

**ACTIVITY REPORT
FOR THE QUARTER ENDED
31 DECEMBER 2007**

HIGHLIGHTS FOR THE QUARTER

- High grade copper cobalt results on Las Minerale-(already reported during the quarter).
- High grade Uranium assays on Wilgar Prospect.
- New deep sulphide targets identified by Geophysical Survey
- New areas of exploration targets identified by I.P. and Radiometric Survey in south-west areas of Rocklands where no exploration has yet been carried out.
- Engineering group Lycopodium Engineering Qld Pty Ltd selected to commence Definitive Feasibility Study (DFS) on Rocklands Group Copper Project
- Ramp up in plant and personnel with 3 drill rigs acquired during the quarter and Government approval for employment of 5 overseas geologists at the Rocklands Project.
- Cobalt prices increase to US\$110,000 tonne.
- Environmental Impact Study 95% complete.
- Native Title Cultural Heritage clearance survey by Mitakoodi People and archaeologists completed during the quarter.

RESOURCE ESTIMATES – ROCKLANDS

Mineral exploration consultants Terra Search Pty Ltd are completing the compilation of data to be used for mineral resource estimates. Data required include: verification of drill hole location and surveys, standardization of geological logs, collation of specific gravity and bulk density determinations, validation of geological, geochemical, structural and geotechnical data sets. Assembly of these data sets will lead to the production of a coherent, robust, interpretive geological model of the Las Minerale Central Deposit which will be used by the resource consultants for the DFS.

Another of the Company's Independent Consultants, Hellman & Schofield completed an audit of the drilling, sampling procedures, processing of data, including receipt and despatch audit during the quarter and part of the preceding quarter.

The Company has engaged independent consultants to calculate and report on resources at the Las Minerale prospect. Delivery of data to these consultants is being handled by Terra Search. Subject to any requirement for further infill drilling, particularly in order to classify resources as indicated and/or measured, it is anticipated that resource statements will become available towards the end of the current quarter.

COBALT – Massive increase in price and Global Consumption

Predicted 2008 average price for cobalt US\$110,000 tonne (Credit Suisse Mine Web 8th January 2008).

Rocklands is primarily a copper project with potential valuable by-products of cobalt and gold.

Banking giant Credit Suisse has recently reported (Mine web 8th January 2008) that it expects the average price of cobalt for the year 2008 at around US\$50 per lb (US\$110,000 tonne).

Cobalt is described as the new super metal and is the main ingredient used for the manufacture of rechargeable batteries for mobile phones and laptop batteries, fuel efficient hybrid car batteries for power generation, jet engines, chemicals and numerous other products that require the super alloying for wear products. Toyota requires 2.5 kilos of cobalt per battery to generate power for the Toyota Prius hybrid car. The predicted shortfall of cobalt supply for 2008 is already approximately 1,650 tonnes.

In the Rocklands project area, cobalt generally correlates with pyrite in fresh rock but can be associated with green clay in supergene areas. Cobalt can have a positive correlation with copper but there are many inconsistencies. Cobalt content in the mineralized zones is variable but commonly 350ppm to 1,500 ppm. Higher cobalt values greater than 1,500 ppm (over individual 1 metre intervals) are occasionally present with some assays greater than 3,500 ppm Co. The maximum reported one metre interval at Las Minerale is 8,750 ppm Co.

In light of the high prices, CuDeco is undertaking a review of the distribution of cobalt throughout the Rocklands project area. On current prices, 500 ppm cobalt is equivalent to approximately 0.74% copper, and 1,500 ppm cobalt equivalent to 2.12% copper. This calculation is approximate and based on Co at US\$49/lb and Cu at US\$ 3.27 /lb.

There has been no metallurgical test work completed to date on Rocklands samples to determine the recovery rates for cobalt.

DRILLING

Drilling continued during the quarter with 4 Drill Rigs (2 x RC and 2 x Diamond Core Rigs). The Company purchased an additional 2 RC Drill Rigs during the quarter with one already in operation and the second now in Australia undergoing upgrades and being truck mounted. In addition a new track mounted Diamond Core Rig was purchased and delivered into Australia. The Company is awaiting drill rods to be delivered for the Diamond Rig. It is anticipated all three new rigs will be operational subject to labour availability during the first or second quarter of 2008.

The Cloncurry region located in the Gulf of Carpentaria region in NNW Queensland is currently nearing the end of the “Wet Season” and whilst drilling has been interrupted on some occasions, this has usually only been the case for a day or two during severe downfalls.

Drilling over the quarter has been carried out on all prospects within the Rocklands E.P.M. In addition drilling has been active on exploration targets identified by Geophysical Data from recent I.P. (Induced Polarization) and airborne and ground surveys. A large portion of the drill program planned for the next quarter will be sterilization drilling to assist the consultants with the Definition Feasibility Study already underway. The sterilization drilling will be carried out in areas within the Rocklands E.P.M. where Geophysical targets and Geochemical Surveys have not identified targets for potential mineralisation. The drilling is designed to test areas so that once sterilized (does not contain mineralisation) can be utilized for plant and infrastructure to be constructed for processing of ore and be used for the prescribed locations for tailings and waste dump areas.

GEOLOGICAL PERSONNEL

The Company has employed the services of a National geological recruitment agency to assist in increasing the geological personnel. The recruitment of new geological personnel will speed up logging of mineral samples and provide more technical personnel in the field for managing drill rigs, logging of chip samples, exploration, geotechnical assessment, reporting and other logistical tasks associated with such a large scale exploration project. Extra personnel are required prior to putting the new rigs into the field. The Company already employs a number of Independent Geological Consulting Groups on a full time basis at Rocklands. Due to the shortage of geologists in Australia, the Company has successfully received approval from Department of Immigration to sponsor 5 Geologists to be employed on the Rocklands Project.

ASSAYING

Due to the significant and ever increasing drilling and exploration being undertaken in Queensland assay results from laboratories are taking much longer to be reported to the Company. With 4 Drill Rigs operating the Company's receipts and despatch complex at Rocklands is constantly under pressure to complete the enormous task of logging drill samples, geotechnical reporting and cutting of diamond core. The logistical issues in packing and transporting mineral samples is a major task by itself.

DEFINITIVE FEASIBILITY STUDY

During the quarter the Company appointed Lycopodium Engineering Qld Pty Ltd as Project Managers of the Definitive Feasibility Study. Lycopodium will undertake the project in conjunction with AMC Consultants Pty Ltd, mining and resource consultants, and Knight Piesold Pty Ltd, geotech consultants. The Company's environmental consultants, AustralAsian Resource Consultants Pty Ltd (AARC), and tenement consultants, Mining Tenement Services Pty Ltd will also be closely involved with the DFS.

The DFS has commenced and site activities have included geological data base review and preliminary geotechnical survey and site layout plans.

Other work to support the DFS undertaken during the quarter included continuation of the Company's metallurgical test work programme. Results reported during the quarter indicated high recoveries of primary copper (98.5%) at relatively coarse grind size (150µm) during flotation testing. Completion of the preliminary gravity tests for the fine native copper

component was achieved at the end of the quarter and the results from this are being analysed with a view to refining process conditions.

Testing of the native copper metal separated from the ore showed the purity to be high as previously reported on 17/12/2007.

It is planned to commence Cobalt recovery tests during the next quarter.

CASH POSITION

As at the end of January 2008 the Company has cash assets of more than \$30 m and remains debt free.

WILGAR URANIUM –: Intersection of Primary Uranium Mineralization. Grades up to 1.37% (13700ppm) U3O8

The results of the last two diamond drill holes at Wilgar uranium prospect have been received with intersection of some high grade uranium mineralization. There was a delay at the assay lab as the samples were initially only assayed for gold copper. The laboratory was instructed to reassay the samples for 40 elements including uranium by the ICP method. (SGS Method ICP40Q). Any high uranium grades were then checked by more accurate X-ray fluorescence determinations (SGS Method XRF780). Some high uranium grades were returned with diamond drill hole WUDH002 returning 1metre assaying 1.37% (13700ppm) U3O8 (SGS Method XRF780). Highlights of recent uranium assays are as follows:

WUDH002

Diamond drillhole WUDH002 intersected uranium mineralization in the form of primary pitchblende. Radiometric counts of 250 to 2,000 counts per second were recorded over 1m sections of the drill core using a hand held scintillometer and confirmed the visual identification of pitchblende. The initial uranium determinations using the SGS method ICP40Q returned 8m @ 0.1848% (1848 ppm) uranium (25m-33m). The 3 highest one metre intervals were reassayed by XRF (SGS Method XRF780). U3O8 values of 1.37% (13700ppm), 0.235% (2350ppm) and 0.638% (6380ppm) were returned with an intersection of 3m at 0.75% (7500ppm) U3O8 reported (26m-29m). The uranium mineralization is associated with red hematite altered breccias. The geological controls on this style of mineralization have not yet been determined.

WUDH003

Diamond drillhole WUDH003 intersected two shallow uranium mineralized zones: 10m-11m: 1m @ 0.02% (200 ppm) U; 17m-20m: 3m @ 0.0366% (366ppm) U.

Drill holes WUDH002 and WUDH003 were testing at shallow depths underneath the costeans and rock chip samples reported in April, 2007 which had returned up to 5.3% (53000ppm) U from selected surface samples.

WUDH005 6m @ 0.0720% (720 ppm) U from 35m-41m.

WUDH006 5m @ 0.1068% (1068 ppm) U from 10m-15m.

WUDH007 3m @ 0.1017% (1017 ppm) U from 16m-19m

CURRENT STATUS OF CUDECO'S URANIUM EXPLORATION

Uranium is not a priority for CuDeco due to the fact that mining of uranium is not permitted at present in Queensland. The Company's main focus is Cu/Co/Au. However, the Company is aware it has 2 separate uranium prospects that indicate significant potential. The Company does not intend to expend Company funds on exploring and developing a uranium resource that cannot be mined at this time. However, periodically as a drill becomes available for short periods whilst geologists are awaiting drill results and planning programs, the drill can continue with some limited drilling on the uranium prospects.

The drilling for uranium at Wilgar is only exploratory not systematic at this stage. The Company has determined the presence of high grade uranium by drilling, sampling and geophysics at Wilgar. The Wilgar was designated a "uranium anomaly" by the Queensland Government in 1972.

GEOPHYSICAL SURVEY – S.W. CORNER OF EPM I.P.(INDUCED POLARISATION) SURVEY

An I.P. Survey carried out during the quarter has identified sulphides at depth over a number of areas within the Rocklands E.P.M. Of particular interest were deep targets identified at the northern and southern zones along strike at Las Minerale.

The I.P. Survey also identified a sulphide anomalous zone in the S.W. area of the E.P.M. and appears to co-incidentally overlay the anomaly identified by the Radiometric Survey carried out for uranium anomalies over an area of more than 1 square kilometre and Magnetic Airborne Survey carried out in the preceding quarters. The program for the second quarter will involve some explanatory drilling over this area.

BACKGROUND

CuDeco Ltd owns 100% of the Rocklands Group Copper Project located 15km west of the major North West Queensland regional township of Cloncurry. The Cloncurry district is a famous historical copper field from the early twentieth century through to today where it produces a significant proportion of Queensland's copper. In April 2006, CuDeco Limited intersected significant copper mineralization at its Rocklands project. The mineralization is also associated with cobalt and gold. An extensive data set has been built up since then with an intensive drilling program involving over 82,000m of mostly reverse circulation percussion and subordinate diamond drill core. Other data sets include surface geological mapping, ground and airborne magnetics, radiometrics, IP and surface geochemistry . Copper mineralization over the Rocklands project area is hosted in a series of sub parallel, west north west trending, linear zones. Las Minerale, Le Meridian and Rocklands South are the most prominent mineralized structures identified to date.

CuDeco expects to drill a further 50,000 -70,000 metres during the next 12 – 18 months. The drilling will include infill and extensive exploration drilling within known and already identified zones of mineralization and on additional targets untested to date. The untested areas are those identified by airborne and ground geophysics and surface geochemistry as high quality targets for copper mineralization. The Company has been drilling at the Rocklands Project area for approximately 23 months.

Yours faithfully,



Wayne McCrae
Chairman

The information in this report that relates to Exploration Results is based on information compiled by Dr. Simon D. Beams, a full time employee of Terra Search Pty Ltd, geological consultants to CuDeco Ltd. Dr. Beams is a Member of Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Dr. Beams 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 “Australian Code of Conduct for Reporting of Exploration results, Mineral Resources and Ores Reserves”. Dr. Beams consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (3,254) | (7,569) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 286 | 26,718 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (share issue costs) | - | (1,479) |
| | Net financing cash flows | 286 | 25,239 |
| | Net increase (decrease) in cash held | (2,968) | 17,670 |
| 1.20 | Cash at beginning of quarter/year to date | 34,056 | 13,418 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 31,088 | 31,088 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 203 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

| | \$A'000 |
|---|---------|
| Directors' and their related parties remuneration | \$171 |
| Rent paid to director-related entity | \$ 32 |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | Nil | Nil |
| 3.2 Credit standby arrangements | Nil | Nil |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 2,500 |
| 4.2 Development | - |
| Total | 2,500 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 1,088 | 1,056 |
| 5.2 Deposits at call | 30,000 | 33,000 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 31,088 | 34,056 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | Not applicable | | |
| 6.2 | Interests in mining tenements acquired or increased | Not applicable | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) | Amount paid up per security (see note 3) |
|--|--------------|---------------|--|---|
| 7.1 Preference securities <i>(description)</i> | - | - | - | - |
| 7.2 Changes during quarter | - | - | - | - |
| 7.3 *Ordinary securities | 96,475,647 | 96,475,647 | | |
| 7.4 Changes during quarter (a) Increases | | | | |
| - conversion of options | 1,499,457 | 1,499,457 | \$0.20 | \$0.20 |
| (b) Decreases | | | | |
| 7.5 *Convertible debt securities <i>(description)</i> | - | - | - | - |
| 7.6 Changes during quarter | - | - | - | - |
| 7.7 Options <i>(description and conversion factor)</i> | | | <i>Exercise price</i> | <i>Expiry date</i> |
| CDUO | 18,812,086 | 18,812,086 | \$0.20 | 30.06.2008 |
| Director options | 4,000,000 | - | \$0.50 | 30.06.2008 |
| Consultant options | 250,000 | - | \$4.50 | 01.03.07 – 01.03.08 |
| Consultant options | 250,000 | - | \$5.50 | 01.06.07 – 01.06.08 |
| Consultant options | 200,000 | - | \$5.50 | 26.07.07 – 30.06.08 |
| Consultant options | 100,000 | - | \$3.29 | 15.02.08 – 15.08.10 |
| Consultant options | 250,000 | - | \$6.50 | 01.09.07 – 01.09.08 |
| Employee options | 250,000 | - | \$6.00 | 07.11.07 – 07.11.10 |
| Consultants options | 250,000 | - | \$7.50 | 01.12.07 – 01.12.08 |
| 7.8 Issued during quarter | 250,000 | - | \$6.00 | 07.11.07 – 07.11.10 |
| | 250,000 | - | \$7.50 | 01.12.07 – 01.12.08 |
| 7.9 Exercised during quarter | 1,499,457 | 1,499,457 | \$0.20 | 30.06.2008 |
| 7.10 Expired during quarter | - | - | - | - |
| 7.11 Debentures <i>(totals only)</i> | - | - | | |
| 7.12 Unsecured notes <i>(totals only)</i> | - | - | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 January 2008
(Company secretary)

Print name: LISA ROWE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.