

CuDeco Limited

ABN 14 000 317 251

Financial Report
2008

Corporate Directory

DIRECTORS

Wayne McCrae
Peter Hutchison
William Cash
Paul Keran

COMPANY SECRETARY

Lisa Rowe

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STOCK EXCHANGE LISTING

The Company's shares and options are quoted on the Australian Securities Exchange.

ASX Code:

CDU - ordinary shares

STATE OF INCORPORATION

New South Wales

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Review of Operations

HIGHLIGHTS

The 2007 – 2008 year has seen a giant step forward for the Mining Lease Application over the Rocklands EPM and in increasing the extent and our knowledge of the Rocklands Project Mineralized Zones.

CULTURAL HERITAGE

The Cultural Heritage Clearance and Cultural Heritage and Management Plan (CHMP) have been completed and the CHMP has been signed by both the Mitakoodi and Mayi people and the Kalkadoon people. The Company expects to sign the Right to Negotiate (RTN) Agreement with both people by the end of 2008.

NEW DISCOVERIES

Two new zones of mineralization were discovered within the Rocklands EPM. One new zone was previously defined by the SAM Conductivity survey as part of a 7km long and up to 1km wide conductive zone still to be fully tested. The size of this potential mineralized zone is considered large.

Deep sulphide targets were identified by Induced Polarization (IP) survey and remain to be thoroughly tested following the completion of resource drilling.

DRILLING CONTINUES

Drilling and Exploration results have been more than encouraging as the project continues to deliver. The 500m wide x 700m long zone in Le Meridian, Rocklands Central and South is proving to be very mineralized in support of statements by CRA (Rio Tinto) which first discovered it in 1992: “the potential for significant tonnage of low grade copper”.

Mineralization on the Rocklands EPM is now more extensive than first believed and ongoing drilling continues to indicate that it may well merge into a single large resource.

DRILL RIG AVAILABILITY

The Company commissioned one new diamond rig and has been preparing another RC rig for commissioning, expected to occur late in 2008. The major drilling contractor has earmarked one of its new RC rigs, due early 2009, for Rocklands. This is in addition to the new RC rig the Company expects to take delivery of in late December, 2008. A further two new contract diamond rigs are scheduled to commence at Rocklands towards the end of 2008.

This will give a total of 5 RC rigs and 5 diamond rigs available for drilling at Rocklands.

DEFINITIVE FEASIBILITY STUDY (DFS)

Lycopodium Engineering Qld Pty Ltd commenced the DFS in December 2007 in association with AMC Consultants Pty Ltd, resource consultants and Knight Piesold Pty Ltd, geotechnical consultants. This study also encompasses preparation of the Rocklands Project Environmental Impact Statement through AustralAsian Resource Consultants Pty Ltd and Cultural Heritage Management Plan through Granite Consulting Pty Ltd and Aboriginal Archaeologists Australia Pty Ltd.

PROJECT POTENTIAL

The global metal markets for the three target metals of the Rocklands Project, namely copper, cobalt and gold reached record levels during this last year and the strength of these metal prices have been indicated by analysts for some time to come.

When considered in the light of favourable recoveries from preliminary metallurgical test work there is a strong potential for robust operations at Rocklands.

Review of Operations (continued)

STRATEGY

The Company strategy remains to complete all of the drilling within the defined boundaries of the mineralization discovered to date. Directors will know the potential size of the identified target zones of the Rocklands Resource, including undrilled areas, only when all intended drilling is completed and a high degree of confidence exists.

To comply with JORC requirements, the drilling must be completed in full to the satisfaction of the resource consultants, the Quality Assurance and Control validation must be satisfied, and geological, geotechnical and mineralization controls agreed.

Other highlights include

- Results of aerial mapping, terrain data and geo-referenced photographs received.
- High grade Uranium intersections and high grade gold assays from the Wilgar Prospect.
- Metallurgical test work
 - Preliminary Flotation testing results in 98.5% copper recovery from primary sulphide ore and 92.4% cobalt recovery also from primary ore.
 - Bond Index testing shows the main Rocklands ore type to be low to moderate hardness with respect to crushing and grinding.
 - First cobalt concentrate produced for Mineral Liberation Analysis (MLA).
- Strengthening of CuDeco's geological team.
- CuDeco Ltd Hong Kong office opened.
- CuDeco Helpdesk service to shareholders launched.

ROCKLANDS GROUP COPPER PROJECT EXPLORATION

The Company has been undertaking a series of drill holes designed to probe areas adjacent to and in between known mineralized zones. This initial programme of 6,000m in the Las Minerale Central zone will result in a more comprehensive capacity to evaluate accurately the size, grade and distribution of mineralization, and is expected to be expanded after results are analysed. Coincident with this programme is one of infill and extension drilling principally in a 500m wide x 700m long zone encompassing Le Meridian, Rocklands Central and Southern Rocklands. Results to date are correlating with the CRA reports which conclude an aggregate length of mineralization within this zone of over 6 kms. This area is being drilled on a 25m grid over the whole 350,000m² zone of mineralization.

CuDeco expects to drill approximately 60,000-70,000 metres during the next 12 months to fulfil its current programme. Site infrastructure has been significantly expanded during this year in anticipation and the core shed and cutting area has been more than doubled in size, a secure room for chip tray storage and working has been established, and a sample preparation and assay laboratory installed. The laboratory is part-way through an extensive survey of gold values over the Rocklands prospect.

During the year drilling has continued with 5 Drill Rigs (2 x RC and 3 x Diamond Core Rigs). The Company has purchased an additional new RC Drill Rig which is due for delivery late December, 2008. The number of contract rigs is anticipated to increase over the ensuing year.

The Company has reported significant grades of cobalt with averages of 350 – 1500 ppm Co. The maximum grade encountered to date is 8,750 ppm Co. Cobalt is described as the new super metal and its presence in substantial quantities at Rocklands will contribute significantly to the potential value of the project.

Due to the distribution of significant Cu and Co grades throughout the Rocklands Mineralized Zone, a more thorough understanding of both the geology and metallurgy is required before accurate resource modelling can be achieved. The delineation of the Co envelope separately to the Cu envelope is a significant component of planning for the drill programme.

Review of Operations (continued)

Mineral exploration consultants Terra Search Pty Ltd are continuing the compilation of data to be used for mineral resource estimates. 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. This is being supported by an independent audit of the drilling, sampling procedures, receipt and dispatch, and data processing by AMC Consultants.

An IP Survey carried out during the year has identified sulphides at depth over a number of areas within the Rocklands EPM. Of particular interest were deep targets identified at the northern and southern zones along strike at Las Minerale and a sulphide anomalous zone in the S.W. area of the EPM which appears to co-incidentally overlay the anomaly identified by a Radiometric Survey carried out for uranium anomalies, and that of a Magnetic Airborne Survey, also carried out during the year.

Diamond drill holes at the Wilgar uranium prospect intersected some high grade uranium mineralization. Mineralization in the form of primary pitchblende has been encountered. The drill holes 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.

Significant gold intersections in the supergene zone were also reported during the year for the Wilgar drilling. However, the Company's main focus continues to be Cu/Co/Au.

FURTHER RESOURCES

Additional Cu occurrences have been discovered over numerous target zones throughout the tenement. Many are worthy of follow up drilling when resource drilling is completed, including at the Fairfield, 3km north of Las Minerale, where DORC330 intersected 8m @ 3% Cu and 1378ppm Co from 58m to 66m in a potential new discovery.

A further potential zone of mineralization was identified by the SAM Survey which detected a conductive zone some 5 km long and up to 1 km wide. This zone, although a 'high potential zone' is not included in the zones of known and identified mineralized zones targeted by the resource programme and has had only one hole drilled into the zone. This hole intersected approximately 30m of Cu/Co mineralization from visual assessment.

The size of this potential mineralized zone is considered large.

Further targets at other parts of the tenement remain untested at this stage, whilst the delineation and linkages of the main mineralized zones is completed.

CUDECO CORPORATE STRATEGY

The Company's single focus remains, on behalf of all shareholders, to achieve maximum share value via the systematic exploration, discovery and delineation of the numerous defined mineralized occurrences clearly evident at Rocklands by drilling of the strike length of the known zones of Cu/Co mineralization identified to date to a standard in accordance with the JORC code.

Whilst the Copper and Cobalt prices remain firm and an industry consensus exists of further rises ahead, the Company remains committed to maximizing the value this favourable impact will have on the resource size. The developments in geological assessment of the Cobalt envelope in addition to the Copper envelope attest to this strategy. The Company is striving to accelerate the drilling programme in order to realize this potential.

The Company reinforces that the eventual Rocklands Resource will be formed from a collective of individual mineralized zones, which ongoing drilling continues to indicate that it may well merge into a single large resource, particularly at the eastern end which now appears to combine into one 500m wide zone and may ultimately result in a single 'Super Pit' operation rather than four smaller open pit operations.

NOTE: With the merging of various mineralized zones, previously identified individually in the areas of the tenement indicated in the plans above, all future reporting will refer to the **Rocklands Mineralized Zone**.

*Review of Operations (continued)***DEFINITIVE FEASIBILITY STUDY**

The Definitive Feasibility Study, being managed by Lycopodium Engineering Queensland Pty Ltd, has progressed in areas of resource definition, geotechnical assessment, hydrogeological reporting and metallurgical testing.

AMC Consultants is providing expert assistance to the Company and working closely with the Company's Senior Geology team and geological consultants, Terra Search to incorporate all the additional data from the drilling programme on an 'ongoing basis' into the interpretive geological model of all the major mineralized zones. The main aim of this approach is to ensure that all data collection and interpretation remains consistent with the standard required for a JORC-compliant resource assessment calculation to be undertaken by AMC Consultants.

The draft hydrogeological report was received and is undergoing assessment and review.

Following a successful preliminary mineral recovery programme, metallurgical test work has focused on understanding Co mineralization and recovery. Results are awaited on Mineral Liberation Analysis (MLA) which has been undertaken on high Co samples from oxidised/supergene zones. Cobalt flotation studies have resulted in the production of a cobalt concentrate product from the Rocklands primary ore. MLA will be undertaken on concentrate and tails samples from this test programme in order to fully understand the mineralogy before refining the Co recovery test programme.

Refining the Cu concentrate product will also be incorporated into this programme.

Aerial mapping undertaken during the year for the 5 sub-blocks of Rocklands, the lone sub-block to the east and connecting corridors will provide accurate terrain data and geo-referenced photographs for use by geologists, geotechnologists and engineers.

MINING LEASE APPLICATION (MLA)

An important step in the granting of a Mining Lease for the Rocklands project was achieved with the completion of Cultural Heritage Clearance for the Rocklands EPM by the Mitakoodi and Mayi people and the Kalkadoon people and finalization of the Cultural Heritage Management Plan (CHMP). The CHMP has been signed by both the Mitakoodi and Mayi people and the Kalkadoon people.

A MLA (90188) was also made during the year for the lone sub-block which forms part of the Rocklands EPM. This area is an integral requirement of the Rocklands project. Sterilization work has commenced for this block, and soil geochemistry, ground magnetics and Cultural Heritage Clearance has been completed.

CUDECO LTD HONG KONG OFFICE

Early in 2008 the Company opened a representative office in the central business district in Hong Kong to assist in servicing the high level of interest being shown in the Rocklands Project by central Asian businesses.

Since opening the office has been busy investigating opportunities for the Rocklands project involving a number of high-profile meetings, including Senior Management of the Hong Kong Stock Exchange and presentations at forums such as the Mines and Money Convention in Hong Kong.

CUDECO HELPDESK SERVICE TO SHAREHOLDERS

The Company recognised the need for shareholders to have a forum to discuss their general queries and launched the 'CuDeco Helpdesk' on its website. The project has been a huge success by providing shareholders and the Company with an efficient communication facility.

UPDATE OF GEOLOGICAL STUDIES

During the year the Company's geological consultant, Simon Beams of Terra Search Pty Ltd prepared an update of the geological and mineralization aspects of the Rocklands exploration project titled "Geology and Mineralization of the Rocklands Copper Deposits, Cloncurry District, Queensland" which was presented to a gathering of over 700 geologists for the Australasian Earth Sciences Convention.

Review of Operations (continued)

MT NORMA AND QUEENSLAND MINING CORPORATION LTD (QMCL)

CuDeco successfully completed its obligations under its contractual agreements for the sale of Mt Norma and associated assets to Queensland Mining Corporation Ltd (“QMCL”). CuDeco understands that QMCL’s IPO has been completed and listing is imminent.

CuDeco continues to pursue its claim for the significant damages that occurred to the Company when substandard substituted kerosene, sold to the company, was introduced into the process at Mt Norma.

The information in the Review of Operations, insofar as it relates to exploration activities, is based on information compiled by Dr Simon Beams, a full-time employee of Terra Search Pty Ltd, geological consultants to CuDeco Ltd. Dr Beams is a Member of The Australasian Institute of Mining and Metallurgy and 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (the JORC Code). Dr Beams consented to the inclusion in the Review of Operations of the matters based on his information, in the form and context in which it appears.

DIRECTORS' REPORT

The directors present their report together with the financial report of CuDeco Limited (the "Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2008 and the auditor's report thereon. 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 (60 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 (59 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.

William Douglas Cash
Non-Executive Director

(Appointed 27 July 2007)

William (Bill) Cash (62 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 AIM Resources Ltd since 31 May 2007.

Vitie Paul Keran
B.App.Sc., B.E. (Chemical), Dip.
B.A.
Non-Executive Director

(Appointed 2 July 2007)

Paul Keran (65 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.

Timothy Francis Koitka - Executive Director (Ceased to be a director 22 August 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 2008 (except as disclosed above).

COMPANY SECRETARY

Lisa Sharon Rowe
(Appointed 04/05/2004)

Lisa Rowe is a certified practicing accountant with over 10 year's experience. Mrs 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 consolidated entity during the course of the financial year was mineral exploration and evaluation in Cloncurry, Queensland.

DIRECTORS' REPORT (continued)**RESULTS AND DIVIDENDS**

The consolidated profit after tax for the year ended 30 June 2008 was \$860,410 (30 June 2007: Loss \$23,006,055). 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 consolidated entity during the year ended 30 June 2008 and the results of those operations is set out on pages 3 to 7 and forms part of this Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- In July 2007 the Company issued 8,235,885 shares at an issue price of \$3.18 to clients of specialist institutional broking house, Lodge Partners Pty Ltd and clients of Martin Place Securities Pty Ltd raising \$26,190,114. The funds were used, and continue to be used for ongoing exploration at the Company's Rocklands Copper Group project, including continued drilling, engineering studies, metallurgical studies and other infrastructure development expenditure.
- During the year to 30 June 2008, the Company received \$6,285,448 as subscription monies for the conversion of listed options and unlisted employee and directors options into ordinary shares.

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

- CuDeco Ltd has subscribed for 2 million shares in the Queensland Mining Corporation Ltd's initial public offering at a cost of \$1 million.
- The Board has approved an on-market buy-back program of up to 10% of the Company's issued ordinary shares as part of a capital management program.

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' 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 2008 are:

	Number of meetings attended during period of office	Number of meetings held during period of office
W McCrae	8	8
P Hutchison	8	8
P Keran (appointed 2 July 2007)	5	7
W Cash (appointed 27 July 2007)	4	4
T Koitka (ceased 22 August 2007)	4	4

DIRECTORS' REPORT (continued)

DIRECTORS' MEETINGS (continued)

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 W Cash (Chairman), P Hutchison and P Keran. There were four audit committee meetings during the year ended 30 June 2008 with all members in attendance.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares, options or other instruments issued by companies within the consolidated entity and other related body corporates, 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	12,250,072	-
P Hutchison	1,017,034	-
P Keran (appointed 2 July 2007)	41,500	-
W Cash (appointed 27 July 2007)	20,000	-

SHARE OPTIONS

As at the date of this report, there were 850,000 unissued ordinary shares under option.

	Number	Exercise Price	Expiry Date
Consultant Unlisted Options:	250,000	\$7.50	1 December 2008
Consultant Unlisted Options:	125,000	\$3.50	31 July 2009
Consultant Unlisted Options:	125,000	\$4.00	31 December 2009
Consultant Unlisted Options:	100,000	\$3.29	15 August 2010
Employee Unlisted Options:	250,000	\$6.00	7 November 2010

During or since the end of the financial year 21,461,991 CDUO \$0.20 options were exercised. 4,000,000 directors' options were also exercised and 950,000 unlisted consultant options expired unexercised.

Options issued during the year are as follows:

- 500,000 options to subscribe for ordinary shares were allotted to a consultant of the Company pursuant to a consultancy agreement. 250,000 of these unquoted options were exercisable at \$6.50 on or before 1 September 2008 and the balance is exercisable at \$7.50 on or before 1 December 2008. (The \$6.50 options lapsed unexercised).
- 200,000 options to subscribe for ordinary shares were allotted to a consultant of the Company pursuant to a consultancy agreement in July 2007. These unquoted options were exercisable at \$5.50 each on or before 30 June 2008. (These options lapsed unexercised).
- 100,000 options to subscribe for ordinary shares were allotted to a consultant of the Company pursuant to a consultancy agreement in August 2007. These unquoted options have an exercise period between 15 February 2008 and 15 August 2010 and are exercisable at \$3.29 each.
- 250,000 options to subscribe for ordinary shares were issued pursuant to the CuDeco Ltd Employee Option Plan. These unquoted options have an exercise period between 7 November 2007 and 7 November 2010 and are exercisable at \$6.00 each.

DIRECTORS' REPORT (continued)

SHARE OPTIONS (continued)

Options issued subsequent to year end and up to the date of this report are as follows:

- 250,000 options to subscribe for ordinary shares were allotted to a consultant of the Company on the 25th August 2008. 125,000 of these unquoted options are exercisable at \$3.50 on or before 31 July 2009 and the balance is exercisable at \$4.00 on or before 31 December 2009.

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

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the directors of CuDeco Limited. Other than the Directors, there are no other key management personnel of the consolidated entity. The consolidated entity does not have any executive officers as defined under Section 300A of the Corporations Act 2001 other than executives who are also directors and the company secretary.

Remuneration Policy

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

The remuneration of key management personnel 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 consolidated entity's objectives.

Incentives may be provided to reward key management personnel and other executives for achievement of targets aligned with the consolidated entity'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 was dependent on the satisfaction of a performance condition. No bonuses were paid during the year.

Remuneration Committee

The Company does not have a formally constituted remuneration committee of the Board. The Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of a remuneration committee.

The Board assesses the appropriateness of the nature and amount of remuneration of directors 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.

Executive Directors Remuneration***Objective***

The company aims to reward the Executive Directors with a level of remuneration commensurate with their position and responsibilities within the Company and so as to:

- align the interests of the Executive Directors with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Continued)

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 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.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executive directors in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executive directors 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 executive directors are delivered in the form of options. The issue of options as part of the remuneration packages of directors is an established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding each of the directors. Executive options have not been granted in the period ended 30 June 2008.

Employment Contracts

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

The annual base salaries of executive directors were as follows:

Effective from:		Base Salary	Superannuation
		\$	\$
1 July 2007	W McCrae	350,000	14,400
1 July 2007	P Hutchison	100,000	9,000
1 October 2007	P Hutchison	150,000	13,050
1 April 2008	P Hutchison	200,000	13,050

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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Continued)

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

At the 2007 Annual General Meeting shareholders approved a pool of \$150,000 per annum for non-executive directors' fees. The Board has subsequently agreed that the non-executive directors will receive annual remuneration of \$30,000 plus superannuation at the statutory guarantee level. 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.

Directors' remuneration

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

Director		Short-Term	Post	Share-Based	Other	Total
		Benefits	Employment	Payments		
		Salary / Fees	Superannuation	Equity Settled	Benefits	
		\$	\$	Value of Options	\$	\$
				(A) \$		
W McCrae	2008	350,000	14,400	-	8,669	373,069
	2007	82,500	7,425	10,530,000	-	10,619,925
P Hutchison	2008	150,000	13,050	-	-	163,050
	2007	82,500	7,425	3,510,000	-	3,599,925
W Cash	2008	27,972	2,518	-	-	30,490
	2007	-	-	-	-	-
P Keran	2008	30,000	2,700	-	-	32,700
	2007	-	-	-	-	-
T Koitka (ceased to be a director 22 Aug 2007)	2008	31,624	2,846	-	-	34,470
	2007	82,500	7,425	7,020,000	-	7,109,925
Total	2008	589,596	35,514	-	8,669	633,779
	2007	247,500	22,275	21,060,000	-	21,329,775

No element of remuneration is related to performance.

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

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 2008 amounted to \$48,860 (2007: \$46,666).

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Continued)

Options granted to directors' and officers and analysis of share-based payments granted as remuneration

The Company has not granted any options over unissued ordinary shares in CuDeco Limited during or since the end of the financial year to any directors or officers as part of their remuneration. Details of the options granted (including the vesting profile) as remuneration to each director and officer of the Company during the previous financial year are listed below:

Options granted during the previous financial year:

Directors	Grant Date	Grant Number	Vesting Date	% of Remuneration
W McCrae	16 Oct 2006	3,000,000	16 Oct 2006	99.2
T Koitka	16 Oct 2006	2,000,000	16 Oct 2006	98.7
P Hutchison	16 Oct 2006	1,000,000	16 Oct 2006	97.5

The options vested 100% at the time of grant, so there is no value of options yet to vest.

During or since the end of the financial year, 4,000,000 options over unissued ordinary shares in the Company were exercised by directors and officers of the Company.

Compensation Options Exercised During the Year

Details of equity instruments issued during the year to key management personnel as a result of options exercised that had previously been granted as compensation are as follows:

2008	Number of Shares Issued on Exercise	Number of Options Exercised	Amount Paid Per Share	Amount Unpaid Per Share
Directors	of Options	Exercised		
W McCrae	3,000,000	3,000,000	\$0.50	Nil
P Hutchison	1,000,000	1,000,000	\$0.50	Nil
Total	4,000,000	4,000,000		

Value of Compensation Options

Details of the value of options granted, exercised or lapsed during the year to key management personnel and other executives as part of their remuneration are summarised below:

2008	Value of Options Granted During The Year (a)	Value of Options Exercised During The Year (b)	Value of Options Lapsed During The Year (c)
Directors			
W McCrae	-	\$6,950,000	-
P Hutchison	-	\$1,900,000	-
Total	-	\$8,850,000	-

- (a) The value of options granted during the year differs to the expense recognised as part of each key management persons' remuneration because this value is the grant date fair value calculated in accordance with AASB2 Share Based Payments.
- (b) The value of the options exercised has been determined as the intrinsic value of the options at exercise date i.e. the excess of the market value at exercise date over the exercise price of the option.
- (c) Options lapsed due to vesting conditions not being satisfied. The value of options at the date of lapse is determined assuming the vesting condition has been satisfied.

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 \$19,888 to insure the directors and officers of any entity within the consolidated entity.

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.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not party to any such proceedings during the year.

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. The Company's corporate governance statement is contained in the shareholder information section of this annual report.

NON AUDIT SERVICES

The following non-audit services were provided by our auditors, BDO Kendalls. 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/payable to the external auditors during the year ended 30 June 2008:

\$12,906 for the provision of tax services.

DIRECTORS' REPORT (continued)

AUDITORS' INDEPENDENCE DECLARATION

The auditor, BDO Kendalls, 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 2008



BDO Kendalls

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

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.

BDO Kendalls (QLD)

A handwritten signature in black ink, appearing to be 'A J Whyte'. The signature is stylized and somewhat scribbled, with overlapping loops and lines.

A J Whyte
Partner

Brisbane
30 September 2008

***Consolidated Income Statement
for the year ended 30 June 2008***

	Notes	Consolidated		Company	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenues	2	2,300,173	432,338	2,300,173	432,338
Expenses					
Repairs and maintenance mining equipment		(146,157)	(183,078)	(146,157)	(183,078)
Motor vehicle expenses		(4,546)	(131,488)	(4,546)	(131,488)
Depreciation expense	3	-	(194,464)	-	(194,464)
Employee and consultant expenses	3	(1,502,436)	(22,011,409)	(1,502,436)	(22,011,409)
Shareholder expenses		(145,266)	(259,816)	(145,266)	(259,816)
Finance cost expense		-	(166,434)	-	(166,434)
Occupancy expenses		(279,691)	(201,689)	(279,691)	(201,689)
Travel		(148,750)	(84,401)	(148,750)	(84,401)
Other		(107,512)	(102,667)	(107,512)	(104,668)
Expenses		(2,334,358)	(23,335,446)	(2,334,358)	(22,337,447)
Loss from continuing operations before income tax benefit	3	(34,185)	(22,903,108)	(34,185)	(22,905,109)
Income tax benefit	5	-	-	-	-
Loss from continuing operations after income tax		(34,185)	(22,903,108)	(34,185)	(22,905,109)
Discontinued operations					
Profit / (Loss) from discontinued operations after income tax	24	894,595	(104,464)	894,595	(89,448)
Net loss attributable to minority interests		-	1,517	-	-
Net profit / (loss) attributable to members of the Company		860,410	(23,006,055)	860,410	(22,994,557)
		Cents	Cents		
Earnings per share:					
Basic and diluted gain / (loss) per share	6	0.89	(30.34)		
Continuing operations:					
Basic and diluted loss per share	6	(0.04)	(30.20)		

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

Consolidated Balance Sheet as at 30 June 2008

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalent assets	8	31,372,316	13,417,716	31,372,316	13,417,716
Trade and other receivables	9	1,171,505	643,394	1,171,505	643,394
Inventories	10	9,614	31,350	9,614	31,350
TOTAL CURRENT ASSETS		32,553,435	14,092,460	32,553,435	14,092,460
NON-CURRENT ASSETS					
Trade and other receivables	9	19,966	8,355	19,966	8,355
Other financial investments	11	-	-	1	1
Available for sale financial assets	12	5,750,000	5,750,000	5,750,000	5,750,000
Property, plant and equipment	13	3,466,325	1,076,096	3,466,325	1,076,096
Exploration expenditure	14	18,518,907	6,865,571	18,518,907	6,865,571
TOTAL NON-CURRENT ASSETS		27,755,198	13,700,022	27,755,199	13,700,023
TOTAL ASSETS		60,308,633	27,792,482	60,308,634	27,792,483
CURRENT LIABILITIES					
Trade and other payables	15	820,389	1,052,945	820,389	1,052,945
TOTAL CURRENT LIABILITIES		820,389	1,052,945	820,389	1,052,945
TOTAL LIABILITIES		820,389	1,052,945	820,389	1,052,945
NET ASSETS		59,488,244	26,739,537	59,488,245	26,739,538
EQUITY					
Contributed equity	16	102,905,940	57,188,642	102,905,940	57,188,642
Reserves	18	21,916,246	35,745,247	21,916,246	35,745,247
Accumulated losses		(65,333,942)	(66,194,352)	(65,333,941)	(66,194,351)
Total parent entity interest		59,488,244	26,739,537	59,488,245	26,739,538
Minority interests	19	-	-	-	-
TOTAL EQUITY		59,488,244	26,739,537	59,488,245	26,739,538

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

**Statement of Changes in Equity
for the year ended 30 June 2008**

CONSOLIDATED	Issued Capital	Accumulated Losses	Option Premium Reserve	Other Reserves	Minority Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2006	28,903,089	(43,228,772)	20,824,585	527,114	647,989	7,674,005
Share / option issue expenses	(8,324)	-	-	-	-	(8,324)
Loss attributable to members of the parent entity	-	(23,006,055)	-	-	-	(23,006,055)
Adjustment of prior year losses on disposal of subsidiaries	-	40,475	-	-	-	40,475
Loss attributable to the minority interest	-	-	-	-	(1,517)	(1,517)
Total income and expense for the period	(8,324)	(22,965,580)	-	-	(1,517)	(22,975,421)
Shares / options issued during the year	21,204,642	-	-	-	-	21,204,642
Transfer option premium on conversion of options	7,089,235	-	(7,089,235)	-	-	-
Cost of share based payments	-	-	21,482,783	-	-	21,482,783
Adjustment on loss of interest/ control over subsidiaries	-	-	-	-	(646,472)	(646,472)
Balance at 30 June 2007	57,188,642	(66,194,352)	35,218,133	527,114	-	26,739,537
Balance at 1 July 2007	57,188,642	(66,194,352)	35,218,133	527,114	-	26,739,537
Share / option issue expenses	(1,349,766)	-	-	-	-	(1,349,766)
Profit attributable to members of the parent entity	-	860,410	-	-	-	860,410
Total income and expense for the period	(1,349,766)	860,410	-	-	-	(489,356)
Shares / options issued during the year	32,475,563	-	-	-	-	32,475,563
Transfer option premium on conversion of options	14,591,501	-	(14,591,501)	-	-	-
Cost of share based payments	-	-	762,500	-	-	762,500
Balance at 30 June 2008	102,905,940	(65,333,942)	21,389,132	527,114	-	59,488,244

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

***Statement of Changes in Equity
for the year ended 30 June 2008***

PARENT	Issued Capital	Accumulated Losses	Option Premium Reserve	Other Reserves	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2006	28,903,089	(43,199,794)	20,824,585	527,114	7,054,994
Share / option issue expenses	(8,324)	-	-	-	(8,324)
Loss after tax	-	(22,994,557)	-	-	(22,994,557)
Total income and expense for the period	(8,324)	(22,994,557)	-	-	(23,002,881)
Shares / options issued during the year	21,204,642	-	-	-	21,204,642
Transfer option premium on conversion of options	7,089,235	-	(7,089,235)	-	-
Cost of share based payments	-	-	21,482,783	-	21,482,783
Balance at 30 June 2007	57,188,642	(66,194,351)	35,218,133	527,114	26,739,538
Balance at 1 July 2007	57,188,642	(66,194,351)	35,218,133	527,114	26,739,538
Share / option issue expenses	(1,349,766)	-	-	-	(1,349,766)
Loss after tax	-	860,410	-	-	860,410
Total income and expense for the period	(1,349,766)	860,410	-	-	(489,356)
Shares / options issued during the year	32,475,563	-	-	-	32,475,563
Transfer option premium on conversion of options	14,591,501	-	(14,591,501)	-	-
Cost of share based payments	-	-	762,500	-	762,500
Balance at 30 June 2008	102,905,940	(65,333,941)	21,389,132	527,114	59,488,245

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

Cash Flow Statements for the year ended 30 June 2008

	Notes	Consolidated		Company	
		2007 \$	2007 \$	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,180,855	2,102,293	1,180,855	2,102,293
Cash payments in the course of operations		(1,942,638)	(3,588,393)	(1,942,638)	(3,586,978)
Interest received		1,307,220	388,677	1,307,220	388,677
Research & development tax concession		230,766	-	230,766	-
Interest paid		-	(284,653)	-	(284,653)
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	22	776,203	(1,382,076)	776,203	(1,380,661)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(3,290,528)	(1,085,592)	(3,290,528)	(1,085,592)
Payments for exploration and evaluation expenditure		(10,753,837)	(6,505,208)	(10,753,837)	(6,505,208)
Proceeds from sale of Mt Norma assets		-	2,175,000	-	2,175,000
Proceeds from sale of plant and equipment		108,576		108,576	-
Loan to other entity		-	(234,001)	-	(234,001)
Transfer funds (to) / from sinking & interest retention account		-	471,267	-	471,267
Increase in deposits		(13,011)	-	(13,011)	-
Repayments of deposits		1,400	-	1,400	-
NET CASH (OUTFLOWS) FROM INVESTING ACTIVITIES		(13,947,400)	(5,178,534)	(13,947,400)	(5,178,534)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares and options		32,462,094	19,399,642	32,462,094	19,399,642
Prospectus, share and option issue costs		(1,336,297)	(8,324)	(1,336,297)	(8,324)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		31,125,797	19,391,318	31,125,797	19,391,318
NET INCREASE / (DECREASE) IN CASH HELD		17,954,600	12,830,708	17,954,600	12,832,123
Cash at the beginning of the financial year		13,417,716	587,008	13,417,716	585,593
CASH AT THE END OF THE FINANCIAL YEAR	8	31,372,316	13,417,716	31,372,316	13,417,716

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

CuDeco Limited is a listed public company, incorporated in and domiciled in Australia.

The financial report of CuDeco Limited (the "Company") for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 30 September 2008 and covers CuDeco Limited as an individual entity as well as the Company and its subsidiaries (together referred to as the "consolidated entity").

The financial report is presented in Australian currency.

(a) Basis of Preparation

The financial report is a general purpose financial report which has 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 consolidated financial statements and notes, comply with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical cost and going concern basis and, except where stated, does 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 this financial report. Such standards are not expected to have a material impact on the consolidated entity's financial report on initial application.

The following accounting policies have been adopted in the preparation and presentation of the financial report.

These accounting policies have been consistently applied by each entity in the consolidated entity. Unless otherwise stated, these accounting policies are consistent with those of the previous year.

(b) Principles of Consolidation

The consolidated financial report comprises the financial statements of CuDeco Limited and its controlled entities.

A controlled entity is any entity controlled by CuDeco Limited whereby CuDeco Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. Accounting policies of controlled entities have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity 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 in the income statement as it accrues, using the effective interest method.

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

Grants received from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the consolidated entity will comply with all the attached conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008*(Continued)***1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes direct material, direct labour, transportation costs and variable and fixed overhead costs relating to mining and production activities.

(f) 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 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 and deferred tax assets and liabilities arising from unused losses of the group for the tax consolidated group.

(g) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(h) Business Combinations

The purchase method of accounting is used to account for all business combinations. Costs is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(i) Payables

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008*(Continued)***1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) 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 consolidated entity'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.

(k) Research and Development Expenditure – Environmental Technology

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.

(l) Impairment of Non Financial Assets

At each reporting date the consolidated entity 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.

(m) Property, Plant and Equipment

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

Plant and equipment

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.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008*(Continued)***1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) Property, Plant and Equipment (continued)*****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. The estimated useful lives used in the calculation of depreciation for plant and equipment is between five and ten years.

(n) Employee Benefits

The consolidated entity'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.

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(p) Contributed Equity

Ordinary shares issued are classified as contributed equity.

Options issued are recorded in the option premium reserve. This reserve is transferred to contributed equity if the options are exercised.

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

(q) Share-Based Payments

The consolidated entity provides benefits to directors, employees and suppliers of the consolidated entity 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).

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 binomial 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 17.

The assessed fair value at grant date is recognised as an expense in the income statement, together with a corresponding increase in equity, pro rata over the life of the option from grant date to expected vesting date. Upon exercise of the options, the balance in the option premium reserve is transferred to contributed equity. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
*(Continued)***1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(q) Share-Based Payments (continued)**

Where options are cancelled, they are treated as if it had vested on the date of cancellation, and any unrecognised expenses are taken immediately to the income statement. 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.

(r) 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.

(s) 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:

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.

Share-based payment transactions:

The consolidated entity 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 17.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
2. REVENUE				
<i>From continuing operations</i>				
Interest from cash at bank	2,196,801	424,028	2,196,801	424,028
Diesel fuel rebate	53,366	-	53,366	-
Equipment hire rental received	50,006	8,310	50,006	8,310
Total revenue from ordinary activities	<u>2,300,173</u>	<u>432,338</u>	<u>2,300,173</u>	<u>432,338</u>
<i>From discontinued operations</i>				
Sales of copper sulphate	103,497	1,169,846	103,497	1,169,846
R&D tax concession received	230,766	-	230,766	-
Reimbursement of production / mining costs and hire of equipment to Queensland Mining Corporation Ltd	564,740	-	564,740	-
	<u>899,003</u>	<u>1,169,846</u>	<u>899,003</u>	<u>1,169,846</u>

3. EXPENSES

Profit (2007: Loss) before income tax benefit has been arrived at after charging/(crediting) the following items:

For continuing operations

Depreciation of buildings	-	7,717	-	7,717
Depreciation of plant and equipment	-	186,747	-	186,747
Finance cost – interest paid on loan funds / convertible notes	-	166,434	-	166,434
Operating lease rental – director-related entity	123,792	143,833	123,792	143,833
Operating lease rental – other	16,400	-	16,400	-
Profit on sale of assets	(81,549)	-	(81,549)	-
Share based payment expense – employee remuneration	292,500	30,283	292,500	30,283
Share based payment expense – consulting fees	470,000	252,500	470,000	252,500
Share based payment expense – director remuneration	-	21,060,000	-	21,060,000

4. AUDITORS' REMUNERATION

Amounts received or due and receivable by BDO Kendalls for the audit of the entity or any entity in the consolidated entity:

- Auditing or reviewing the financial report	49,258	47,116	49,258	47,116
- Tax services	12,906	19,130	12,906	19,130

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
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:				
	258,123	(6,902,271)	258,123	(6,887,338)
Non-allowable items	163,920	6,395,955	163,920	6,395,955
Tax loss recognised	(422,043)	-	(422,043)	-
Deferred tax liability not recognised	(3,340,832)	(848,209)	(3,340,832)	(848,209)
Deferred tax asset not brought to account				
- temporary difference	-	38,718	-	31,219
- tax losses	3,340,832	1,315,807	3,340,832	1,308,373
Income tax expense	-	-	-	-
Deferred tax asset reconciliation				
Temporary differences	351,820	(354,763)	492,892	488,335
Tax losses	5,660,718	2,993,382	5,660,718	2,985,949
	6,012,538	2,638,619	6,153,610	3,474,284
Accumulated tax losses not recognised due to lack of high probability	5,660,718	2,993,382	5,660,718	2,985,949
Deferred tax liability not recognised due to lack of high probability	6,189,184	2,064,971	6,189,184	2,064,971

The potential future income tax benefit will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) the relevant company and / or consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company and / or consolidated entity in realising the benefit.

For the purposes of taxation, CuDeco Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group.

6. EARNINGS PER SHARE

	2008	2007
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	97,204,680	75,825,820

The Company has granted share options in respect of a total of 850,000 ordinary shares at 30 June 2008. 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 2008
(Continued)

7. SEGMENT INFORMATION

The economic entity operated in the following industries during the financial year ended 30 June 2008:

- Mineral exploration: undertaking of mineral exploration and mine development in Australia.

The business comprising the production of copper sulphate pentahydrate was sold in June 2007.

	Mineral Exploration & Mine Development		Production (Discontinued)		Consolidated		Less Production (Discontinued)		Continuing Operations	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Business Segments										
Segment revenue	-	-	899,003	1,169,846	899,003	1,169,846	(899,003)	(1,169,846)	-	-
Other unallocated revenue					2,300,173	432,338	-	-	2,300,173	432,338
					<u>3,199,176</u>	<u>1,602,184</u>	<u>(899,003)</u>	<u>(1,169,846)</u>	<u>2,300,173</u>	<u>432,338</u>
Segment result	(383,822)	(328,479)	894,595	(102,947)	510,773	(431,426)	(894,595)	102,947	(383,822)	(328,479)
Unallocated expenses (net)					349,637	(22,574,629)			349,637	(22,574,629)
Net loss					<u>860,410</u>	<u>(23,006,055)</u>			<u>(34,185)</u>	<u>(22,903,108)</u>
Depreciation	-	(119,059)	-	(289,117)	-	(408,176)				
Unallocated					-	(86,044)				
					<u>-</u>	<u>(494,220)</u>				
Segment assets	22,006,927	7,266,986	-	45,374	22,006,927	7,560,365				
Unallocated assets					38,301,706	20,232,117				
Consolidated total assets					<u>60,308,633</u>	<u>27,792,482</u>				
Segment liabilities	525,586	567,746	-	23,207	525,586	590,953				
Unallocated liabilities					294,803	461,992				
Consolidated total liabilities					<u>820,389</u>	<u>1,052,945</u>				

Geographical segments – all geographical segments are within Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
8. CASH ASSETS				
Current				
Cash at bank and in hand	4,046,837	8,917,716	4,046,837	8,917,716
Deposits at call	27,325,479	4,500,000	27,325,479	4,500,000
	<u>31,372,316</u>	<u>13,417,716</u>	<u>31,372,316</u>	<u>13,417,716</u>

- 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.

9. RECEIVABLES

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Accrued interest	907,248	17,667	907,248	17,667
Debtors	-	14,024	-	14,024
Security deposits	20,000	20,000	20,000	20,000
Provision against security deposit	(20,000)	(20,000)	(20,000)	(20,000)
GST receivable	234,370	358,445	234,370	358,445
Prepayments	25,823	-	25,823	-
Other receivables	4,064	253,258	4,064	253,258
	<u>1,171,505</u>	<u>643,394</u>	<u>1,171,505</u>	<u>643,394</u>
Non-current				
Security deposits	19,966	8,355	19,966	8,355

No receivables are past due or impaired (except as indicated above) 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.
- Other receivables (2007) include an amount owing from Queensland Mining Corporation Ltd as reimbursement for expenses incurred. This amount is non-interest bearing and generally on 30 day terms.

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
10. INVENTORIES				
Current – at cost				
Finished goods	9,614	31,350	9,614	31,350

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

11. OTHER FINANCIAL ASSETS	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Non-current				
Shares in controlled entities (refer note 21)	-	-	226,637	226,637
Provision against investment in controlled entity	-	-	(226,636)	(226,636)
	-	-	1	1

12. AVAILABLE FOR SALE FINANCIAL ASSETS

Non-current	2008	2007	2008	2007
	\$	\$	\$	\$
Unlisted shares in other entity - at cost	5,750,000	5,750,000	5,750,000	5,750,000

At 30 June 2008, CuDeco Ltd held 23 million shares in an unlisted public company, Queensland Mining Corporation Limited (QMC) (14.56% interest at 30 June 2008). The shares are recorded at a cost of \$0.25 per share. QMC is currently raising a minimum of \$3 million by way of an Initial Public Offering (IPO). The IPO is for 6 million shares at \$0.50 each. Subsequent to year end, CuDeco has subscribed for 2 million shares in the QMC IPO at a cost of \$1 million. CuDeco has been advised by QMC that the minimum subscription amount of \$3 million has been exceeded and that the company is currently endeavouring to comply with other admission requirements of the Australian Securities Exchange ("ASX") in order for it to list on ASX by the end of September 2008.

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Land and buildings</i>				
At cost	524,177	357,125	524,177	357,125
Less accumulated depreciation	(36,969)	(7,717)	(36,969)	(7,717)
Total land and buildings	487,208	349,408	487,208	349,408
<i>Plant and equipment</i>				
At cost	4,038,194	1,251,213	4,038,194	1,251,213
Less accumulated depreciation	(1,059,077)	(524,525)	(1,059,077)	(524,525)
Total plant and equipment	2,979,117	726,688	2,979,117	726,688
Total property, plant and equipment	3,466,325	1,076,096	3,466,325	1,076,096

Reconciliation

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

<i>Land and buildings</i>				
Carrying amount at the beginning of year	349,408	-	349,408	-
Additions during the year	167,052	357,125	167,052	357,125
Depreciation expense	-	(7,717)	-	(7,717)
Depreciation capitalised to exploration	(29,252)	-	(29,252)	-
Carrying amount at the end of the year	487,208	349,408	487,208	349,408
<i>Plant and equipment</i>				
Carrying amount at the beginning of year	726,668	3,189,413	726,668	3,189,413
Additions	2,999,924	728,446	2,999,924	728,446
Depreciation expense	-	(486,503)	-	(486,503)
Depreciation capitalised to exploration	(720,468)	-	(720,468)	-
Disposals	(25,862)	-	(25,862)	-
Assets written off	(1,165)	-	(1,165)	-
Disposal on sale of Mt Norma assets	-	(2,704,668)	-	(2,704,668)
Carrying amount at the end of the year	2,979,117	726,668	2,979,117	726,688

During the year ended 30 June 2008, depreciation has been capitalised to exploration expenditure and not expensed to profit and loss as in previous years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

14. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Costs carried forward in respect of areas of interest in exploration and/or evaluation phase:				
Balance at the beginning of the year	6,865,571	4,057,316	6,865,571	1,443,380
Exploration costs incurred	11,653,336	6,440,355	11,653,336	6,531,551
Costs written-off	-	(41,146)	-	(26,342)
Assets sold during the year	-	(3,590,954)	-	(1,083,018)
Total exploration and evaluation expenditure	18,518,907	6,865,571	18,518,907	6,865,571

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.

15. PAYABLES

CURRENT

Unsecured liabilities:

Trade creditors	666,554	906,557	666,554	906,557
Accrued annual leave	95,014	121,388	95,014	121,388
Sundry creditors and accrued expenses	58,821	25,000	58,821	25,000
	820,389	1,052,945	820,389	1,052,945

Contractual cashflows from trade and other payables approximate their carrying amount and are contractually due within 6 months of year-end.

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.

16. CONTRIBUTED EQUITY

	2008	2007	2008	2007
	\$	\$	\$	\$
Issued and paid-up share capital				
116,677,069 (2007: 85,530,008) ordinary shares, fully paid	16a 102,905,940	57,188,642	102,905,940	57,188,642

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

16. CONTRIBUTED EQUITY (continued)

(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 2006	Opening balance	51,309,568		28,903,089
July 2006	Conversion of CDUOA \$1 options	7,353,810	\$1.00	7,353,810
July – June 2007	Conversion of CDUO \$0.20 options	19,574,158	\$0.20	3,914,832
17 October 2006	425,000 convertible notes redeemed	2,125,000	\$0.80	1,700,000
15 December 2006	Employee options exercised	650,000	\$0.20	130,000
15 December 2006	Employee options exercised	200,000	\$0.235	47,000
15 January 2007	20,000 convertible notes redeemed	100,000	\$0.80	80,000
30 January 2007	Director options exercised	800,000	\$0.50	400,000
15 March 2007	6,250 convertible notes redeemed	31,250	\$0.80	25,000
10 May 2007	Director options exercised	1,200,000	\$0.50	600,000
29 June 2007	Issue pursuant to share purchase plan	2,186,222	\$3.18	6,954,000
	Transfer option premium on conversion of options			7,089,235
	Share Issue Costs			(8,323)
30 June 2007	Closing balance	<u>85,530,008</u>		<u>57,188,643</u>
July - June 2008	Conversion of CDUO \$0.20 options	18,911,176	\$0.20	3,782,235
18 July 2007	Share placement issue	8,235,885	\$3.18	26,190,114
22 January 2008	Director options exercised	1,750,000	\$0.50	875,000
24 June 2008	Director options exercised	2,250,000	\$0.50	1,125,000
	Transfer option premium on conversion of options			14,591,501
	Option conversion monies received (unallotted at 30 June 2008) *			503,213
	Share Issue Costs			(1,349,766)
30 June 2008	Closing balance	<u>116,677,069</u>		<u>102,905,940</u>

Movements subsequent to year end:

July 2008	Allotment of CDUO \$0.20 options (monies received prior to year end) *	2,516,065		-
July 2008	Conversion of CDUO \$0.20 options	<u>34,750</u>	\$0.20	<u>6,950</u>
	Closing balance as at the date of this Financial Report	<u>119,227,884</u>		<u>102,912,890</u>

* \$503,213 was received immediately prior to year end for the conversion of 2,516,065 CDUO options into shares. These shares were allotted on 3 July 2008.

(b) Share Options

Exercise Period	Exercise Price	Opening Balance 1 July 2007 Number	Options Issued 2007/2008 Number	Options Exercised 2007/2008 Number	Options Expired/Forfeited 2007/2008 Number	Closing Balance 30 June 2008 Number
On or before 30 June 2008	\$0.20	21,521,840	-	(18,911,176)	(59,849)	2,550,815
On or before 30 June 2008	\$0.50	4,000,000	-	(4,000,000)	-	-
01/03/2007 - 01/03/2008	\$4.50	250,000	-	-	(250,000)	-
01/06/2007 - 01/06/2008	\$5.50	250,000	-	-	(250,000)	-
26/07/2007 - 30/06/2008	\$5.50	-	200,000	-	(200,000)	-
15/02/2008 - 15/02/2010	\$3.29	-	100,000	-	-	100,000
01/09/2007 - 01/09/2008	\$6.50	-	250,000	-	-	250,000
07/11/2007 - 07/11/2010	\$6.00	-	250,000	-	-	250,000
01/12/2007 - 01/12/2008	\$7.50	-	250,000	-	-	250,000
		<u>26,021,840</u>	<u>1,050,000</u>	<u>(22,911,176)</u>	<u>(759,849)</u>	<u>3,400,815</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

16. CONTRIBUTED EQUITY (continued)

Since the year end, 2,550,815 CDUO \$0.20 options were exercised and converted to shares. 250,000 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.

17. SHARE BASED PAYMENT PLANS*Employee Option Plan*

In July 2005, the Company adopted the CuDeco Limited 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 recognised in the income statement in relation to share-based payments is disclosed in Note 3.

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

	2008 No.	2008 Weighted average exercise price	2007 No.	2007 Weighted average exercise price
Outstanding at the beginning of the year	-	-	1,100,000	\$0.21
Granted during the year	250,000	\$6.00	-	-
Forfeited during the year	-	-	(250,000)	\$0.20
Exercised during the year	-	-	(850,000)	\$0.21
Expired during the year	-	-	-	-
Outstanding at the end of the year	<u>250,000</u>	<u>\$6.00</u>	<u>-</u>	<u>-</u>

The outstanding balance as at 30 June 2008 is represented by:

Number	Exercise period	Exercise price
250,000	7/11/2007 to 7/11/2010	\$6.00
<u>250,000</u>		

The fair value of the equity-settled share options granted under the Plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted. The weighted average fair value of options granted under the Plan during the year was \$1.17.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

17. SHARE BASED PAYMENT PLANS (continued)

Other share based payments, not under any plans, are as follows (with additional information provided in Note 16 above):

	2008	2008	2007	2007
	Number	\$	Number	\$
Options to directors for services (i)	-	-	6,000,000	21,060,000
Options issued to consultants for services	800,000	470,000	500,000	252,500

(i) 2007 - The directors' options vested immediately.

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 binomial model taking into account the terms and conditions upon which the options were granted. The fair value of shares issued is calculated by reference to the market value of the shares trading on the Australian Securities Exchange (ASX) on or around the date of grant.

The weighted average fair value of options granted during the financial year ended 30 June 2008 was \$0.59 (2007 - \$3.28)

The following table lists the inputs to the model used for the years ended 30 June 2008 and 30 June 2007:

	2008	2007
Volatility (%)	59-64	59-121
Risk-free interest rate (%)	6.25-6.75	6.25
Expected life of option (years)	1-2	1-2
Exercise price	\$3.29, \$5.50, \$6.50, \$7.50	\$0.50, \$4.50 & \$5.50
Weighted average share price at grant date	\$3.83	\$3.86

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.

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
18. RESERVES				
Capital Realisation	95,114	95,114	95,114	95,114
Capital Redemptions	432,000	432,000	432,000	432,000
Option Premium (note 18a)	21,389,132	35,218,133	21,389,132	35,218,133
	<u>21,916,246</u>	<u>35,745,247</u>	<u>21,916,246</u>	<u>35,745,247</u>
(a) Movement During the Year – Option Premium				
Opening balance	35,218,133	20,824,585	35,218,133	20,824,585
Issue of options	470,000	392,500	470,000	392,500
Issue of directors & employee options	292,500	21,090,283	292,500	21,090,283
Transfer option premium on conversion of options	(14,591,501)	(7,089,235)	(14,591,501)	(7,089,235)
Closing balance	<u>21,389,132</u>	<u>35,218,133</u>	<u>21,389,132</u>	<u>35,218,133</u>

Option Premium Reserve

The option premium reserve is used to record the fair value of options issued but not exercised. The reserve is transferred to contributed equity if the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

	Consolidated		Company	
	2008	2007	2008	2007
19. MINORITY INTERESTS IN CONTROLLED ENTITIES				
Minority interest comprises:				
Share Capital	105,350	105,350	-	-
Accumulated Losses	(105,350)	(105,350)	-	-
Total outside equity interests	-	-	-	-

20. FINANCIAL INSTRUMENT DISCLOSURES

To ensure a prudent approach to risk management the consolidated entity'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 consolidated entity has used a sensitivity analysis to determine the consolidated entity'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 consolidated entity through regular reviews of the risks.

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash	31,372,316	13,417,716	31,372,316	13,417,716
Receivables	1,191,471	651,749	1,191,471	651,749
Available for sale financial assets	5,750,000	5,750,000	5,750,000	5,750,000
Total Assets	38,313,787	19,819,465	38,313,787	19,819,465
Payables	725,375	931,556	725,375	931,556
Total Liabilities	725,375	931,556	725,375	931,556

(a) Market risk

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.

i) Interest rate risk

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's cash and cash equivalents. The Group does not have any interest bearing liabilities. It is the policy of the Group 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.

Interest rate risk is measured as the value of assets and liabilities at fixed rate compared to those at variable rate.

ii) Price risk

The Group 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

20. FINANCIAL INSTRUMENT DISCLOSURES (continued)

At the reporting date the interest rate profile of the Company's and the Group'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		
	%	\$	\$	\$	\$	\$
2008						
<i>Financial Assets</i>						
Cash (refer note 8)	6.56	4,045,509	27,325,479	-	1,328	31,372,316
Receivables (refer note 9)		-	-	-	1,191,471	1,191,471
		4,045,509	27,325,479	-	1,192,799	32,563,787
Payables (refer note 15)		-	-	-	486,129	486,129
	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:		Non-interest bearing	Total
	%	\$	1 year or less	more than 1 year	\$	\$
2007						
<i>Financial Assets</i>						
Cash (refer note 8)	5.18	13,416,716	-	-	1,000	13,417,716
Receivables (refer note 9)		-	-	-	651,749	651,749
		13,416,716	-	-	652,749	14,069,465
Payables (refer note 15)		-	-	-	931,557	931,557

The consolidated entity has fixed interest term deposit facilities with a secure banking institution to maximise its interest income from surplus cash. The consolidated entity 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 2007.

	Carrying Amount	Profit or (Loss)		Equity	
		100bps increase	100bps decrease	100bps increase	100bps decrease
	\$	\$	\$	\$	\$
30 June 2008					
Cash and cash equivalents	31,370,989	313,710	(313,710)	313,710	(313,710)
Total increase / (decrease)		313,710	(313,710)	313,710	(313,710)
30 June 2007					
Cash and cash equivalents	13,416,716	134,167	(134,167)	134,167	(134,167)
Total increase / (decrease)		134,167	(134,167)	134,167	(134,167)

(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 Group 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 Group operates in the mining explorer 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 2008
(Continued)

20. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(c) Liquidity risk

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

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

Due to the nature of the Group'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 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 trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. There were no impaired trade receivables for the consolidated entity in 2008 or 2007. 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 Group consists of contributed equity and reserves less accumulated losses.

Management controls the capital of the Group in order to ensure that the Group 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 Group's capital by assessing the Group's cash projections up to twelve months in the future and any associated financial risks. Management will adjust the Group's capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

21. CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

Name		Incorporated in	Interest held %	
			2008	2007
CuDeco Limited		Australia		
Controlled Entities				
Mt Norma Copper Pty Ltd	Ord	Australia	100	100
Flamingo Copper Mines Pty Ltd (i)	Ord	Australia	-	-
Kryptonite Battery Company Pty Ltd (i)	Ord	Australia	-	-
Umatilla Resources Pty Ltd	Ord	Australia	75	75

(i) The Company's investment in Flamingo Copper Mines Pty Ltd and Kryptonite Battery Company Pty Ltd were sold during the year ended 30 June 2007 (refer note 24). Mt Norma Copper Pty Ltd and Umatilla Resources Pty Ltd have not operated during the year ended 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

22. NOTES TO CASH FLOW STATEMENTS

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
(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	860,410	(23,006,055)	860,410	(22,994,557)
Add/(less) non-cash items				
Depreciation	-	494,220	-	494,220
Share based payments	762,500	21,482,783	762,500	21,482,783
Gain on sale of assets	(81,549)	-	(81,549)	-
Loss on sale of Mt Norma	-	21,142	-	21,142
Exploration expenditure written off	-	-	-	-
(Increase) / decrease in trade and term debtors	(528,111)	(307,744)	(528,111)	(277,897)
(Increase) / decrease in inventories	21,736	(292,077)	21,736	(292,077)
Increase / (decrease) in trade creditors and accruals	(258,783)	225,655	(258,783)	185,725
Cash inflows / (outflows) from operations	776,203	(1,382,076)	776,203	(1,380,661)

(b) Non-cash financing and investing activities

During the year, the Company issued options to employees and consultants for nil consideration.

2008 - The Company issued 250,000 unlisted options exercisable at \$6.50 each and 250,000 unlisted options exercisable at \$7.50 each under the terms of a geological consulting agreement. Each tranche of options has a one year expiry period from the issue date.

2008 - 200,000 options to subscribe for ordinary shares were allotted to a consultant of the Company pursuant to a consultancy agreement in July 2007. These unquoted options were exercisable at \$5.50 each on or before 30 June 2008, these options expired, unexercised.

2008 - 100,000 options to subscribe for ordinary shares were allotted to a consultant of the Company pursuant to a consultancy agreement in August 2007. These unquoted options have an exercise period between 15 February 2008 and 15 August 2010 and are exercisable at \$3.29 each.

2007 - The Company issued 250,000 unlisted options exercisable at \$4.50 each and 250,000 unlisted options exercisable at \$5.50 each under the terms of a geological consulting agreement. Each tranche of options has a one year expiry period from the issue date.

2007 - On 26 September 2006 the Company issued 1,000,000 options exercisable at \$0.20 each on or before 30 June 2008 as part consideration for capital raising services in relation to the February 2006 capital raising.

(c) Financing arrangements

The consolidated entity does not have any credit or standby facilities.

23. COMMITMENTS

There were no capital commitments or contingent liabilities, not provided for in the financial statements as at 30 June 2008, other than:

Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of approximately \$1,570 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 consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

24. 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 for the previous financial year are presented as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue				
Sales of copper sulphate	103,497	1,169,846	103,497	1,169,846
Reimbursement from Queensland Mining Corporation	564,740	-	564,740	-
R&D tax concession	230,766	-	230,766	-
	899,003	1,169,846	899,003	1,169,846
Expenses				
Changes in inventories of finished goods and work in progress	-	292,077	-	292,077
Raw materials used	-	(415,114)	-	(415,114)
Production costs	-	(659,665)	-	(659,665)
Costs of selling copper sulphate	(4,408)	(37,261)	(4,408)	(37,261)
Repairs & maintenance plant	-	(66,780)	-	(66,780)
Depreciation	-	(299,756)	-	(299,756)
Loss on sale of Mt Norma assets	-	(21,142)	-	(21,142)
Other	-	(65,152)	-	(51,653)
Expenses	(4,408)	(1,272,793)	(4,408)	(1,259,294)
Gain / (loss) before tax from discontinued operations	894,595	(102,947)	894,595	(89,448)
Tax expense	-	-	-	-
Gain / (loss) after tax from discontinued operations	894,595	(102,947)	894,595	(89,448)

	Consolidated
	2007
	\$
Loss on sale of Mt Norma Assets:	
Consideration received:	
Shares	5,750,000
Cash	2,175,000
	<u>7,925,000</u>
Property, plant & equipment	2,704,688
Exploration expenditure	2,940,959
Inventories	2,300,495
	<u>7,946,142</u>
Loss on sale of Mt Norma Assets	<u>21,142</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

25. KEY MANAGEMENT PERSONNEL

The following were key management personnel of the consolidated entity 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 William Cash (appointed 27 July 2007)
Mr Timothy Koitka (ceased 22 August 2007)	Mr Paul Keran (appointed 2 July 2007)
Mr Peter Hutchison	

There were no other key management personnel of the consolidated entity other than the Directors of CuDeco Limited.

The key management personnel compensation is as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term employee benefits	598,265	247,500	598,265	247,500
Post-employment benefits	35,514	22,275	35,514	22,275
Share-based payments	-	21,060,000	-	21,060,000
	633,779	21,329,775	633,779	21,329,775

Further details regarding the compensation of key management personnel can be found in the Remuneration Report within the Directors' Report.

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 2007	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2008
Directors					
Wayne McCrae	9,211,956	-	3,006,091	24,707	12,242,754
Peter Hutchison	14,034	-	1,000,000	-	1,014,034
William Cash (appt 27/07/07)	-	-	-	20,000	20,000
Paul Keran (appt 2/07/07)	-	-	-	41,500	41,500
Timothy Koitka (ceased 22/08/07)	1,384,455	-	-	-	n/a

Ordinary Shares	Balance 1 July 2006	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2007
Directors					
Wayne McCrae	7,959,035	-	3,317,166	(2,064,245)	9,211,956
Timothy Koitka (ceased 22/08/07)	365,883	-	2,000,000	(981,428)	1,384,455
Peter Hutchison	57,970	-	14,492	(58,428)	14,034

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.

	Balance 1 July 2007	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2008
Director					
Wayne McCrae	3,006,091	-	(3,006,091)	-	-
Peter Hutchison	1,000,000	-	(1,000,000)	-	-
William Cash (appt 27/07/07)	-	-	-	-	-
Paul Keran (appt 2/07/07)	-	-	-	-	-
Timothy Koitka (ceased 22/08/07)	200,000	-	-	-	-

	Balance 1 July 2006	Received as Remuneration	Options Exercised	Net Change Other #	Balance 30 June 2007
Director					
Wayne McCrae	4,213,366	3,000,000	(3,317,166)	(890,109)	3,006,091
Timothy Koitka (ceased 22/08/07)	200,000	2,000,000	(2,000,000)	-	200,000
Peter Hutchison	214,492	1,000,000	(14,492)	(200,000)	1,000,000

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

25. KEY MANAGEMENT PERSONNEL (continued)

The directors and key executive participated in the Company's Share Purchase Plan announced on 11 May 2007. These shares were allotted on 29 June 2007.

The options issued to directors during the 2007 financial year were issued as a reward for past services and as incentive for future performance.

All options had been exercised at balance date.

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.

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Rent paid or payable to Kaldig Pty Ltd, an entity in which Mr McCrae is a director and has a beneficial interest.	52,083	41,667	52,083	41,667
(b) Equipment hire paid or payable to Kaldig Pty Ltd, an entity in which Mr McCrae is a director and has a beneficial interest.	-	110,825	-	110,825
(c) Rent paid or payable to Wayne McCrae.	32,125	62,500	32,125	62,500
(d) Rent paid or payable to Magivista Pty Ltd, an entity in which Mr McCrae is a director and has a beneficial interest.	39,583	39,667	39,583	39,667
(e) Equipment hire paid or payable to Orefire Minerals Pty Ltd, an entity in which Mr Koitka was a director and had a beneficial interest.	-	33,080	-	33,080
(f) Salary, accommodation and relocation costs paid to Mr Cameron McCrae, son of Mr McCrae (see note below).	120,815	-	120,815	-
(g) Salary and on costs paid to Ms Deborah Holmes, spouse of Mr Hutchison (see note below).	53,920	-	53,920	-
<i>Balances due to Directors and Director Related Entities at period end</i>				
- included in trade creditors and accruals	37,154	-	37,154	-

Notes:

Mr Cameron McCrae was employed as the Business Development Manager effective from 8 February 2008. 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
(Continued)

25. KEY MANAGEMENT PERSONNEL (continued)

Transactions with Directors and Director-Related Entities (continued)

Purchases

2008 - The Company purchased \$68,000 of motor vehicles from Kaldig Pty Ltd (an entity in which Mr McCrae is a director and has a beneficial interest).

2008 - The Company purchased a motor vehicle from Ms Holmes (spouse of Mr Hutchison) for \$20,000.

The purchases were made under normal commercial terms and conditions.

26. RELATED PARTIES

Non-director related parties

The consolidated entity consists of CuDeco Limited and its wholly-owned controlled entities and other controlled entities (refer note 21). Transactions between CuDeco Limited and its controlled entities consisted of:

- (i) Loans advanced by and to CuDeco Limited. The loans are interest free, unsecured and repayable at call.
- (ii) Expenses incurred by CuDeco Limited are on-charged to controlled entities at cost.
- (iii) Administrative services are provided at no cost to controlled entities.

27. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to 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:

- CuDeco Ltd has subscribed for 2 million shares in Queensland Mining Corporation Ltd's initial public offering at a cost of \$1 million.
- The Board has approved an on-market buy-back program of up to 10% of the Company's issued ordinary shares as part of a capital management program.

DIRECTORS' DECLARATION

In the opinion of the directors of CuDeco Limited:

- (a) the financial statements and notes as set out on pages 18 to 44 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the remuneration disclosures set out in the Remuneration Report within the Directors' Report comply with Section 300A of the Corporations Act 2001.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2008.

Signed in accordance with a resolution of the Directors made pursuant to s 295(5) of the Corporations Act 2001.



W McCrae
Chairman

Dated at Cloncurry this 30th day of September 2008

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 2008, and the income statement, statement of changes in equity and cash flow statement 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 year 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 control 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 compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated and parent financial statements and notes, complies 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. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' 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 and the remuneration disclosures contained in the directors' 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 opinion.

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* and provided to the directors of CuDeco Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of CuDeco Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date;
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (c) 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 within the directors' report for the year ended 30 June 2008. 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 Ltd for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls (QLD)

BDO Kendalls



A J Whyte
Partner

Brisbane
Dated: 30 September 2008

Corporate Governance Statement

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

In accordance with the Australian Securities Exchange Corporate Governance Council's ("CGC") "Principles of Good Corporate Governance and Best Practice Recommendations" the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

The Company's corporate governance practices were in place throughout the financial year ended 30 June 2008 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 small company environment.

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.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise the legitimate interests of stakeholders

Board of Directors

Role of the Board

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 Group. 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 consolidated entity.

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. Throughout the reporting period the Board consisted of two executive directors and two non-executive directors. The executive directors were the management of the Company. The Board considers that, given the size of the Company and the early stage of development of its lead project, it would not be practicable or cost effective to have a larger Board comprising a majority of independent directors.

Board processes

It is proposed the Board will hold 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 executive directors. Standing items include the executive directors' report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

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, and has not adhered to ASX Recommendations 2.4 and 9.2 during the financial year. Again, given the size and the relative simplicity of the Company's activities, the Board as a whole is able to deal effectively with matters such as the external audit process and remuneration of employees. In September 2007 the Board appointed an audit committee.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Composition of the Board

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.

Corporate Governance Statement (continued)

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

During the financial year, all the Board, including the Chairman were executives who cannot be considered independent, which is not consistent with ASX Recommendations 2.1 and 2.2. However, the Board is of the view that there is a broad mix of skills required and that given their experience each of the directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders. Since year-end two non-executive, independent directors have been appointed.

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 Company did not adhere to ASX Recommendation 9.1 as remuneration policies have not been formulated in a formal manner. Given the size of the Company and the below market rates paid to executive directors and there being no other executives, the Board does not consider it necessary to formulate the policies at this time. The Financial Report and the Directors Report do however disclose details of remuneration paid or payable (broken down by separate constituents of the remuneration package) to each of the directors.

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

Conflict of Interest

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.

Independent Professional Advice and Access to Company Information

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 consolidated entity's expense. A copy of advice received by the director is made available to all other members of the Board.

Internal Control Framework

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.

Business Risk Management

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.

Corporate Governance Statement (continued)

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees. A fundamental theme of the Company's code of ethics is 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 consolidated entity.

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 consolidated entity.

The Company did not comply with ASX Recommendation 3.2 as it does not have a formal written policy regarding trading in company securities by directors, officers and employees, however there is a clear understanding as to when trading is inappropriate.

Shareholder Relations

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 all shareholders;
- 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 also posts corporate information in the investor section of its Company website at www.cudeco.com

Shareholder Information

The shareholder information set out below was applicable as at 19 September 2008 (except where indicated otherwise).

On-market buy-back

There is a 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	Percentage
Wayne McCrae, Kaldig Pty Ltd, Magivista Pty Ltd, C4 Shares Pty Ltd <C4 Share A/C>	12,250,072	10.27%
Dundee Corporation, Dundee Resources Limited, Goodman & Company, Investment Counsel Ltd	10,862,649	9.11%

Distribution of equity security holders

Size of Holding	Ordinary Shares
1 to 1,000	1,888
1,001 to 5,000	2,446
5,001 to 10,000	715
10,001 to 100,000	894
100,001 and over	141
	6,084

The number of shareholdings comprising less than a marketable parcel was 402.

Mining tenements held at 30 September 2008 are as follows:-

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

Unquoted Options

Unquoted options on issue at 19 September 2008 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
250,000	\$7.50	On or before 1 December 2008	1	Mineral Resource Consultants Pty Ltd
125,000	\$3.50	On or before 31 July 2009	1	D. Wilson
125,000	\$4.00	On or before 31 December 2009	1	D. Wilson
100,000	\$3.29	15 February 2008 - 15 August 2010	1	K. Emery

Shareholder Information (continued)

Twenty Largest Shareholders as at 19 September 2008	Number of Shares	% Held
HSBC Custody Nominees (Australia) Limited	15,007,333	12.587
National Nominees Limited	5,095,290	4.274
C4 Shares Pty Ltd	5,048,364	4.234
Camsport Pty Ltd	3,877,000	3.252
Kaldig Pty Ltd	3,392,818	2.846
Gredeara Pty Limited	3,061,572	2.568
Mr Wayne McCrae	2,686,522	2.253
ANZ Nominees Pty Ltd	2,541,596	2.132
Tinkler Investments Pty Ltd	1,837,972	1.542
Kefir Pty Ltd	1,203,400	1.009
Mr Cameron McCrae	1,200,000	1.006
Mr Gregory Clyde & Mrs Diane Sue Campbell	1,117,000	0.937
Mrs Diane Sue Campbell	980,596	0.822
Mrs Smiti Shah	948,572	0.796
J P Morgan Nominees Australia Limited	881,979	0.740
Mr Robert Malcolm Campbell & Mrs Maria Paulina Josepha Campbell	825,000	0.692
Sixteen Queensland Avenue Pty Ltd	815,000	0.684
Citicorp Nominees Pty Ltd	806,984	0.677
Magivista Pty Ltd	801,572	0.672
Timothy Francis Koitka & Lynette Joan Vernon	750,000	0.629
	52,878,570	44.352