

CUDECO LIMITED

A.B.N. 14 000 317 251

**HALF YEAR REPORT
31 DECEMBER 2009**

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CUDECO LIMITED DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors present their report of CuDeco Limited ("CuDeco" or the "Company") for the half-year ended 31 December 2009.

Directors

The following persons were directors of CuDeco during the half-year and up to the date of this report:

W McCrae
P Hutchison
W Cash
P Keran
D Taylor (appointed 3 July 2009)

Results

The result for the six months ended 31 December 2009 was a loss after tax of \$5,002,275 (2008: Profit \$560,990).

Review of Operations

Highlights

1. *CuDeco gains inclusion to the S&P/ASX 200 Index and the S&P/ASX All Australian 200 list of public companies.*
2. *All documents for native title agreements and 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.*
3. *Environmental Impact Statement (EIS) for the Rocklands Group Copper Project was lodged with the Queensland Department of Environment and Resource Management.*
4. *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 600 metres depth;*
 - b. *confirmation has been provided that Las Minerale mineralisation persists below 470m depth with intersection of abundant visible sulphides (chalcopyrite), and*
 - c. *deep drilling has encountered a second continuous zone of sulphide mineralisation (incl. chalcopyrite and cobaltic-pyrite), striking sub-parallel to, and south of Las Minerale.*
 - d. *Structure targeted drill hole provides significant clues to understanding mineralisation at Rocklands; DODH069 intersects 302m @ 2.30% Cu eq fm 7m - 309m*

**CUDECO LIMITED
DIRECTORS' REPORT**

Review of Operations (continued)

- e. New separate parallel siltstone unit south of Las Minerale returns significant drilling results.*
 - f. Deep Las Minerale drilling continues to intersect mineralisation below 450m depth, along strike to the North West.*
- 5. New discoveries and mineralisation targets have been made during this half-year:**
- a. Geophysics results led a ground reconnaissance team to native copper at surface at Solsbury;*
 - b. A drill programme at Rainden to follow up on 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. SAM (Sub Audio Magnetic) geophysics survey, completed over the balance of the Rocklands EPM has revealed further geophysical targets to be tested.*
 - d. New zone of copper mineralisation uncovered whilst preparing drill pads 100m north of Rocklands South.*
- 6. Locked cycle flotation testing of Rocklands Primary Ores results in 95+% copper recoveries at concentrate grades of over 30% Cu, and for Supergene chalcocite ore preliminary results gave copper recoveries of 90+% at concentrate grades of over 45% Cu. Pilot Scale Testwork from bulk-size samples of high grade native copper supergene ore and ore blends, 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. with encouraging results.**
- 7. A 300,000 metre RAB Bedrock Drill program commenced over the balance of the EPM not already tested.**
- 8. Major mining equipment items commence arriving on site.**
- 9. Kerosene Claim resolved, with cash settlement of \$650,000 in favour of CuDeco.**
- 10. Cash and Liquid Assets, \$47.9m with zero debt.**
- 11. The directors welcomed Mr David Taylor BA LLB to the CuDeco Board.**

Admission to ASX 200

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

CUDECO LIMITED DIRECTORS' REPORT

Review of Operations (continued)

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 this half year completes all requirements for the granting of the Mining Leases (MLA 90177 and MLA 90188) for the project to proceed.

Lodgment 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.
- The EIS was lodged incorporating an initial 3mtpa feed rate 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 a Mining Lease over the entire EPM that incorporate the Rocklands Group Copper Project near Cloncurry NW Qld. The Mining Lease Application is for a period of 40 years.

Exploration – New Discoveries

- Drilling and exploration activity over this half-year has been 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. Drilling during this period accomplished 88,805 metres, to take the calendar year’s drilling to 124,141 metres, which is just under half of the total drilling to date for the project. Nevertheless, the wheels were kept turning smoothly by our enthusiastic exploration team. This effort, which included the majority of infill drilling requirements, saw the Company becoming well advanced towards the establishment of an update on the Company’s 2006 JORC Resource statement, but at the end of this period there were more than 40,000 metres of drill assays outstanding.
- The team were successful with two new discoveries 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 continues 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. Mineralisation encountered to date 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.
- 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 and is one of two new discoveries resulting from drill rigs being released from resource drilling to pursue the first of numerous high priority geophysical targets identified across the Rocklands EPM.

CUDECO LIMITED DIRECTORS' REPORT

Review of Operations (continued)

- It should be noted that the polymetallic Wilgar (Au, Cu, U, Zn, V) prospect is located at the far NW end of the SAM target zone extending from Rainden.

Exploration – New Developments

- The deepest hole drilled to date (terminating at 975 metres depth), DODH042, 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).
- Interpretation of diamond core hole DODH038, drilled to +450m and located approximately 600m West and along strike from DODH042, indicates the possibility of stratabound-hosted copper mineralisation in a siltstone unit at depth in that region.
- A metallurgical drill hole, DODH017 at Las Minerale intersected high grade copper mineralisation in two zones of over 113m including 76m @ 7.28% Cu (8.18% Cu eq) from 40m – 116m. The drill hole intersected a total of 113m @ 5.24% Cu (6.12% Cu eq) from 3m – 116m (Eq includes Co/Au grades).
- This hole, a wide diameter PQ diamond core (85mm diameter) is required for use in various metallurgical studies, particularly by the metallurgical team to upscale ongoing test work and ensure the process design delivers maximum recovery. It is one of several holes drilled at various locations along the 600m strike length of the Las Minerale Bonanza zone.
- The style of mineralisation within this bonanza zone is supergene enrichment of an underlying primary sulphide rich mineralised structure that has been confirmed to at least 600m depth in several holes.
- Wide intercepts of mineralisation were intersected 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.
- The proximity of the Southern Siltstone Unit to Las Minerale holds potential importance for any future mining operations, as it mostly falls within the projected Las Minerale pit outline.
- At this stage, mineralisation has been intersected along more than 500m of strike within this structure, leading to the design of a dedicated drill program which will help quantify the size, extent and orientation of this potentially large mineralised zone, which remains open in all directions.
- A 300,000 metre RAB bedrock drilling programme commenced during this half-year. This will ensure that the total EPM will have a bedrock geochemical signature. This will complement the comprehensive soil sampling completed early in the programme, and together with the various geophysical surveys will provide additional resources to the exploration team.

CUDECO LIMITED DIRECTORS' REPORT

Review of Operations (continued)

Definitive Feasibility Study

- The DFS is now well advanced in many areas, such as resource definition, geotechnical evaluation, plant and site layouts, infrastructure determination and negotiations, metallurgical testwork and environmental impact assessment.

- Resource Definition:

The geology team at Rocklands have had a dedicated Resource Definition Group working through all the massive amount of data within the Rocklands Resource database to check accuracy, consistency, etc., in order that all the data forwarded for the resource calculation work meets the stringent requirements of the JORC Code.

Following the checking and validation activities, independent third party geological resource consultants will undertake their own validation and then complete the resource modelling and calculations.

- Geotechnical Assessment:

The major activity of the geotech consultants has been to validate and expand where necessary the geotech design for the purposes of satisfying the Terms of Reference for the EIS. The majority of the geotech work is completed, and now design is underway to establish and test the final pit dewatering requirements, and final pit-wall stability analysis.

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

- Metallurgical Testwork:

Locked-cycle flotation testing is advancing for the main Rocklands ore types, native copper supergene, chalcocite-supergene and chalcopyrite-primary ores. Results to date suggest concentrate grades of around 45% Cu minimum at 90+% recovery from supergene ores and 30% Cu minimum at in excess of 95% recovery for primary ores.

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 are due to be prepared from samples currently being collected for evaluation of filtration (dewatering) performance using pilot-size equipment in order to generate meaningful engineering data for design purposes.

A final report is still awaited from Amdel laboratories for the pilot-scale testing of crushing and physical/gravity separation test programme on the large-nugget native copper ore zones. The use of High Pressure Grinding Rolls (HPGR) for the crushing duties has been shown to be very successful in liberating the native copper from the host rock.

These results have led to testing of a much larger sample on a plant-size HPGR test unit from which engineering design information has been gathered and will be reported early in the next half-year.

The results are now being used to put together a flowsheet to undertake final large-scale pilot testing of the native copper liberation process to occur early in the next half-year.

A total of eight laboratories and research facilities are currently contributing to the metallurgical testwork programme.

CUDECO LIMITED DIRECTORS' REPORT

Review of Operations (continued)

Major mining equipment arrives on site.

- In the last months of 2009, large-scale mining equipment was delivered to site.
- Taking advantage of the recent downturn in the mining sector, 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 December, we had taken delivery of most of our mining fleet, including 15 Dump Trucks, 7 large scale (120-200 tonne) Hitachi Diggers, 2 D10 and D11 dozers and other key items of equipment and machinery.

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

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 Exploration Project on 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 priority to bring the Rocklands Group Copper Project into production before the end of 2011.

Critical to achieving this aim is the production and release of an updated JORC-Compliant resource for the Rocklands EPM 13049.

Whilst there were significant unit-cost savings attributable to the availability of drilling rigs during this high-intensity period for the project, it also created a large-scale exploration project which resulted in a legacy of some 40,00 metres of assays to be completed after this half-year period.

Pleasingly, the database transfer has been completed successfully and some additional de-bugging is being completed at the date of this report, after which validation, resource modeling and review can occur prior to hand over to third party geological resource consultants for independent validation and resource calculations.

The finalisation of a Mineral Resource upgrade for the Rocklands Project is a top priority for the Company's management and external consultants, who are working towards that outcome as early as possible.

CUDECO LIMITED DIRECTORS' REPORT

Review of Operations (continued)

The Board and Company employees look forward with anticipation to a year when CuDeco moves from principally exploration to mine development and construction and operation of the process plant that will enable it to produce native copper, copper concentrate and cobalt/pyrite concentrate products.

Corporate

During the six months to 31 December 2009 the Company cancelled 569,521 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 cost of approximately \$3 million.

At period end the Company had cash assets of \$47.9M and zero debt.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (QLD) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors.



W McCrae
Chairman

Dated: 16th March 2010

The information in this report that relates to exploration results is based on information compiled by Mr Andrew Day, a consultant employed by CuDeco Ltd. 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 Ores Reserves".

The information in this report insofar as it relates 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.

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

As lead auditor for the review of CuDeco Limited for the half-year ended 31 December 2009, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CuDeco Limited and the entities it controlled during the period.

BDO Audit (QLD) Pty Ltd



Anthony Whyte

Director

Brisbane: 16 March 2010

CUDECO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2009

		Half-Year Ended	
		31 Dec 2009	31 Dec 2008
		\$	\$
Revenues from continuing operations	2	1,738,118	1,106,847
Expenses			
Consultant and employee expenses		(6,901,862)	(477,005)
Shareholder expenses		(186,132)	(86,614)
Repairs and maintenance		(6,079)	(17,521)
Occupancy expenses		(193,629)	(220,276)
Travel expenses		(57,881)	(42,213)
Other expenses		(44,810)	(100,947)
Expenses		<u>(7,390,393)</u>	<u>(944,576)</u>
Gain / (loss) from continuing operations before related income tax benefit		(5,652,275)	162,271
Income tax benefit / expense		-	-
Net gain / (loss) for the half year		<u>(5,652,275)</u>	<u>162,271</u>
Discontinued operations			
Gain from discontinued operations		<u>650,000</u>	<u>398,719</u>
Net gain / (loss) for the half-year		<u>(5,002,275)</u>	<u>560,990</u>
Other comprehensive income			
Changes in fair value of available for sale financial assets		<u>4,938,720</u>	<u>(5,452,632)</u>
Total comprehensive loss for the half-year		<u>(63,555)</u>	<u>(4,891,642)</u>
		Cents	Cents
Earnings per share:			
Basic earnings / (loss) per share		(3.63)	0.47
Diluted earnings / (loss) per share		N/A	N/A
Continuing operations:			
Basic earnings / (loss) per share		(4.11)	0.14
Diluted earnings / (loss) per share		N/A	N/A

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

CUDECO LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	31 Dec 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		47,934,775	54,854,930
Trade and other receivables		922,086	8,976,324
TOTAL CURRENT ASSETS		<u>48,856,861</u>	<u>63,831,254</u>
NON CURRENT ASSETS			
Trade and other receivables		39,847	21,866
Available for sale financial assets		6,250,000	1,326,697
Property, plant and equipment		8,610,369	5,456,087
Exploration expenditure	3	44,532,240	30,363,808
TOTAL NON-CURRENT ASSETS		<u>59,432,456</u>	<u>37,168,458</u>
TOTAL ASSETS		<u>108,289,317</u>	<u>100,999,712</u>
CURRENT LIABILITIES			
Trade and other payables		957,937	782,873
Provisions		182,708	88,219
TOTAL CURRENT LIABILITIES		<u>1,140,645</u>	<u>871,092</u>
TOTAL LIABILITIES		<u>1,140,645</u>	<u>871,092</u>
NET ASSETS		<u>107,148,672</u>	<u>100,128,620</u>
EQUITY			
Contributed equity	4	146,427,435	148,859,801
Reserves		31,137,248	16,682,555
Accumulated losses		(70,416,011)	(65,413,736)
TOTAL EQUITY		<u>107,148,672</u>	<u>100,128,620</u>

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

CUDECO LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2009

	Issued Capital	Accumulated Losses	Option Premium Reserve	Other Reserves	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2008	102,905,940	(65,333,942)	21,389,132	527,114	59,488,244
Gain for the half year	-	560,990	-	-	560,990
Changes in fair value of available for sale financial assets	-	-	-	(5,452,632)	(5,452,632)
Total comprehensive income for the half year	-	560,990	-	(5,452,632)	(4,891,642)
Shares issued during the half year	6,950	-	-	-	6,950
Shares cancelled during the half year	(1,904,921)	-	-	-	(1,904,921)
Share buy-back and share issue expenses	(13,986)	-	-	-	(13,986)
Share based payments	-	-	129,476	-	129,476
Balance at 31 December 2008	100,993,983	(64,772,952)	21,518,608	(4,925,518)	52,814,121
Balance at 1 July 2009	148,859,801	(65,413,736)	21,594,161	(4,911,606)	100,128,620
Loss for the half year	-	(5,002,275)	-	-	(5,002,275)
Changes in fair value of available for sale financial assets	-	-	-	4,938,720	4,938,720
Total comprehensive income for the half year	-	(5,002,275)	-	4,938,720	(63,555)
Shares issued during the half year	500,000	-	-	-	500,000
Shares cancelled during the half year	(2,999,579)	-	-	-	(2,999,579)
Share based payments	-	-	9,583,186	-	9,583,186
Transfer of option premium on conversion of options	67,213	-	(67,213)	-	-
Balance at 31 December 2009	146,427,435	(70,416,011)	31,110,134	27,114	107,148,672

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

CUDECO LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2009

	31 Dec 2009	31 Dec 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	1,840	5,177
Cash payments in the course of operations	(1,146,176)	(1,498,758)
Interest received	1,256,086	1,055,987
GST received	1,364,571	524,925
Research & development tax concession	312,469	-
Settlement of Claims	754,860	-
Net cash flows provided by operating activities	<u>2,543,650</u>	<u>87,331</u>
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
Payments for plant and equipment	(3,799,879)	(935,429)
Proceeds from sale of asset	-	12,000
Proceeds from sale of equity investment	42,629	-
Payments for exploration and evaluation	(11,169,107)	(5,773,973)
Payments for purchase of equity investments	-	(1,071,700)
Increase in deposits	(17,981)	(2,000)
Net cash flows used in investing activities	<u>(14,944,338)</u>	<u>(7,771,102)</u>
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Proceeds from issue of shares	9,003,500	6,950
Cost of purchase of shares (on-market buy-back)	(2,984,655)	(1,904,921)
Share buy-back and share issue costs	(538,312)	(13,986)
Net cash flows (used in) / provided by financing activities	<u>5,480,533</u>	<u>(1,911,957)</u>
Net increase / (decrease) in cash held	(6,920,155)	(9,595,728)
Cash at the beginning of the period	54,854,930	31,372,316
Cash at the end of the period	<u><u>47,934,775</u></u>	<u><u>21,776,588</u></u>

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

CUDECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

1. Statement of significant accounting policies

Basis of preparation of half-year financial report

Statement of compliance

The interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the period ended 30 June 2009 and any public announcements made by CuDeco Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Prior period error

The change in the fair value of available for sale financial assets for the six months ended 31 December 2008 of \$5,452,632 was incorrectly recognised as an expense in the statement of comprehensive income for the 6 months ended 31 December 2008 rather than being recognised in the asset revaluation reserve. The comparatives in this financial report have been adjusted to reflect the correction of this error.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009, the Company has reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009.

During the current period, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009. These changes do not have a material impact on the current period.

The affected policies and standards are:

- Principles of consolidation - revised AASB 127 *Consolidated and Separate Financial Statements* and changes made by AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Business Combinations - revised AASB 3 *Business Combinations*
- Segment reporting - new AASB 8 *Operating Segments*
- Financial Statements presentation - revised AASB 101 *Presentation of Financial Statements*

CUDECO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2009 (Continued)

2. Profit / (Loss) before income tax expense

	31 December 2009 \$	31 December 2008 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
From continuing operations:		
<i>Revenue</i>		
Interest received	1,258,481	1,097,089
R&D tax concession	312,469	-
<i>Expenses</i>		
Share based payments expense - employees / consultants	(1,020,787)	(129,476)
Share based payments expense - directors	(4,824,000)	-
From discontinued operations:		
<i>Revenue</i>		
Sales of copper sulphate	-	2,200
R&D tax concession	-	396,519
Settlement of Claim	650,000	-

3. Mineral interest acquisition, exploration and development

	31 December 2009 \$	30 June 2009 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at the beginning of the period	30,363,808	18,518,907
Exploration expenditure costs incurred	9,790,969	10,552,965
Depreciation capitalised to exploration	639,064	1,086,907
Share based payments expense capitalised to exploration	3,738,399	205,029
Balance at the end of the period	44,532,240	30,363,808

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

The consolidated 30 June 2009 balances are for the year ended 30 June 2009.

CUDECO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2009 (Continued)

4. Contributed equity

	31 Dec 2009	30 Jun 2009
	\$	\$
Issued and paid-up share capital		
137,751,181 (June 2009: 134,195,702) ordinary shares, fully paid	146,427,435	139,359,801
Other contributed equity (refer note A)	-	9,500,000
	146,427,435	148,859,801

(a) Movement in Ordinary Shares:

	Number	\$
Balance at 1 July	134,195,702	139,359,801
Share Purchase Plan (refer note A)	2,004,800	5,012,000
Share Purchase Plan (shortfall) (refer note A)	1,995,200	4,988,000
Shares cancelled pursuant to on-market share buy-back	(569,521)	(2,984,655)
Shares issued on conversion of options	125,000	500,000
Transfer of option premium on conversion of options	-	67,213
Share issue / cancellation costs	-	(514,924)
Balance at 31 December	137,751,181	146,427,435

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

(b) Share Options

Options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2009 <i>Number</i>	Options Issued 2009/10 <i>Number</i>	Options Exercised 2009/10 <i>Number</i>	Options Expired/ Forfeited 2009/10 <i>Number</i>	Closing Balance 31 December 2009 <i>Number</i>
15/02/2008 - 15/02/2010		\$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	(i)	\$4.00	125,000	-	(125,000)	-	-
25/11/2009 - 25/11/2011		\$3.50	100,000	-	-	-	100,000
01/10/2010 - 10/06/2012		\$3.50	300,000	-	-	-	300,000
31/07/2010 - 31/07/2012	(ii)	\$4.00	-	2,400,000	-	-	2,400,000
31/07/2010 - 31/07/2012	(ii)	\$4.50	-	200,000	-	-	200,000
26/11/2009 - 31/12/2012	(iii)	\$6.50	-	2,800,000	-	-	2,800,000
			1,000,000	5,400,000	(125,000)	(125,000)	6,150,000

- (i) 125,000 options were exercised at \$4.00 to acquire shares in the Company during the half year raising \$500,000.
- (ii) 2,600,000 options were issued pursuant to the CuDeco Limited Employee Option Plan.
- (iii) 2,800,000 options were issued to directors in accordance with shareholder approval granted at the Annual General Meeting held on 26 November 2009.

CUDECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the half-year ended 31 December 2009 (Continued)

5. Segment Reporting

The Company has only one reportable segment. It operates within the mineral exploration industry in Australia.

6. Commitments

There have been no changes in commitments since the last annual reporting date, 30 June 2009.

7. Contingencies

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2009, other than the substituted kerosene claim was settled in favour of CuDeco Ltd during the six months ended 31 December 2009, for \$650,000.

8. Key Management Personnel

Arrangements with related parties continue to be in place. For details of these arrangements refer to the 30 June 2009 annual financial report. Arrangements for the six months ended 31 December 2009 are consistent with those in place at 30 June 2009 except for the following:

2,800,000 options were issued to Directors pursuant to shareholder approval received on 26 November 2009.

Name of Director	No. of options issued	Value of Options (\$)
Peter Hutchison	2,500,000	7,200,000
William Cash	100,000	288,000
Paul Keran	100,000	288,000
David Taylor	100,000	288,000
	2,800,000	8,064,000

\$3,240,000 of the share-based payments expense has been capitalised to exploration expenditure and \$4,824,000 recognised as an expense in the statement of comprehensive income.

Details of the options granted to Directors of the Company in the half-year and associated inputs into the valuation model are as follows:

Number of Options	Exercise Price	Vesting Date	Expiry Date	Underlying Share Price	Expected Volatility	Risk-Free Rate
2,800,000	\$6.50	01/12/2009	31/12/2012	\$5.41	84%	4.65%

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

A further 465,549 ordinary shares have been cancelled 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 \$1,881,953.

CUDECO LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of CuDeco Limited:

1. the financial statements and notes set out on pages 9 to 16, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the company as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



W McCrae
Chairman

16th March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CUDECO LIMITED

We have reviewed the accompanying half-year financial report of CuDeco Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of CuDeco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CuDeco Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (QLD) Pty Ltd

BDO


AJ Whyte

Director

Brisbane: 16 March 2010