

**MEDIA RELEASE**

**26 May, 2011**

---

**CUDECO ENTERS INTO MEMORANDUM OF UNDERSTANDING TO LEASE UP  
TO 900 HECTARES OF LAND TO CONSTRUCT A MULTI-USER, MULTI-  
PURPOSE RAIL LOAD-OUT FACILITY CLOSE TO CLONCURRY**

CuDeco advises that it has entered into a conditional Memorandum of Understanding (MOU) for the lease up to 900Ha of land located outside the SE boundary of the Township of Cloncurry in Queensland, for construction of a multi-user, multi-purpose rail load-out facility (Facility). The area of land, the subject of the MOU, is located in the immediate proximity to the current Townsville/Mt Isa/Duchess rail line network & the Flinders Highway. The conditions for the MOU if fully implemented will entitle CuDeco to a lease over the land for 40 years. Although the CuDeco constructed facility will require internal rail network and infrastructure including roads, water and power, the siting of the facility means its operation will have only positive impact on the town itself.

Infrastructure and engineering consultants, Robert Bird Group (RBG) have been engaged to assist CuDeco with development of the facility. Phase 1, which has commenced with the RBG design group, includes survey and engineering assessment of site layouts, general engineering arrangements, operational requirements and methodologies, the outcome of which will be agreed with CuDeco's infrastructure and logistical team to enable CuDeco's expectations and requirements to be incorporated into the project.

The Facility if implemented will be utilised for the rail shipment of products from CuDeco's Rocklands Group Copper Project, forecast to commence production in late 2012. Rocklands is expected to export up to around 350,000 tonnes of concentrates per year. This Facility is crucial for both CuDeco and the NW Queensland region. The Facility is also being designed to cater for third-party users.

It is anticipated that the Facility will be operated by CuDeco or a logistical/infrastructure contractor, and will be able to store more than 1.5 million tonnes of product at any one time. The rail loop component will allow for much greater cargo tonnages to be achieved on the existing Mt Isa / Townsville line.

Third parties will be required to construct their own storage sheds in allocated areas that will allow them to use the CuDeco rail network constructed on the site. Additionally third parties will be invited to utilise CuDeco's Port Facility at Townsville, which is in the final stage of granting approval of the Development Licence to construct a 200,000 tonne storage/rail unloading and ship loading facility.

The Company has already received several enquiries from interested third parties requesting to participate in both the Cloncurry and Townsville rail load and unload rail facilities. CuDeco believes that, if implemented, it will see the Facility fully tenanted by the forecast completion date. The facility will incorporate a design for further possible expansion to meet the expected additional output from new operations proposed to commence in the coming years. More importantly it gives CuDeco total control and security of its products being transported to the Port of Townsville from Cloncurry.

The development plan will consist of initially eight areas being allocated to various national transport companies and mining companies which operate in the NW Queensland region; however, the site will be large enough to accommodate more companies in future years.

CuDeco's infrastructure team have been in negotiations with a number of Queensland Government Departments over the past 6 months discussing the proposal and the facility management. Part of the early phases of development will be to seek necessary government approvals and co-ordination agreements with the current state rail operators.

With a number of new copper/lead/zinc/molybdenum/gold/ phosphate mines expected to be commencing production over the next 1 to 3 years, and increased superphosphate and sulphuric acid transport, all within the Cloncurry region of Queensland, transporting of these mineral products are not catered for at present. Additionally with the closing of the Mt Isa Copper Smelter and Xstrata's announcement that the Mt Isa copper concentrates will now have to be shipped overseas, this facility has become a necessity. This required forward thinking by CuDeco and the anticipated requirement for this facility was the reason CuDeco entered into an MOU for this 900-hectare rail network centre.

CuDeco has an agreement to utilize the existing Cloncurry facility, which is managed by Ostojic Logistics, for the early stages for its Rocklands project. This current facility is fully committed and unable to cope with increasing demand, particularly because of the need for long (1 km) trains to travel through the centre of the Cloncurry township, causing major disruptions to the residents and traffic congestion at the town-centre rail crossing.

The new CuDeco Facility, if implemented, will meet CuDeco's longer term requirements and will be based on a financial business model that will enable CuDeco to be the principal operator and owner, operated on a surplus revenue basis, and sharing of this facility with third parties will be on normal commercial terms.

The proposed facility will increase substantially the rail movements for this NW area of Queensland and allow the transport of millions of tonnes of freight and mineral concentrates by rail, thereby decreasing the movements of heavy vehicles on Queensland roads and most importantly freeing-up transport congestion within the township of Cloncurry

CuDeco is committed to the township of Cloncurry and to the NW region of Queensland and believes that sharing these rare facilities can only be good for Queensland that then allows expansion and investment in areas that currently lack infrastructure. Without facilities like the CuDeco Townsville Port Rail Load/Storage and Shiploader, and the proposed Cloncurry rail load facility being developed, offered to fellow miners, mineral exporters and transport and logistical companies, the NW region of Queensland cannot be developed to its full potential.

CuDeco is happy to share with third parties and offer its rail and port facilities on terms that will be commercially fair and also reflect the work and effort of CuDeco that has gone to securing these facilities and above all to add to the revenue stream for CuDeco and its shareholders.

Yours faithfully



Wayne McCrae  
Chairman