,000,000	\$2.50	42,500,000
	Share issue / cancellation costs			(2,202,255)
30 June 2009	Closing balance	<u>134,195,702</u>		<u>139,359,801</u>
July 2009	Share Purchase Plan (see note ii)	2,004,800	\$2.50	5,012,000
August 2009	Share Purchase Plan (shortfall) (see note ii)	1,995,200	\$2.50	4,988,000
	Share purchase plan costs			(500,000)
November 2009	Exercise of options	125,000	\$4.00	500,000
Sept 2009 - June 2010	Shares cancelled pursuant to the on-market share buy-back	(2,060,558)		(9,013,828)
July 2010	Shares cancelled pursuant to the on-market share buy-back (see note iii)	(92,828)		(405,176)
	Share issue costs / cancellation costs			(47,095)
30 June 2010	Closing balance	<u>136,167,316</u>		<u>139,893,702</u>

Note i. \$503,213 was received immediately prior to the year ended 30 June 2008, for the exercise of 2,516,065 CDUO options into shares. These shares were allotted on 3 July 2008.

Note ii. The funds raised pursuant to the fully underwritten share purchase plan (\$9.5m net) were brought to account at 30 June 2009.

Note iii. 92,828 shares were bought back on 29 June 2010. These shares were cancelled in July 2010 however, this transaction was brought to account at 30 June 2010.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

(b) Share Options

Exercise Period	Exercise Price	Opening Balance 1 July 2009 <i>Number</i>	Options Issued 2009/2010 <i>Number</i>	Options Exercised 2009/2010 <i>Number</i>	Options Expired/ Forfeited 2009/2010 <i>Number</i>	Closing Balance 30 June 2010 <i>Number</i>
15/02/2008 - 15/08/2010	\$3.29	100,000	-	-	-	100,000
07/11/2007 - 07/11/2010	\$6.00	250,000	-	-	-	250,000
25/08/2008 - 31/07/2009	\$3.50	125,000	-	-	(125,000)	-
25/08/2008 - 31/12/2009	\$4.00	125,000	-	(125,000)	-	-
25/11/2009 - 25/11/2011	\$3.50	100,000	-	-	-	100,000
01/01/2010 - 10/06/2012	\$3.50	300,000	-	-	-	300,000
31/07/2010 - 31/07/2012	\$4.00	-	2,400,000	-	-	2,400,000
31/07/2010 - 31/07/2012	\$4.50	-	200,000	-	-	200,000
On or before 31/12/2012	\$6.50	-	2,800,000	-	(100,000)	2,700,000
22/02/2011 - 22/02/2013	\$4.50	-	100,000	-	-	100,000
		1,000,000	5,500,000	(125,000)	(225,000)	6,150,000

Since the year end, 100,000 unlisted options lapsed unexercised.

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.

15. SHARE BASED PAYMENTS

Employee Option Plan

In November 2008, the Company sought, and was granted, approval for maintenance of the CuDeco Ltd Employee Option Plan ("Plan"). The Plan allows Directors from time to time to invite eligible employees to participate in the Plan and offer options to those eligible persons. The Plan is designed to provide incentives, assist in the recruitment, reward, retention of employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The contractual life of each option granted is three years. There are no cash settlement alternatives.

Non Plan based payments

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

The expense capitalised to exploration in relation to share-based payments is disclosed in Note 11.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

15. SHARE BASED PAYMENTS (continued)

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

	2010 No.	2010 Weighted average exercise price	2009 No.	2009 Weighted average exercise price
Outstanding at the beginning of the year				
	1,000,000	\$4.17	350,000	\$5.23
Granted during the year				
- Directors	2,800,000	\$6.50	-	-
- Employees	2,700,000	\$4.06	100,000	\$3.50
- Others	-	-	550,000	\$3.61
Forfeited during the year	(100,000)	\$6.50	-	-
Exercised during the year	(125,000)	\$4.00	-	-
Expired during the year	(125,000)	\$3.50	-	-
Outstanding at the end of the year	6,150,000	\$5.16	1,000,000	\$4.17

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

The fair value of the equity-settled share options granted under the Plan as well as not under any plans 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 following table lists the inputs to the model used for the years ended 30 June 2010 and 30 June 2009:

	2010	2009
Volatility (%)	80-90	60-189
Risk-free interest rates (%)	4.65, 4.89, 4.90	3, 3.25, 7.25
Expected life of options (years)	3	1-3
Exercise prices	\$4.00, \$4.50, \$6.50	\$3.50, \$4.00
Weighted average share price at grant date	\$4.06	\$2.78

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.

During the year ended 30 June 2009 300,000 options were issued as part settlement of a capital raising fee. These were recorded at \$3,150 being the fair value of the services provided.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
(Continued)

	2010	2009
	\$	\$
16. RESERVES		
Capital Realisation	95,114	95,114
Capital Redemptions	432,000	432,000
Option (note 16a)	32,919,838	21,594,161
Available-For-Sale Financial Assets Revaluation Reserve (note 16b)	-	(5,438,720)
	33,446,952	16,682,555
(a) Movement During the Year – Option		
Opening balance	21,594,161	21,389,132
Issue options to employees / consultants	3,261,677	205,029
Issue options to directors	8,064,000	-
Closing balance	32,919,838	21,594,161
(b) Movement During the Year – Available-For-Sale Financial Assets Revaluation Reserve		
Opening balance	(5,438,720)	-
Changes in fair value of available-for-sale financial assets	1,449,119	(5,438,720)
Reclassification		
- Transfer to profit or loss on sale	1,965,901	-
- Impairment transfer to profit or loss	2,023,700	-
Closing balance	-	(5,438,720)

Option Reserve

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

Available-For-Sale Financial Assets Revaluation Reserve

The available-for-sale financial assets revaluation reserve is used to record fair value changes on available-for-sale financial assets. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

17. FINANCIAL INSTRUMENT DISCLOSURES

To ensure a prudent approach to risk management the Company'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 Company has used a sensitivity analysis to determine the Company's exposure to interest rate 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 Company through regular reviews of the risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

17. FINANCIAL INSTRUMENT DISCLOSURES (continued)

The Groups financial assets and liabilities primarily comprise:

	2010 \$	2009 \$
Cash	36,429,603	54,854,930
Receivables	1,048,594	8,998,189
Available for sale financial assets	764,050	1,326,697
Total Assets	38,242,247	65,179,816
Payables	1,302,969	598,695
Total Liabilities	1,302,969	598,695

- (a) Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The entity does not have any material exposure to market risk other than interest rate risk and price risk.

i) Interest rate risk

The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's cash and cash equivalents. The Company does not have any interest bearing liabilities. It is the policy of the Company to manage interest rate risk exposures by continuously monitoring interest rates and to alter the balance of fixed and variable rate deposits as considered appropriate.

ii) Price risk

The Company is exposed to equity securities price risk. This arises from its investment on the balance sheet classified as available for sale financial assets. The Company monitors this risk regularly by reassessing the fair value on this investment.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:		Non-interest bearing	Total
			1 year or less	more than 1 year		
2010	%	\$	\$	\$	\$	\$
Financial Assets						
Cash (refer note 7)	4.84	243,400	36,184,375	-	1,828	36,429,603
Receivables (refer note 8)		-	-	-	966,682	966,682
		243,400	36,184,375	-	968,510	37,396,285
Payables (refer note 12)		-	-	-	1,302,969	1,302,969

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

17. FINANCIAL INSTRUMENT DISCLOSURES (continued)

	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:		Non-interest bearing	Total
			1 year or less	more than 1 year		
2009	%	\$	\$	\$	\$	\$
<i>Financial Assets</i>						
Cash (refer note 7)	2.47	1,653,102	53,200,000	-	1,828	54,854,930
Receivables (refer note 8)		-	-	-	8,866,997	8,868,825
		1,653,102	53,200,000	-	8,868,825	63,723,755
<hr/>						
Payables (refer note 12)		-	-	-	598,695	598,695

The Company has fixed interest term deposit facilities with a secure banking institution to maximise its interest income from surplus cash. The Company 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 - 6 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 2009.

	Carrying Amount	Profit or (Loss)		Equity	
		100bps increase	100bps decrease	100bps increase	100bps decrease
	\$	\$	\$	\$	\$
30 June 2010					
Cash and cash equivalents	36,427,775	364,278	(364,278)	364,278	(364,278)
Total increase / (decrease)		364,278	(364,278)	364,278	(364,278)
<hr/>					
30 June 2009					
Cash and cash equivalents	54,853,102	548,531	(548,531)	548,531	(548,531)
Total increase / (decrease)		548,531	(548,531)	548,531	(548,531)

(b) Credit risk

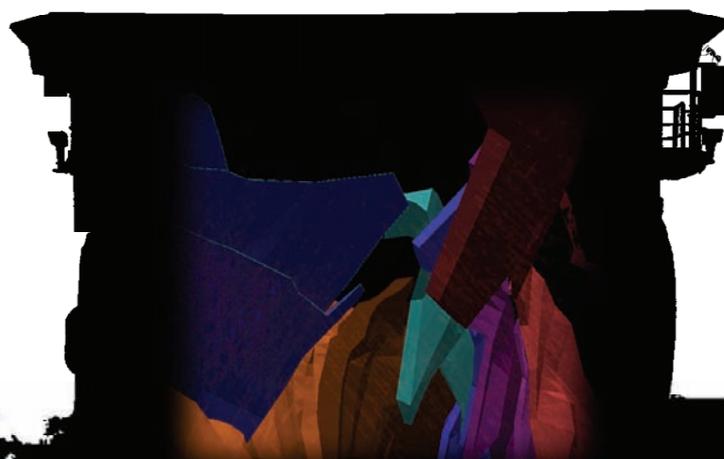
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash on deposit.

(i) Cash on deposit

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

(ii) Receivables

As the Company operates in the mineral exploration sector, it does not have trade receivables and therefore is not exposed to material credit risk in relation to trade receivables.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

17. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation. The Company currently has no committed lines of credit or any significant financial liabilities.

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

Due to the nature of the Company's activities and the present lack of operating revenue, the Company 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 Company will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of such items. Cash exposed to fixed interest rates is deposited in short term deposits with a term of less than 6 months, and therefore the carrying value of cash approximates its fair value.

(e) 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 been undertaking an on-market share buy-back programme primarily as the Directors believe the shares were undervalued at the time of each share buy-back. As part of this programme, during the year 2,153,386 (2009: 2,032,182) ordinary shares were bought back and cancelled at a total cost of approximately \$9,419,004 (2009: \$3,850,834).

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 2010
(Continued)**

18. CONTROLLED ENTITIES

Particulars in relation to controlled entities

Name		Incorporated in	Interest held %	
			2010	2009
CuDeco Limited		Australia		
Controlled Entities				
Mt Norma Copper Pty Ltd	Ord	Australia	100	100
Umatilla Resources Pty Ltd	Ord	Australia	75	75

Mt Norma Copper Pty Ltd and Umatilla Resources Pty Ltd have not operated during the years ended 30 June 2009 and 2010. These subsidiaries had nil assets and liabilities at 30 June 2009 and 2010.

19. NOTES TO THE STATEMENT CASH FLOWS

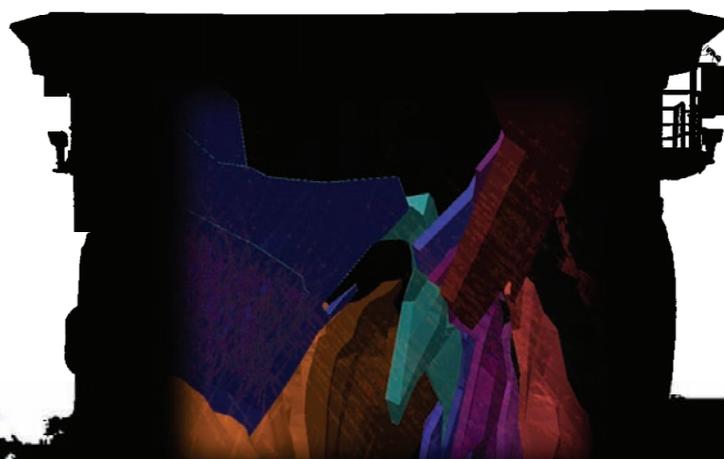
	2010	2009
(a) Reconciliation of gain/ (loss) from ordinary activities after income tax to net cash provided by operating activities	\$	\$
Gain / (Loss) from ordinary activities after income tax	(10,577,515)	(79,795)
Add/(less) non-cash items		
Share based payments	7,099,570	-
Loss on sale of assets	-	2,886
Loss on sale of available for sale financial assets	1,965,901	-
Impairment of available for sale financial asset	2,023,700	-
Write-off inventory	-	9,614
(Increase) / decrease in trade and other receivables	(33,804)	198,680
Increase / (decrease) in trade creditors and accruals	436,828	243,412
Cash inflows / (outflows) from operations	914,680	374,797

(b) Non-cash financing and investing activities

During the year, the Company issued options to employees, consultants and Directors for nil consideration. \$4,222,956 (2009: \$205,029) was attributed to exploration. Please refer to the Directors' report.

(c) Financing arrangements

The Company does not have any credit or standby facilities.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

20. COMMITMENTS

There were no capital commitments, not provided for in the financial statements as at 30 June 2010, other than:

Mineral Tenement Leases

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

Native Title

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

- 1) Annual administration payment of \$15,000;
- 2) \$50,000 on commencement of production of minerals from the mining licence areas; and
- 3) Annual payment of 0.25% of the value of minerals sold from the mining licence areas.

Operating lease commitments – Company as Lessee

The Company has entered into rental agreements for premises in Cloncurry and Southport. These leases have an average life of between 1 and 5 years. One option of five (5) years is included in all current contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2010	2009
	\$	\$
Within one year	193,799	190,616
After one year but not more than five years	32,558	226,357
More than five years	-	-
	226,357	416,973

21. CONTINGENCIES

There were no contingent liabilities or contingent assets not provided for in the financial statements as at 30 June 2010 other than:

A former employee of the Company has commenced legal action against the Company for an amount of approximately \$340,000 being the alleged loss incurred by the employee as a result of the cancellation of options previously issued to him under the Company's Employee Option Plan. The Company has received legal advice that it has no exposure to the claim and a defence to the action has been lodged. No provision has been made in the financial statements in respect of this claim.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

22. DISCONTINUED OPERATIONS

Details of operations disposed:

In March 2007, the Board of Directors entered into an agreement for the sale of the Mt Norma copper sulphate business and other non-core mineral leases for consideration of \$7,925,000. Settlement occurred in June 2007.

Financial performance of operations disposed:

The results of the discontinued operations that impact the current and previous financial year are presented as follows:

	2010 \$	2009 \$
Revenue		
Sales of copper sulphate	-	2,200
Settlement of claim (contaminated kerosene)	650,000	-
R&D tax concession	-	396,519
	650,000	398,719
Expenses		
Costs of selling copper sulphate	-	-
Expenses	-	-
Gain / (loss) before tax from discontinued operations	650,000	398,719
Tax expense	-	-
Gain / (loss) after tax from discontinued operations	650,000	398,719

23. KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Executive Directors	Non-Executive Directors
Mr Wayne McCrae	Mr Paul Keran
Mr Peter Hutchison	Mr Gerald Lambert (appointed 27 April 2010)
	Mr David Taylor (appointed 3 July 2009)
	Mr William Cash (resigned 27 April 2010)

Other than the Directors of the Company disclosed above, there were no other executives who have direct responsibility for the strategic direction and operational management of the Company.

The key management personnel compensation is as follows:

	2010 \$	2009 \$
Short-term employee benefits	1,144,753	710,000
Post-employment benefits	91,166	31,500
Share-based payments	8,064,000	-
	9,299,919	741,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

23. KEY MANAGEMENT PERSONNEL (continued)

Individual directors and executives compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as permitted by Schedule 5B to the Corporations Regulations 2001 is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Shareholdings

The numbers of shares in the Company held during the financial year by Directors, including shares held by entities they control, are set out below.

Ordinary Shares	Balance 1 July 2009	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2010
Directors					
Wayne McCrae	12,464,911	-	-	108,927	12,573,838
Peter Hutchison	1,027,034	-	-	4,000	1,031,034
Paul Keran	41,500	-	-	28,500	70,000
Gerald Lambert ⁽¹⁾	-	-	-	5,000	5,000
David Taylor ⁽²⁾	-	-	-	32,000	32,000
William Cash ⁽³⁾	20,000	-	-	2,000	n/a

Ordinary Shares	Balance 1 July 2008	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2009
Directors					
Wayne McCrae	12,242,754	-	-	222,157	12,464,911
Peter Hutchison	1,014,034	-	-	13,000	1,027,034
William Cash	20,000	-	-	-	20,000
Paul Keran	41,500	-	-	-	41,500

Net change other refers to shares purchased or sold during the financial year.

As at 30 June 2010, there were no shares held nominally by Directors or key management personnel (2009: nil).

Optionholdings

The numbers of options in the Company held during the financial year by Directors, including options held by entities they control, are set out below. No options were held by Directors at 30 June 2009.

	Balance 1 July 2009	Received as Remuneration	Options Forfeited	Net Change Other	Balance 30 June 2010
Director					
Wayne McCrae	-	-	-	-	-
Peter Hutchison	-	2,500,000	-	-	2,500,000
Paul Keran	-	100,000	-	-	100,000
Gerald Lambert ⁽¹⁾	-	-	-	-	-
David Taylor ⁽²⁾	-	100,000	-	-	100,000
William Cash ⁽³⁾	-	100,000	(100,000)	-	n/a

(1) appointed 27 April 2010, ⁽²⁾ appointed 3 July 2009, ⁽³⁾ resigned 27 April 2010

(2) All Directors' options had vested and were exercisable at 30 June 2010.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
(Continued)**

23. KEY MANAGEMENT PERSONNEL (continued)

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.

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

	2010	2009
	\$	\$
(a) Rents paid or payable to Mr McCrae and his director-related entities.	184,573	167,781
(b) Salary and on costs paid to Ms Deborah Holmes, partner of Mr Hutchison (see note below).	91,916	60,558
<i>Balances due to Directors and Director Related Entities at period end</i> - included in trade creditors and accruals	18,441	15,103

Notes:

Ms Deborah Holmes is employed as the Administration Manager of the Cloncurry office.

Mr Cameron McCrae was employed as the Business Development Manager effective from 8 February 2008. Please refer to the Audited Remuneration Report for further details.

Other Transactions with Key Management Personnel

During the year, the Company was granted an option at no fee to buy land in Cloncurry and the pre-existing development on the land, which is currently the subject of a lease agreement with McCrae Super Pty Ltd. The option can be exercised on or about 31 August 2011 for \$750,000 or the then market value, whichever is the greater amount.

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 18.

(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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

24. RELATED PARTY TRANSACTIONS (continued)

(d) Transactions with directors and director-related entities

Share and Option transactions of Directors and director-related Entities are shown in Note 15 of the Financial Statements. Other transactions of Directors and director-related Entities are shown in Note 23 of the Financial Statements. There were no other transactions with Directors and director-related entities during the year, except as disclosed in Note 23.

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 economic 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.

26. PARENT ENTITY INFORMATION

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires limited disclosure in regards to the parent entity (CuDeco Limited). As all subsidiary companies have been dormant throughout the year and the previous reporting period, the financial information of the parent does not differ from that of the consolidated entity.

Guarantees

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

Contractual Commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2010 (2009 - nil).

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:

- 754,673 ordinary shares have been bought back at a total cost of approximately \$1.78m, pursuant to the Company's on-market share buy-back announced on 28 September 2009.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (a) the financial statements, comprising the statement of comprehensive income, balance sheet, 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 2010 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 2010, 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.

A handwritten signature in black ink, appearing to be "W McCrae".

W McCrae
Chairman

Dated at Cloncurry this 30th day of September 2010



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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 balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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 opinions.

BDO Audit (QLD) Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (QLD) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



ROCK LANDS

COPPER PROJECT



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 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's 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 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of CuDeco Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

BDO Audit (QLD) Pty Ltd

BDO

Anthony J Whyte

Director

Brisbane, 30 September 2010

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Corporate Governance Statement

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations ("Recommendations") of the ASX Corporate Governance Council ("CGC") in the reporting period.

The Board of Directors of CuDeco Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of CuDeco Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

The Company's corporate governance practices were in place throughout the financial year ended 30 June 2010 and were compliant, unless otherwise stated, with the CGC's principles and recommendations, which are noted below. The Board as a whole is involved in matters where larger Boards would ordinarily operate through sub-committees. For these reasons, some of the best practices recommended by CGC are not cost effective for adoption in a smaller company environment.

Principle 1 Lay Solid Foundations for Management and Oversight

- | | |
|--------------|--|
| Principle 1. | Lay solid foundations for management and oversight |
| Principle 2. | Structure the board to add value |
| Principle 3. | Promote ethical and responsible decision making |
| Principle 4. | Safeguard integrity in financial reporting |
| Principle 5. | Make timely and balanced disclosure |
| Principle 6. | Respect the rights of shareholders |
| Principle 7. | Recognise and manage risk |
| Principle 8. | Remunerate fairly and responsibly |

Recommendation 1.1

Notification of Departure:

The Company did not comply with ASX Recommendation 1.1 as there was no formalisation and disclosure of separate functions between the Board and management during the reporting period.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and senior executives. The Board has established an informal framework for the management of the Company and the roles and responsibilities of the Board and senior executives.

Throughout the reporting period the Board consisted of two executive directors and three non-executive directors. The executive directors were the management of the Company. A Technical Manager – Metallurgy and Engineering was employed towards the end of the financial year.

The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company, reviewing and monitoring risk and ensuring that shareholder value is increased.

The appointment of non-executive directors is formalised in accordance with the regulatory requirements and the Company's constitution.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

Principle 1 Recommendations 1.2 and 1.3

Due to the small size of the Board and the fact that there was only one senior manager throughout the majority of the year, the Board do not think that it is necessary to formally document the roles of Board and management until such time as more senior executives are employed. The Board believes that these roles are being carried out in practice and are clearly understood by all members of the Board and the senior manager.

A technical manager was employed in April 2010. The role of the technical manager – metallurgy and engineering includes assistance in the finalisation of the metallurgical process development, review of construction and design developments and taking the Rocklands Project through to commissioning and operations.

As mentioned above, the Company had one senior manager for the majority of the year. The manager was fully aware of what his role encompassed and what his responsibilities were. The Board considers that at this stage of the Company's development an informal review process is appropriate.

Principle 2 Structure the Board to Add Value

The Board's primary role is the protection and enhancement of long-term shareholder value. The Board is responsible for setting the strategic direction and establishing the policies of the Company. It is responsible for overseeing the financial position, and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. The Board also addresses issues relating to internal controls and approaches to risk management. The Board is responsible for the overall Corporate Governance of the Company.

The Board holds scheduled meetings at least once every two months, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman and all directors. Standing items include the executive directors' report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

The names, qualifications and relative experience of the directors of the company in office at the date of this Statement are set out in the Directors' Report.

The composition of the Board is determined using the following principles:

- the Board should comprise at least three directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified
- the Board should not comprise a majority of executive directors
- the Board should comprise directors with a broad range of expertise
- directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors are subject to re-election at least every three years

The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, a panel of candidates is selected with the appropriate expertise and experience. External advisers may be used to assist in such a process. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

The Financial Statements and the Directors Report disclose details of remuneration paid or payable (broken down by separate constituents of the remuneration package) to each of the directors and the senior manager.

The Chairman reviews the performance of all directors each year. Directors whose performance is unsatisfactory are asked to retire.



STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

In accordance with the Corporations Act 2001 and the Company's constitution directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Each director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the director is made available to all other members of the Board.

Recommendations 2.2 and 2.3

Notification of departure:

Mr Wayne McCrae, the executive chair, is not independent in accordance with the test of independence as set out in Box 2.1 of the ASX Corporate Governance Principles and Recommendations.

Explanation for departure:

Mr McCrae's dual role as the Company's CEO and Chairman reflects the small size of the Company in the past when he was the largest shareholder as well as the person best qualified to lead the Company's management. Over the recent past as the Company's activities have grown in size and complexity, Director numbers and skills have been strengthened. The Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. The Company considers that each of the directors possess skills and experience suitable for building the Company.

Principle 2 Recommendation 2.4

Notification of Departure:

A Nomination committee has not been formed.

Explanation for Departure:

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time.

The full Board considers those matters that would usually be the responsibility of a nomination committee and takes independent, specialist advice in the areas of nomination where warranted. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. Evaluating the Board and individual directors is on an informal basis at regular intervals until such time as the size of the Board warrants a formal process for implementation and key executives are employed.

Principle 3 Promote Ethical and Responsible Decision Making

Recommendation 3.1

Notification of Departure:

The Company had not established a formal code of conduct during the financial year ended 30 June 2010. However, since year end the Board has established a formal code of conduct.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

Explanation for Departure:

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees. The Directors ensure that all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the Company.

The Board considers that its business practices as set by the Board are the equivalent of a code of conduct. Due to the small size of the Company and lack of complexity in its activities, the executive directors are involved in all aspects of the Company's activities. The Directors are familiar with listing rules, legal requirements and general requirements for ethical behaviour and integrity in decision making, including trading in the Company's securities.

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Recommendation 3.2

Notification of Departure:

The Company has not established a policy concerning trading in the entity's securities by directors, senior executives and employees. However, since year end the Board has established a securities trading policy.

Explanation for Departure:

There is a clear understanding as to when trading is inappropriate. Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Board makes all Directors, officers and employees aware on appointment that it is prohibited to trade in the Company's securities whilst that Director, officer or employee is in the possession of price sensitive information. Directors are required to notify the Chairman when they are proposing to transact in the Company's securities.

Principle 5 Recommendation 5.1

Notification of Departure:

The Company has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Explanation for Departure:

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated the following internal control framework:

Continuous disclosure – The Company is a “Disclosing Entity” within the meaning of section 111AC of the Corporations Act. As such, regular reporting and disclosure obligations will require the Company to disclose to the ASX information of which it is, or becomes, aware that concerns the Company which a reasonable person would expect to have a material effect on the price or value of the Company unless certain exceptions from the obligation to disclose apply.



STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

The Company has in place informal procedures which it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. All price sensitive matters are handled by directors, each of whom is aware of the listing rule requirements for disclosure of price sensitive information on a timely basis.

Principle 6 Recommendation 6.1

Notification of Departure:

The Company has not established a formal shareholder communication strategy.

Explanation for Departure:

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company. In addition to complying with the continuous disclosure rules of the ASX, information is communicated to the shareholders through:

- The annual report which is distributed to shareholders either electronically or by post;
- The half yearly financial report lodged with the ASX;
- Advising shareholders of the key issues affecting the Company;
- Posting all ASX announcements on the Company's website; and
- Conducting an Annual General Meeting each year that incorporates an address by the Chairman and/or the Executive Directors, and other meetings called to obtain shareholder approval for specific matters.

The Company posts corporate information in the investor section of its Company website at www.cudeco.com.au. The Company also has a facility for shareholders and investors to make enquiries via the Company website.

The Company's auditors are required to attend the Company's AGM to answer any questions put to them by the shareholders.

Principle 7 Recommendation 7.1

Notification of Departure:

The Company has an informal risk oversight and management policy and internal compliance and control system. However, since year end the Board has established a risk management policy.

Explanation for Departure:

The Board did not have formal procedures in place but was aware of the various risks that affect the Company and its particular business. The Board monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements. Major business risks arise from such matters as commodities price and foreign currency fluctuations, human resources, the environment, the technical risks of mineral exploration and mining and continuous disclosure obligations. As the Company develops its key asset, the Rocklands Group Copper Project, it continually seeks expert advice in many different technical and commercial areas to ensure that all key risks are properly addressed and appropriate response mechanisms formulated to deal with these risks. As the Company develops, the Board will develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

The Chairman/Chief Executive Officer and the Company Secretary have declared in writing to the Board that the Company's financial statements for the year ended 30 June 2010 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, that this is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

Principle 8 Recommendation 8.1

Notification of Departure:

A Remuneration committee had not been established for the whole of the financial year ended 30 June 2010.

Explanation for Departure:

The Board previously considered that the Company was not a size, nor its affairs of such complexity to justify the formation of separate or special committees. However, a remuneration committee was established on 26 November 2009 with two non-executive, independent directors making up the committee.

The Committee's terms of reference include the following duties:

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

Principle 8 Recommendation 8.2

Notification of Departure:

Non-executive directors have received options.

Explanation for Departure:

Non-Executive Directors

Non-Executive Directors receive fees which are determined by the Board within the aggregate limit set by the shareholders at a General Meeting. All Non-Executive Directors will receive remuneration by way of fees and receive no retirement benefits excluding statutory superannuation, if applicable. External professional advice will be sought to determine the level of Directors fees to ensure they are appropriate. The Board will determine the level of fees with reference to other comparable listed companies determined by size and nature of operations. Directors' fees should be set at a level to attract suitably qualified individuals to accept the responsibilities of a Directorship. Whilst the ASX Corporate Governance Council states otherwise, the Board considers the issue of options to non-executive directors as an appropriate method of providing sufficient incentive and reward and attracting high calibre directors.

Executives

The Executive Officers of the Company are the Managing Director, other executive directors, senior executives and the Company Secretary. The Executive Officers' remuneration is considered to properly reflect the person's duties and responsibilities, and takes account of remuneration levels across the sector.

Share and Option based remuneration

The Company may issue options to Executives as it is considered an appropriate method of providing sufficient incentive and reward whilst maintaining cash reserves. Participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report in these Financial Statements.



Shareholder Information

The shareholder information set out below was applicable as at 7 October 2010.

On-market buy-back

There is no current on-market buy-back.

Substantial shareholders

An extract of the Company's register of substantial shareholders is set out below.

Shareholder	Number of Shares
Wayne McCrae, Kaldig Pty Ltd, C4 Shares Pty Ltd <C4 Share A/C>, McCrae Super Pty Ltd ATF McCrae Superannuation Fund	12,669,538
M&G Investment Funds (1), M&G Investment Management Limited, M&G Limited, M&G Group Limited, Prudential plc	10,000,000

Distribution of equity security holders

Size of Holding	Ordinary Shares
1 to 1,000	2,736
1,001 to 5,000	3,442
5,001 to 10,000	1,100
10,001 to 100,000	1,294
100,001 and over	155
	8,727

The number of shareholdings comprising less than a marketable parcel was 765.

Mining tenements held at 7 October 2010 are as follows;

Project	Tenement Reference	Company Interest %
Rocklands	ML 90117	100
	EPM 13049	100
	MLA 90177	100
	MLA 90188	100

Note: MLA 90177 & MLA 90188 correspond approximately with the area covered by EPM13049



Shareholder Information (continued)

Unquoted Options

Unquoted options on issue at 7 October 2010 were as follows:

Number of Options	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders	Names of Holders of 20% or more of each class of unquoted options
300,000	\$3.50	1 January 2010 - 10 June 2012	1	Azure Capital Pty Ltd
250,000	\$6.00	7 November 2010	1	Issued under Employee Option Plan
100,000	\$3.50	25 November 2011	1	Issued under Employee Option Plan
2,400,000	\$4.00	31 July 2012	9	Issued under Employee Option Plan
200,000	\$4.50	31 July 2012	1	Issued under Employee Option Plan
2,700,000	\$6.50	31 December 2012	3	Peter Hutchison – 2,500,000
100,000	\$4.50	22 February 2011 – 22 February 2013	1	Issued under Employee Option Plan
200,000	\$2.50	13 September 2011 – 13 September 2013	1	Issued under Employee Option Plan
600,000	\$2.50	15 September 2011 – 15 September 2013	8	Issued under Employee Option Plan
600,000	\$2.50	15 December 2010 – 15 September 2013	2	Mupo Zhu – 500,000 options

Twenty Largest Shareholders as at 7 October 2010

	Number of Shares	% Held
HSBC Custody Nominees (Australia) Limited	10,085,348	6.936
J P Morgan Nominees Australia Limited	9,163,942	6.302
National Nominees Limited	5,551,118	3.817
C4 Shares Pty Ltd	5,272,644	3.626
J P Morgan Nominees Australia Limited <Cash Income A/C>	3,659,818	2.517
Camsport Pty Ltd	3,153,616	2.169
Gredeara Pty Limited	3,011,572	2.071
Mr Wayne McCrae	2,688,522	1.849
Mr Hendericus and Mrs Noreen Van De Berg	2,489,040	1.712
McCrae Super Pty Ltd	2,263,478	1.557
Kaldig Pty Ltd	2,246,390	1.545
Calbee Nominees Pty Ltd	1,982,000	1.363
Mr Gregory Clyde & Mrs Diane Sue Campbell	1,565,941	1.077
Citicorp Nominees Pty Ltd	1,415,222	0.973
Mr Robert Malcolm Campbell & Mrs Maria Paulina Josepha Campbell	1,020,000	0.701
Mrs Smiti Shah	948,572	0.652
Deauville Investments Pty Ltd	800,000	0.550
Timothy Francis Koitka & Lynette Joan Vernon	750,000	0.516
Catholic Church Insurances Ltd	705,000	0.485
Oregon Research Pty Ltd	687,000	0.472
	59,459,223	40.89



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ROCK LANDS



COPPER PROJECT

CuDeco Limited

ABN 14 000 317 251

Annual Report 2010

Contents

Section 1

Corporate Directory

3

Chairman's Report

4-30

Section 2

Review of Operations

32-49

Directors' Report

50-60

Auditor's Independence Declaration

61

Consolidated Statement of Comprehensive Income

62

Consolidated Balance Sheet

63

Consolidated Statement of Changes in Equity

64

Consolidated Statement of Cash Flows

65

Notes to the Financial Statements

66-90

Directors' Declaration

91

Independent Auditor's Report

92-93

Corporate Governance Statement

94-99

Shareholder Information

100-101

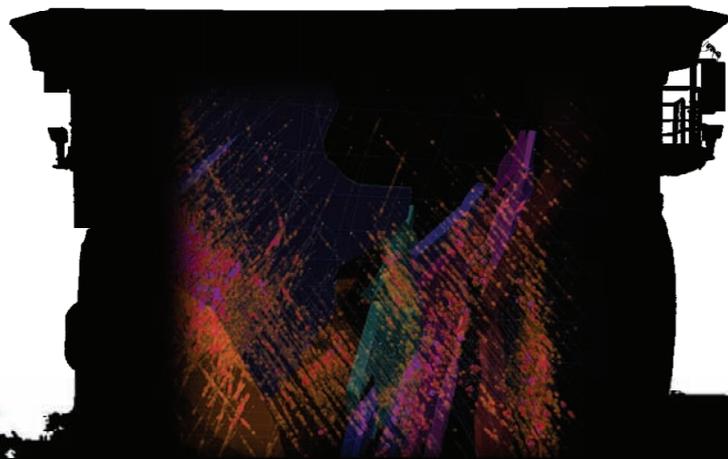
Section 3

Drill Hole Collar Location Table

104

Miscellaneous images

105-108



Drill Hole Collar Location Table

Hole ID	Easting	Northing	RL	Azimuth	DIP	Total Depth
DODH007	433388	7713760	219	30	-75	456
DODH013	433511	7713904	216	0	-90	110.8
DODH022	433488	7713919	216	0	-90	131.6
DODH031	433173	7713775	218	30	-70	472.5
DODH049	433274	7714057	220	210	-70	393.4
DODH086	433631	7713725	215	0	-90	236.89
DORC095	433633	7713802	216	210	-55	398.5
DORC565	433501	7713876	216	30	-55	105
DORC622	433374	7714121	221	210	-55	272
DORC637	433621	7713831	217	210	-55	174
DORC641	433331	7714021	219	36	-55	124
DORC643	433383	7714097	221	210	-55	111
DORC648	433354	7713926	217	30	-55	178
DORC653	433644	7713650	218	30	-55	109
DORC655	433589	7713785	217	30	-55	58
DORC920	433551	7713012	224	210	-65	192
LMRC200	433516	7713873	216	0	-90	257.6
LMRC208	433536	7713859	216	0	-90	212
LMRC266	433635	7713742	215	0	-90	226
LMRC267	433620	7713734	215	0	-90	252.8
LMRC270	433656	7713714	215	0	-90	160
LMRC271	433650	7713700	215	0	-90	234.1
LMRC272	433675	7713662	218	0	-90	192.1
LMRC273	433670	7713657	218	0	-90	200.1
LMRC274	433664	7713649	218	0	-90	232.1
LMRC275	433685	7713639	218	0	-90	198.1
LMRC276	433678	7713628	218	0	-90	261.1
LMRC277	433674	7713621	219	0	-90	262.6
LMRC278	433691	7713647	218	0	-90	168.3

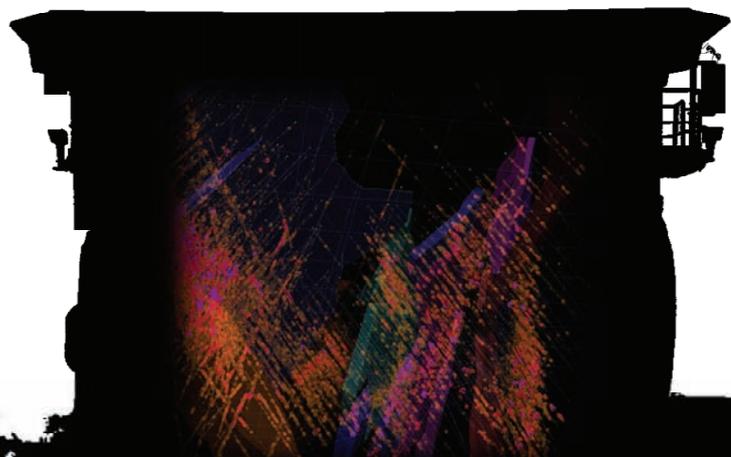


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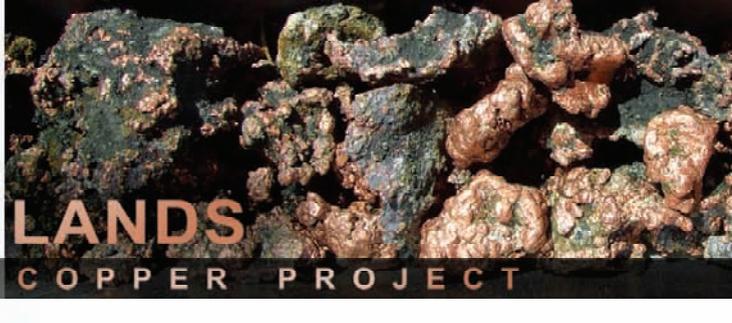
Fig 36. Bacon and eggs BBQ at sunrise; top of Telstra Hill at Rocklands on the last day of work for 2009.



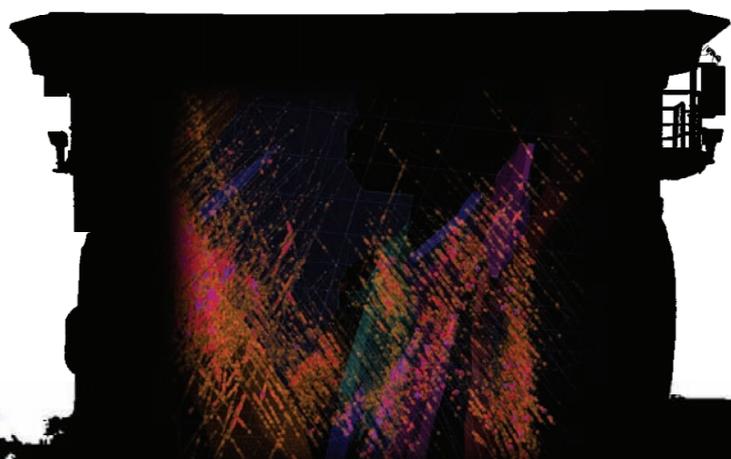
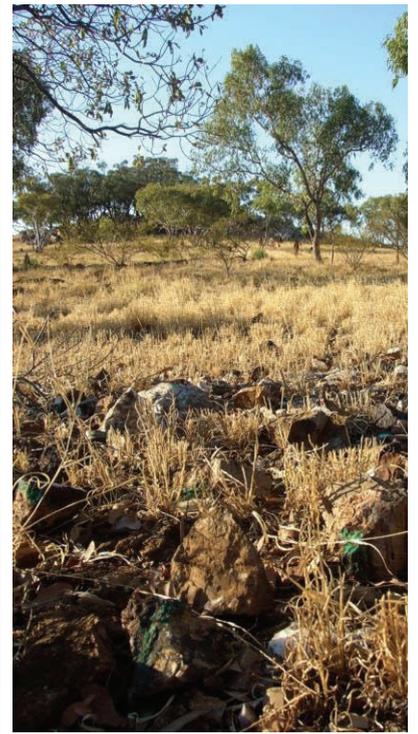
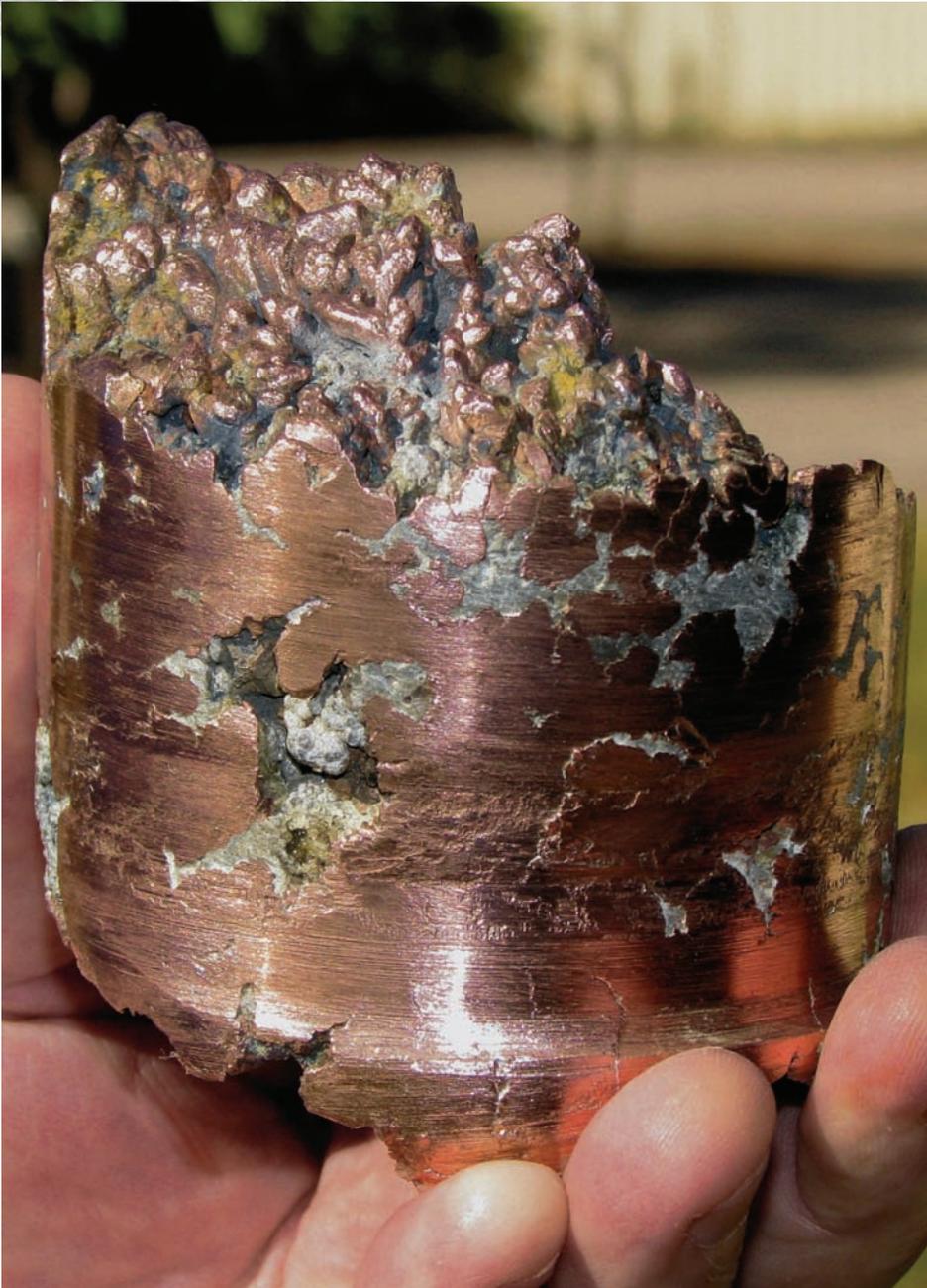




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PIT 2

WASTE
DUMP

