

26 March 2007

The Manager  
Company Announcements Office  
ASX Ltd  
4<sup>th</sup> Floor, 20 Bridge Street  
Sydney, NSW 2000

Dear Sir

### **Disposal of Non Core Assets for \$8 million**

CuDeco Limited advises that it has entered into a conditional agreement for the sale of the Mt Norma Copper Sulphate business and other non core mineral leases for consideration receivable by it amounting to \$7.925 million.

The copper sulphate business comprises copper sulphate production plant and equipment in Cloncurry, Queensland, all inventory including ore stockpiles and the Mt Norma mining leases which provide feed ore for the processing plant.

Under the terms of the sale agreement, CuDeco will transfer ownership of its 75% interest in the share capital of Kryptonite Battery Company Pty Ltd (owner of the Mt Norma mining leases ML2506, 2550, 2551) and of its 100% interest in the capital of Flamingo Copper Mines Pty Ltd (owner of ML 90103 and 90104 – Flamingo leases). The production plant and equipment and all inventory and mining lease ML 2541 (Belgium lease), 2518, 7498 and MC 4348, 4349 and 4350 (Winston Churchill Group leases) and MLAs' 90172, 90173, 90174, 90175, 90176 and EPM application will be disposed by CuDeco Ltd itself.

The total consideration receivable by CuDeco of \$7.925 million comprises the following:

- \$2.175 million in cash (of which \$112,500 has been received, \$75,000 is receivable in mid April and balance of \$1,987,500 is receivable no later than end June 2007);
- \$5.75 million in ordinary fully paid shares in Queensland Mining Corporation Pty Ltd ("QMC"). The number of QMC shares issued to CuDeco shall be based on the higher of 25 cents per share or the price used by QMC in an initial offer of its shares to the public ("QMC IPO") if the QMC IPO is completed prior to settlement of the transaction with CuDeco.

Kaldig Pty Ltd, the holder of the remaining 25% of the share capital of Kryptonite Battery Company Pty Ltd, has also agreed to sell its interest to QMC for consideration that is identical (on a pro rata basis) to that receivable by CuDeco. Kaldig Pty Ltd is an entity related to CuDeco's director, Mr Wayne McCrae.

QMC is an unrelated company that holds other copper and gold assets in the Cloncurry Mineral Fields (including the previously operated Young Australian and Chinaman copper mine), an EPM adjoining CuDeco's Rocklands Group Copper Project in Cloncurry and a significant nickel/copper/cobalt deposit in the Northern Territory. Earlier this financial year, QMC purchased the share capital of Spinifex Mines Pty Ltd (previously operated gold and copper mining operations), an entity previously owned as to 66.67% by Kaldig Pty Ltd, an entity related to Mr McCrae. As a result of that transaction and as a result of previous direct share and loan investments made by related entities of Mr McCrae in QMC, those related entities of Mr McCrae presently have an interest of 10.79% in QMC shares.

As indicated above, QMC plans to complete an initial offer of its shares to the public and seek a listing on ASX. Based on advice from QMC in relation to its capital raising plans both before and during the QMC IPO, CuDeco will have an interest of approximately 13% in the capital of QMC, following completion of the QMC IPO. Whilst no firm arrangements have been put in place, QMC has indicated that it will consider offering its shares under the QMC IPO to CuDeco shareholders on a priority basis and further details will be announced in the near future.

Under the terms of the agreement, QMC must lodge its prospectus for the QMC IPO by no later than 30 June 2007 and CuDeco expects settlement of the sale transaction to be completed around 30 June 2007.

Over the last one year, the Directors have made the Rocklands Group Copper Project the main focus of the Company and the copper sulphate business has become a non core business. The Directors wish to ensure that this focus is maintained and intensified, without the distractions of the copper sulphate business. Apart from providing a significant amount of cash in the short term (which will be utilized to further advance the Rocklands Project), the sale will enable many key staff who are engaged in the copper sulphate business to be utilized at the Rocklands Project – for example, executive director, Mr Peter Hutchinson, a process chemist, who currently spends most of his time on the copper sulphate business will manage CuDeco's in-house laboratory for the Rocklands Project. The disposal sends a clear signal to investors that the Company and its directors are totally focused on the Rocklands Project, which, in its own right, has the potential to be a company maker. At the same time, CuDeco will have a significant interest in QMC and will be able to benefit from the upside offered by QMC's diverse portfolio of assets.

Yours faithfully



Lisa Rowe  
Company Secretary