

## Key Highlights

31 October 2017

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- A total of 4,199,366t of material, comprising 980,432t of ore and 3,218,934t of waste was mined during the quarter.
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- Total copper concentrate produced for the quarter was 16,923 dmt of copper at a final copper grade of 26.8%; containing 4,535t of Cu metal. Production for the quarter was impacted by a number of unplanned process plant shutdowns.
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- Oz Mining Pty Ltd (Oz Mining) was awarded Phase 2 of the mining contract commencing on 13 September 2017.
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- Gross revenue from copper sales during the quarter was \$39.8m (net \$30.8m) from 5,177t Cu metal – generating an EBITDA of \$3.3m.
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- All debt servicing obligations were met, assisted by the securing of a sales prepayment financing facility with Mitsui Co. Ltd of US\$20.0m
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## Significant Events Post Quarter End

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- The Company failed to lodge its audited Accounts within 90 days of the financial year ended 30 June 2017 and was in a state of voluntary suspended share trading until its Accounts were lodged on 25 October 2017.
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- The Company is currently negotiating with various parties, including a major Australian Bank, to secure a long term restructured finance facility.
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## Mining

### Mining Operations

A total of 4,199,366t of material, comprising 980,432t of ore and 3,218,934t of waste was mined during the quarter

The transition from Emeco International to Oz Mining under a new mining contract to replace what would have been Phase 2 mining services in the previous contract was achieved within a seven day period with minimal disruption of mining activity.

### Mine Planning

After a short transition period, full mining capacity was restored, with a recent daily production record of 87kt total movement of materials being achieved by Oz Mining.

Controls for the Las Minerale Stage-2 Pit ("LM2") western and southern walls' slope stability, including on-going trialing of pre-splitting, continue to be successful.

Controls for the LM2 western wall slope stability, including successful trialing of pre-splitting which also minimises production delays, were successfully implemented.

There was no mining in Rocklands South Stage-1 Pit (“RS1”) in September after 77kt of free-dig waste was mined in August before striking areas of fibrous minerals for which a comprehensive Mining Operations Plan has been developed for implementation.

## Processing

### Crushing Plants

Total tonnes fed to the crushing plants for the quarter were 621,271 DMT.

### Processing Plant

Total process plant feed for the quarter ending September 2017 was 493,358 DMT at an average grade of 1.07%Cu. The plant was fed a variety of ore types: high aqua (HGO), spillage, high grade fresh (HGF - primary), low orange (HGG), high grade gravity (HGG), and low purple (HGG).

Copper concentrate production for the Quarter was 16,923 tonnes with copper metal of 4,535 tonnes. Production for the quarter suffered due to unplanned process plant downtime, and running the plant at reduced throughput at various times.

Copper flotation recovery for the quarter was 89.8% compared to the target of 92%. This was predominantly due to conflicting processing methodologies of primary (CPY- principally chalcopryrite) and highly-weathered supergene (CC – principally chalcocite) ore types.

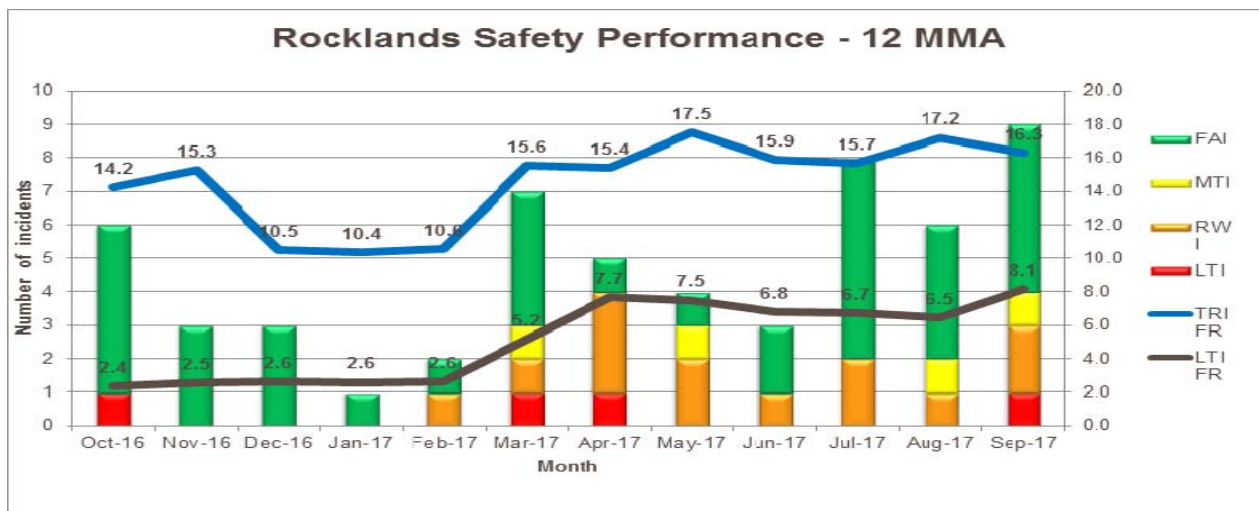
Minimal tonnages of coarse native copper were produced due to a focus on processing primary (HGF) ores, to maximise sulphide copper concentrate production. Coarse native copper ore was concurrently mined and stockpiled for later processing in FY 2018

Excluding periods of plant shutdowns/breakdowns, the plant achieved approximately 65.7% of nameplate capacity during the quarter. Monthly throughput for the quarter was as follows:

Month	Tonnes (dmt)	Head grade (%)
July	169,361	1.11%
August	129,413	1.11%
September	194,584	1.00%
<b>Total Q1</b>	<b>493,358</b>	<b>1.07%</b>

## Health and Safety

### Health & Safety Performance:



On 14th July, a meeting was held with the Department of Natural Resources and Mines (DNRM) to discuss the progress of the Safety & Health Management System (SHMS). DNRM advised that they were satisfied with the progress being made and have extended time frames for progress meetings to quarterly, with the next meeting to occur mid-November.

## Environment

Department of Environmental and Heritage Protection (EHP) approved minor EA amendment on 19 July for addition of Raw Water Pond, ROM expansion, and other minor edits.

An updated plan of operations was accepted on content requirements by the EHP. The operations Financial Assurance (FA) is still under review with the EHP having notified the Company that a new FA calculator is in effect as of 19 July 2017. Preliminary calculations have been conducted and await further communications from EHP regarding these calculations.

The department of EHP conducted inspection and sampling compliance testing of water ponded at the TSF. The department also assessed current control strategies implemented by the Company. No compliance exceptions were reported.

## Human Resources

During the quarter the Company has transitioned to more contemporary people management systems and processes with service delivery continuing to improve, along with a continued focus on statutory and legislative compliance.

To improve effective and pragmatic service delivery, the Company continues to revise and update people management systems and processes.

Consistent with its draft People Strategy and Standards program, the Company continues to develop and implement a range of attraction and retention initiatives.

## Assets and Development

### Assets

The Rocklands operation asset performance was the primary focus of the Assets and Development Group during the Quarter. Major areas of focus were on alignment of operations with optimal mine plans, including in the following key areas:

- Mine production scheduling
- Mill feed scheduling and ore blending
- In-pit ore management

### Development

Due to the sensitive nature of such activity, market disclosures will generally only take place when material agreements are entered into or material transactions completed, as required under ASX continuous disclosure rules.

### Exploration

Exploration activity is currently limited in order to conserve funds, apart from low levels of mandatory expenditure. CuDeco's current ground position in Cloncurry includes:

- Existing ML's = 19km<sup>2</sup>
- Existing EPM's = 29km<sup>2</sup>

## Corporate

### Board of Directors

There were no changes at Board level during the quarter ended 30 September 2017.

### Financial matters

During the quarter:

- The Company earned a positive EBITDA of 3.3m with gross revenue of \$39.8m (net 30.8m). Performance for the quarter was impacted by a high USD/AUD exchange rate averaging 0.79 for the quarter and unscheduled plant breakdowns in the month of August.
- The Company secured a six (6) month term facility of HKD40.0m the proceeds of which were used to repay the short term facility of USD\$4.8m secured on 26 June 2017.
- The Company was granted an extension to its short term facility (Loan No.1) of HKD80m (approx. US\$10m) to 31 October 2017 from the initial repayment date of 21 July 2017. This was further extended on 13 October 2017 with a new maturity date of 31 December 2017.
- The Company entered into a Copper Concentrate Sales agreement with Mitsui & Co., Ltd (Mitsui). Under this agreement Mitsui prepaid USD\$20m to CuDeco which funds were used to repay the USD15.0m due to Minsheng Banking Corporation Limited on 30

September 2017, with the remaining balance of USD\$5.0m being applied to working capital.

- The Company failed to lodge its audited Accounts within 90 days of the financial year ended 30 June 2017 and was in a state of voluntary suspended share trading until these Accounts were lodged with ASIC on 25 October 2017. Late lodgement of the Accounts, and suspended share trading for a period of in excess of five days, gave rise to technical breaches of the Company's financing facilities with Minsheng Bank and Quam respectively. Both financiers confirmed in writing that no further actions would be taken as a consequence of these breaches.
- The Company is currently negotiating with various parties, including a major Australian Bank, to secure a long term restructured finance facility.
- The company met all its interest obligations with Minsheng Bank, Valuestone and Sinosteel for the quarter from funds generated internally.

## Tenement Information

Further to the requirements of ASX Listing rule 5.3.3, CuDeco Limited provides the following information regarding its mining tenements as part of its quarterly reporting obligations.

The mining tenements held at the end of September 2017 and their location are as follows:

Tenement Reference	Project	Company interest	Location
ML90177	Rocklands	100%	Cloncurry, QLD
ML90188	Rocklands	100%	Cloncurry, QLD
ML90219	Rocklands	100%	Cloncurry, QLD
EPM18054	Morris Creek	100%	Cloncurry, QLD
EPM25426	Camelvale	100%	Cloncurry, QLD

- The mining tenements acquired and disposed of during the September 2017 quarter and their location: **Nil**.
- The beneficial percentage interest held in farm in farm out agreements at the end of the September 17 quarter: **Nil**.
- The beneficial percentage interest held in farm in farm out agreements acquired or disposed at the end of the September 17 quarter: **Nil**.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

**CUDECO LIMITED**

**ACN            000 317 251**

**Quarter ended ("current quarter")**

**14 000 317 251**

**30 September 2017**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	32,644	32,644
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(25,500)	(25,500)
(d) staff costs	(5,001)	(5,001)
(e) administration and corporate costs	(444)	(444)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1,949)	(1,949)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(250)</b>	<b>(250)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,654)	(2,654)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,654)</b>	<b>(2,654)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	31,557	31,557
3.6	Repayment of borrowings	(25,228)	(25,228)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Sale of Shares in Employee Share Plan	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>6,329</b>	<b>6,329</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,922	3,922
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(250)	(250)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,654)	(2,654)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,329	6,329

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(84)	(84)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,263</b>	<b>7,263</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,263	7,263
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,263</b>	<b>7,263</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
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183

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Section 6.1: \$183,000 relates to September 2017 quarter ended Directors fees paid on a monthly basis.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
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## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	60,334	60,334
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	25,512	25,512
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Section 8.1 - This balance relates to:

- (a) The Second Amendment Deed loan facility with Minsheng Bank Corporation for construction costs of US\$15.0m. The facility is secured by a registered charge over the assets of the Group. Interest rate payable is the aggregate of LIBOR for three months plus a 3.5% margin plus a 2% management fee.
- (b) Two (2) short term loan facilities from two (2) Hong Kong based investors of HKD80m (approx. USD10.0m) and HKD40.0m (approx. US\$5.0m) at 10.0% and 7.5% interest per annum respectively.
- (c) Convertible Note Subscription loan facility with Gemstone 101 Ltd ('Subscriber') of AUD22.0m through the issuance of 44.0m convertible notes at \$0.50 each, plus 4.4m free options at 6 % interest per annum.

Section 8.3 - This balance relates to a Copper concentrate sales prepayment finance facility with Mitsui Co Ltd of US\$20.0m. The facility is fully drawn and attracts interest of 5.85% per annum. US\$15.0m of the funds was used to repay the Minsheng loan amount due on 30 September 2017 with the remaining balance of US\$5.0m used for working capital.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	33,325
9.4 Staff costs	4,501
9.5 Administration and corporate costs	662
9.6 Other (provide details if material)	19,134
<b>9.7 Total estimated cash outflows</b>	<b>57,662</b>

Section 9.6

Relates to \$19.1M (US\$15.0m due 31 December 2017) Second Amendment Deed loan facility with Minsheng Bank Corporation. This will be repaid by a refinanced facility that management is currently negotiating.

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	n/a			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	n/a			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: ..31 October 2017

Print name: Leni Pia Stanley

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.