Prospectus

CuDeco Limited ACN 000 317 251 (**Company**)

A non-renounceable rights issue to Eligible Shareholders of one (1) New Share for every four (4) Shares held at an issue price of $0.80 per New Share to raise approximately $63.1 million before expenses

This document is important and it should be read in its entirety

This Offer is fully underwritten by Paradigm Securities and sub-underwritten by China Oceanwide International Investment Co., Limited, Rich Lead Investment Pte Limited, New Apex Asia Investment Limited and AM Capital Limited

Your Entitlement and Acceptance Form must be received by the Share Registry with your payment no later than 5.00pm (Perth time) on the Closing Date. Please refer to the timetable set out in this Prospectus for the Important Dates.

If you are in any doubt as to the contents of this document, you should consult your stockbroker, solicitor, banker, financial advisor or accountant as soon as possible. The securities offered by this Prospectus are considered to be speculative.

This Prospectus has also been issued to facilitate the secondary trading of the Placement Shares so as to enable the Placement Shares to be on-sold in Australia without trading restrictions, pursuant to section 708A(11) of the Corporations Act.

Offer Statistics

Number of Shares on issue prior to the Offer	315,422,559
Number of New Shares to be issued	78,855,640
Offer Price:	$0.80

Timetable for important dates

Announcement of Offer	Wednesday 25 November 2015
Lodgement of Prospectus with ASIC	Friday 5 February 2016
Notice to Shareholders containing Appendix 3B information	Monday 8 February 2016
Existing shares quoted on an ex rights basis	Tuesday 9 February 2016
Record Date for the Offer (7:00pm Perth time)	Thursday 11 February 2016
Prospectus and Entitlement and Acceptance Form despatched to Shareholders and despatch announced to ASX	Tuesday 16 February 2016
Opening Date of Offer (9:00 am Perth time)	Tuesday 16 February 2016
Closing Date of Offer (5:00pm Perth time)	Friday 26 February 2016
Advise ASX of any Shortfall	Wednesday 2 March 2016
Trading Halt lifted – Ordinary shares recommence trading	Wednesday 2 March 2016
Allotment of New Shares	Friday 4 March 2016
Commencement of trading of New Shares on ASX	Monday 7 March 2016
Expected date of despatch of holding statements for New Shares	Tuesday 8 March 2016
Final date for placement of any Shortfall (3 months following Closing Date)	Thursday 26 May 2016

These dates are indicative only and subject to change without notice. The Company may extend the period of the Offer or bring forward the Closing Date at its discretion. This may have a consequential effect on the other dates.

Important notice

This Prospectus is dated 5 February 2016 and was lodged with the ASIC on the same date. Neither the ASIC nor the ASX takes any responsibility as to the contents of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus contains an offer to Eligible Shareholders and has been prepared in accordance with

Section 710 of the *Corporations Act*.

The Prospectus is also issued for the purposes of offering any Underwritten Securities to any Underwriter or sub-underwriter appointed by the Company or the Underwriter in respect of the Offer and any other investors identified by the Underwriter or the Company.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any questions you should seek professional advice before deciding to invest. An investment in New Shares that are offered under this Prospectus should be considered speculative.

Please refer to sections 1.13 and 6 for details relating to risks involved with an investment in the Company.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this document which is not contained in this document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Forward Looking Statements

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as ‘anticipate’, ‘estimate’, ‘should’, ‘will’, ‘expects’, ‘plans’ or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company’s actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company’s actual results to differ from the forward-looking statements made in this Prospectus.

Competent Person Statement

Exploration Results:

The information that is in this Prospectus that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Andrew Day. Mr Day is employed by Geoday Pty Ltd, an entity engaged by CuDeco to provide independent consulting services. Mr Day has a BAppSc (Hons) in geology and is a Member of the Australian Institute of Mining and Metallurgy (Member #303598). Mr Day has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code). Mr Day consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

Resources:

The information that is in this prospectus that relates to Resources is extracted from the report entitled “Rocklands Resource Update 2013” created on 29 November 2013 and is available to view on www.cudeco.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Ore Reserves:

The information that is in this prospectus that relates to Ore Reserves is extracted from the report entitled “Ore Reserves Statement – Rocklands Group Copper Project” released on 11 December 2015 and is available to view on www.cudeco.com.au. The Company confirms that it is not aware of any new information or data that materially affect the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Foreign Shareholders

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

The Offer is made only to those Eligible Shareholders with registered addresses in Australia, New Zealand, Singapore, Hong Kong and the People's Republic of China (to the extent that such Shareholders are qualified domestic institutional investors) and only those Eligible Shareholders will be offered New Shares. All Shareholders must comply with their local laws and are responsible for determining whether any laws may restrict them from participating in the Offer. If you are so restricted and come into possession of this Prospectus you should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws. If you are in doubt about your eligibility to participate in the Offer you should obtain independent professional advice.

<u>New Zealand</u>

In making this offer to Eligible Shareholders in New Zealand, the Company is relying on the *Securities Act (Overseas Companies) Exemption Notice 2002 (NZ)*, by virtue of which this Prospectus is not required to be registered in New Zealand.

<u>Singapore</u>

WARNING: The contents of this document and any other materials relating to the Offer have not been reviewed by any Singaporean regulatory authority. You are therefore advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document or whether you are eligible to participate in the Offer, you should obtain independent professional advice.

This document and any other materials relating to the Offer have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the Offer may not be issued, circulated or distributed, nor may any Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of Shares in the Company. In the event that you are not an existing holder of Shares in the Company, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire the shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

<u>Hong Kong</u>

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

China

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to "qualified domestic institutional investors".

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Other Countries

The Company has not investigated the regulatory requirements that may prevail in any country in which the Company's Shareholders may reside outside of Australia, New Zealand, Singapore, Hong Kong, and China. The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, Singapore (including to persons who are not exempt under Subdivision 4, Division 1 of Part XIII of the Securities and Futures Act, Chapter 289 of Singapore), Hong Kong, and China (as well as to persons in the People's Republic of China who are not qualified domestic institutional investors) may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws. If you are in doubt about your eligibility to participate in the Offer you should obtain independent professional advice.

See section 2.13 for further information on Offer restrictions with respect to shareholders who do not have registered addresses in Australia.

Notice to nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Currency

Any references to $ or dollar in this Prospectus is to Australian dollars unless otherwise indicated in this Prospectus.

How to accept Entitlement to New Shares

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus or making payment of Acceptance Monies by BPAY® in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the Internet at www.cudeco.com.au. If you wish to obtain a free copy of this Prospectus, please contact the Company on +61 7 5503 1955.

Enquiries

If you are an Eligible Shareholder and have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the Shares upon which your Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form, take up your Entitlement or apply for Additional Securities, please call the Share Registry on:

- 08 9389 8033 for callers within Australia; or
- +61 8 9389 8033 for overseas callers.

Deciding to Accept the Offer

No person named in this Prospectus, nor any other person, guarantees the performance of CuDeco, the repayment of capital or the payment of a return on the New Shares.

Please read this Prospectus carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in section 1.13 and 6 of this Prospectus. This Prospectus is an important document and you should read it in full before deciding whether to invest pursuant to the Offer. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website: www.cudeco.com.au.

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Chairman's letter

5 February 2016

Dear Shareholders,

It is my pleasure to introduce this Prospectus and invite you to take up your Entitlement of New Shares in CuDeco Limited (**the Offer**).

As announced on 25 November 2015 the Directors wish to provide the opportunity for Eligible Shareholders to invest in New Shares under the Offer. The Offer is a non-renounceable rights issue of one (1) New Share for every four (4) Shares held at an issue price of $0.80 per New Share, to raise approximately $63.1 million (before Offer costs).

It is proposed that the funds raised from the Offer be used towards funding the completion of construction and commissioning of the Rocklands Group Copper Project, repaying existing short-term shareholder loans and providing working capital (including contingencies) for the business in order to see it through to positive cash flow.

Under the Offer, as Eligible Shareholders you are entitled to subscribe for the number of New Shares (**Entitlement**) set out in your personalised Entitlement and Acceptance Form enclosed with this Prospectus. Eligible Shareholders are also entitled to apply for Additional Securities in excess of their entitlement.

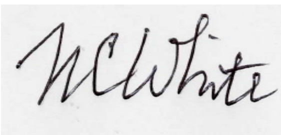
Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus or making payment of Acceptance Monies by BPAY in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

Subscription moneys for the New Shares must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer and any subsequent announcements by the Company.

The Company has engaged Australian-based Paradigm Securities as lead manager and underwriter for the Offer. China Oceanwide International Investment Co. Limited (**Oceanwide**), Rich Lead Investment Pte Limited (**Rich Lead**), New Apex Asia Investment Limited (**New Apex**) and Sinosteel Equipment and Engineering Co. Ltd have all confirmed to the Company that they will be taking up their full entitlements under the Offer. Furthermore, Oceanwide, Rich Lead and New Apex have been appointed by the Underwriter as sub-underwriters.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours sincerely,



Dr Noel White
Independent Non-executive Chairman
CuDeco Limited

1. Investment overview

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

1.1 The Offer

This Prospectus is for the non-renounceable entitlement offer to issue up to 78,855,542 New Shares at an issue price of $0.80 per New Share, on the basis of one (1) New Share for every four (4) Shares held by Eligible Shareholders as at the Record Date of 7pm (Perth time) Thursday 11 February 2016.

The Company has engaged Australian-based Paradigm Securities as lead manager and underwriter for the Offer. The Offer is fully underwritten by Paradigm Securities and the Sub-Underwriters.

There is no minimum subscription to the Offer.

The Company will apply to the ASX for the New Shares to be granted Official Quotation on the ASX. Official Quotation and trading of the New Shares is expected to occur on or about Monday 7 March 2016.

The Prospectus is also issued for the purposes of offering and issuing the Underwritten Securities to the Underwriter appointed by the Company, any sub-underwriters and any other investors identified by the Underwriter or the Company.

The Directors may at any time decide to withdraw this Prospectus and the offer of New Shares made under this Prospectus, in which case the Company will return all applications moneys (without interest) within 28 days of giving notice of such withdrawal.

Further, pursuant to section 708A(11) of the Corporations Act, the Prospectus will also have the effect of providing an exemption from the secondary sale provisions in section 707 of the Corporations Act with respect to the Placement Shares issued without disclosure to investors prior to the date of this Prospectus (provided the conditions of section 708A(11) of the Corporations Act can be met). Further details with respect to this are set out in Section 7.4 of this Prospectus.

1.2 New Share terms

Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights attaching to the New Shares is set out in Section 7.3.

1.3 Acceptance of Entitlement to New Shares

The number of New Shares to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder would have to pay if they choose to take up all of their rights to subscribe for New Shares is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded down to the nearest whole number.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus or making payment of Acceptance Monies by BPAY in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

Subscription moneys for the New Shares must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer and any subsequent announcements by the Company.

1.4 Applying for Additional Securities

Entitlements not taken up may become available as Additional Securities. Eligible Shareholders may, in addition to their Entitlements, apply for New Shares over and above their Entitlement at the Offer Price (**Additional Securities**) regardless of the size of their present holding.

It is an express term of the Offer that applicants for Additional Securities will be bound to accept a lesser number of Additional Securities allocated to them than applied for. If a lesser number is allocated to them, excess Application Money will be refunded without interest. The Company reserves the right to scale back any applications for Additional Securities in their absolute discretion.

The Directors also reserve the right to issue any New Shares not allocated under the Offer within 3 months following the Closing Date at a price not less than the Offer Price.

1.5 Non-Renounceable Offer

The Offer is non-renounceable and you are therefore not able to sell your Entitlements. Sections 2.4 and 2.5 will assist you to work out how to deal with your Entitlements.

Any Entitlements not taken up by the Closing Date will lapse in which case they may be dealt with as Additional Securities or otherwise form part of the Shortfall referred to in Section 2.7.

1.6 Directors Intentions in respect of Entitlements

As at the date of this Prospectus, some of the Directors of the Company have either a direct or indirect interest in Shares. Set out below is a table summarising the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlement.

Director	Shares	Entitlement	Intentions
Dr Noel White	Nil	N/A	N/A
Mr Peter Hutchison	1,075,534[1]	268,884	To take up $10,000 of the Entitlement
Mr Paul Keran	81,666[2]	20,417	To take up full Entitlement
Mr Zhijun Ma	Nil	N/A	N/A
Mr Hongwei Liu	112,000[3]	28,000	To take up $12,000 of the Entitlement
Mr Zhaohui Wu	Nil	N/A	N/A
Dr Dianmin Chen	Nil	N/A	N/A

The Entitlement related to the Shares held in Trust for the Directors and other employees by CuDeco Employee Share Plan Pty Ltd, the trustee of the Company's employee share plan will not be taken up by the Company on behalf of the Directors and employees.

**Notes:*
1. *This excludes 291,666 Shares held by CuDeco Employee Share Plan Pty Ltd, the trustee of the Company's employee share plan;*
2. *This excludes 116,666 Shares held by CuDeco Employee Share Plan Pty Ltd, the trustee of the Company's employee share plan; and*
3. *This excludes 100,000 Shares held by CuDeco Employee Share Plan Pty Ltd, the trustee of the Company's employee share plan*

1.7 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer:

(a) to complete the construction and commissioning of the Rocklands Group Copper Project;

(b) to repay existing short-term shareholder loans; and

(c) for working capital (including contingencies) for the business in order to see it through to positive cash flow.

1.8 Proposed allocation of funds raised

The table below identifies the estimated allocation of the funds raised from the Offer that the Company intends to spend on working capital and for other purposes.

Purpose	Estimated $ million	Estimated %
Capital costs related to the construction of the process plant	28.50	45.20
Mining and processing activities costs	25.60	40.60
Shareholder loan repayments	4.00	6.30
Working Capital	4.25	7.60
Offer Costs	0.75	0.30
Total	**$63.10**	**100.00**

Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. Should the rights issue not be fully subscribed, then expenditure in each category is expected to reduce on a proportionate basis to maintain a similar percentage allocation, other than in respect of Offer costs which will remain the same.

1.9 Investment Highlights

CuDeco owns 100% of the Rocklands Group Copper Project (**Rocklands**) located 15 kilometres west of the major North West Queensland regional township of Cloncurry. The Company holds mining leases ML90177, ML90188 and ML90219 which cover approximately 2,000 Hectares.

The Company's main focus is its Project development activities at Rocklands. The construction of the process plant is well advanced and at this stage it is anticipated during 2016 that the construction of the process plant and the required infrastructure will be completed, the plant will be commissioned and will enter into the production phase. Currently, the only major component still to be completed is the electrical cable installation. Nevertheless, commissioning activities are ongoing during this period.

The Directors of CuDeco believe it will be well positioned upon the successful completion of the Offer to progress the development of the Rocklands Group Copper Project into production.

The development of the mine has continued up until August 2015, when mining was suspended to conserve the Company's cash; at the end of June 2015 CuDeco had removed 11.8 million tonnes of overburden and stockpiled 2.2 million tonnes of ore which allows for the optimization of the blending of the ore once production commences.

Until production commences only a limited exploration programme will be undertaken as the main focus will be on mine development and the plant construction. This programme relates to a desk-top analysis of geophysical and geochemical surveys, field sampling and mapping and target generation has been ongoing.

More information on Rocklands is set out below in section 3 and in the Company's recently released 2015 Annual Report available from ASX or the Company's website.

1.10 **Underwriter**

The Company has engaged Australian-based Paradigm Securities as lead manager to the Offer and Underwriter. Paradigm Securities have appointed the Sub-Underwriters (some of which are Substantial Shareholders) as sub-underwriters.

1.11 **Shortfall and Dilution of Shareholder's Interests**

The Offer is fully underwritten.

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all or part of any Shortfall may be placed by the Company to the Underwriter, the Sub-Underwriters and any other investors in which case Shareholders' interests in the Company may be significantly diluted.

Further the Offer is not being extended to Shareholders with registered addresses outside of Australia, New Zealand, Singapore, Hong Kong and the People's Republic of China (or to Shareholders in the People's Republic of China who are not qualified domestic institutional investors) and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer, the interests of a Shareholder in the Company may be diluted by up to 33% in the event that they are not eligible to participate or elect not to accept their Entitlement in full if the Offer is fully subscribed or alternatively, any Shortfall is fully placed.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restrict a person and their associates from having a relevant interest in the Company of not more than 20%, subject to a number of exemptions in section 611 of the Corporations Act, particularly item 10 (rights issues) and item 13 (underwriting of fundraising).

1.12 **Treatment of Ineligible Shareholders**

The Offer in this Prospectus is not being extended to any Ineligible Shareholders who are Shareholders, as at the Record Date, whose registered addresses are not situated in Australia, New Zealand, Singapore, Hong Kong or the People's Republic of China (or to Shareholders in the People's Republic of China who are not qualified domestic institutional investors) because of the number of Ineligible Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand, Singapore, Hong Kong and China (or to Shareholders in the People's Republic of China who are not qualified domestic institutional investors).

The Company may appoint a nominee, on normal commercial terms, as nominee for the sale of the New Shares that Ineligible Shareholders would have been offered under the Offer had they been eligible to participate (**Ineligible Shareholder Entitlements**). As at the date of this Prospectus that appointment has not yet been made. Any appointment of a nominee by the Company will be made in accordance with section 615 of the Corporations Act and, as such, Eligible Shareholders and any Underwriter appointed (and any applicable sub-underwriter) should be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act.

If appointed, the nominee will have the absolute and sole discretion to determine the timing, price and manner of sale of the Ineligible Shareholder Entitlements. The net proceeds above the issue price (in Australian dollars), if any, of the sale (in Australian dollars) of the Ineligible Shareholder Entitlements will be distributed to Ineligible Shareholders pro rata in proportion to their respective shareholdings as at the Record Date (after deducting the costs of sale and the costs of distributing the proceeds), There is no guarantee that the nominee will be able to sell the Ineligible Shareholder Entitlements and Ineligible Shareholders may receive no value for their Ineligible Shareholder Entitlements. Neither the Company nor the nominee will be subject to any liability for failure to sell the Ineligible Shareholder Entitlements or to sell them at a particular price.

The Company will announce the appointment of a nominee once a nominee has been approved by ASIC. That announcement will include a summary of the terms of the appointment of the nominee.

If a nominee is not appointed before the Offer opens, then Eligible Shareholders and the Underwriter must have regard to the takeovers prohibition in section 606 of the Corporations Act when subscribing for New Shares, any Additional Securities or any Underwritten Securities.

1.13 Risk Factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations (further detail is contained in section 6):

Risk	Details
Costs of construction and development	The construction of a mineral processing plant and associated infrastructure, as with any major construction effort, involves many risks, including the satisfactory performance of the various contractors that CuDeco has or may engage to engineer and construct the plant, the risk of cost overruns and delays in design and construction, plant performance deficiencies, shortages of or delays in the delivery of equipment, construction materials and labour, labour disputes, political events, litigation, adverse weather conditions, unanticipated increases in costs, natural disasters, accidents and unanticipated engineering, design or environmental problems. Any of these events or other unanticipated events could give rise to delays in the commencement of production and an increase in the costs necessary for construction at the Rocklands Group Copper Project. There can be no assurance that construction will be completed and the mineral processing plant commissioned on time and within the capital cost estimate.
Uncertainty of development of projects and exploration risk	The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the risks inherent in these activities. The Company is in the development phase of the Rocklands Group Copper Project, whilst other projects are in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including: • geological conditions; • limitations on activities due to seasonal weather patterns; • alterations to exploration programs and budgets; • unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities; • mechanical failure of operating plant and equipment; • adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events; • unavailability of drilling, mining, processing and other equipment; • unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour; • prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues; • terms imposed by government on development of mining projects including conditions such as environmental rehabilitation, royalty rates and taxes; • delays in completing feasibility studies and obtaining development approvals; • risks of default or non-performance by third parties providing essential services.
Reliance on and sourcing of key personnel	The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's mineral interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy. The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. In the event that the Company is unable to source such personnel, the Company could be adversely affected.

Risk	Details
Future financing	Whilst development of the Rocklands Group Development Project is in progress, the Company does not have any current operating revenue. Accordingly, it must continue to fund its exploration, feasibility and possibly development programs through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon: • the success of the Offer; • if the cash reserves currently available to the Company and the funds to be raised under the Offer are not sufficient to meet all the capital costs and working capital required to bring the Rocklands Group Copper Project to its break even cash flow position, then there may be a need for the further raising of debt or equity funds in the future. There can be no guarantee that the Company will be able to successfully raise project debt or equity finance for development of a mining operation at the Rocklands Group Copper Project.
Metal market conditions	The ability of the Company to successfully enter the commercialisation phase of its activities will depend upon its ability to sell copper, cobalt, gold and other minerals on commercial terms and prices. There can be no assurance that the Company will ultimately be able to sell the copper, cobalt, gold and other minerals it may produce on acceptable commercial terms. The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for copper, cobalt, gold and other minerals is subject to many variables and may fluctuate markedly.
Product sale risk	Whilst the Company has secured an off-take agreement for the sale and purchase of its mineral products from the Rocklands Group Copper Project with the Oceanwide Group, the failure of the Oceanwide Group to meet its obligations under the off-take agreement could have a material adverse effect on the business, financial condition and results of the Company.
Environmental risks	The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. The Company may be required to comply from time to time with environmental management issues that arise from factors beyond its control. The conduct of mining activities, if any ultimately takes place, on the Company's properties is subject to receipt of all necessary environmental approvals. There can be no guarantee that such approvals will be forthcoming and the conditions imposed for the grant of such approvals may be so onerous that they render the mineral project uneconomic.
Operating risks	The Company and its operations in Australia will be subject to usual industry operating risks including fire, accidental damage caused by employee errors or negligence, adverse weather conditions and industrial action. The occurrence of any of these risks could result in substantial liability being incurred by the Company.

Risk	Details
Tenure risk	The mining interests held by the Company are subject to applicable laws regarding exploration, expenditure and renewal of such interests. If a mining interest is not granted or renewed (as the case may be) or access cannot be secured to carry out operations, the Company could be adversely affected as a result of the consequential loss of opportunity to discover and develop any mineral resources within those mining interests.
Taxation	In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows.
Contractual risks	The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action.

In addition, there are a number of general risks that are common to all investments in shares and are not specific to the business model and operations of the Company. Note 21 of the consolidated financial statements in Appendix B to this Prospectus also refers to the Company's exposure (if any) and management of market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Further details regarding risks which may affect the Company in the future are set out in Section 6.

The New Shares offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

2. Details of the Offer

2.1 Offer to Eligible Shareholders

The Directors of CuDeco have approved a non-renounceable rights issue of approximately 78,855,542 New Shares at $0.80 per New Share to raise approximately $63.1 million (before Offer costs). Eligible Shareholders of CuDeco are entitled to subscribe for one (1) New Share for every four (4) Shares held.

Only those Shareholders shown on the share register at 7.00 pm (Perth time) on the Record Date with a registered address in Australia, New Zealand, Singapore, Hong Kong or the People's Republic of China (to the extent that such Shareholders are qualified domestic institutional investors in the People's Republic of China) will be entitled to participate in the Offer (subject to any local restrictions).

Shareholders must comply with their local laws and are responsible for determining whether any laws may restrict them from participating in the Offer. If you are so restricted and come into possession of this Prospectus you should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws. If you are in doubt about your eligibility to participate in the Offer you should obtain independent professional advice.

CuDeco has applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Official quotation and trading of the New Shares is expected to occur on or about Monday 7 March 2016. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until official quotation is granted.

2.2 Offer of Underwritten Securities

The offer and issue of any Underwritten Securities to any Underwriter appointed by the Company, any sub-underwriters appointed by the Underwriter and any other investors identified by the Underwriter or the Company is also made pursuant to this Prospectus. The offer of the Underwritten Securities is not an offer made to the general public or all Eligible Shareholders.

2.3 Important dates

Announcement of Offer	Wednesday 25 November 2015
Lodgement of Prospectus with ASIC	Friday 5 February 2016
Notice to Shareholders containing Appendix 3B information	Monday 8 February 2016
Existing shares quoted on an ex rights basis	Tuesday 9 February 2016
Record Date for the Offer (7:00pm Perth time)	Thursday 11 February 2016
Prospectus and Entitlement and Acceptance Form despatched to Shareholders and despatch announced to ASX	Tuesday 16 February 2016
Opening Date of Offer (9:00 am Perth time)	Tuesday 16 February 2016
Closing Date of Offer (5:00pm Perth time)	Friday 26 February 2016
Advise ASX of any Shortfall	Wednesday 2 March 2016
Trading Halt lifted – Ordinary shares recommence trading	Wednesday 2 March 2016
Allotment of New Shares	Friday 4 March 2016
Commencement of trading of New Shares on ASX	Monday 7 March 2016
Expected date of despatch of holding statements for New Shares	Tuesday 8 March 2016
Final Date of placement of any Shortfall (3 months following Closing Date)	Thursday 26 May 2016

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time by announcement to the market.

2.4 Non-Renounceable Offer

The Offer is non-renounceable. Accordingly, there will be no trading of Entitlements on ASX. Refer to Section 2.5 for details about how to deal with your Entitlements.

Entitlements which are not taken up will lapse in which case the Shortfall (after allocating any Additional Securities) will be dealt with in accordance with Section 2.7.

2.5 How to deal with your Entitlements

Eligible Shareholders may accept their Entitlement either in whole or in part. The number of New Shares which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Prospectus.

Eligible Shareholders may participate in the Entitlement Offer as follows:

(a) **Take up your Entitlement in full and apply for Additional Securities**

If you are an Eligible Shareholder and you wish to take up all of your Entitlement and apply for Additional Securities in excess of your Entitlement, please:

- complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept the Entitlement Offer under this Prospectus plus the number of Additional Securities (being more than your Entitlement as specified on the Entitlement and Acceptance Form); and

- forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable (including the amount payable for the Additional Securities) to reach the Company's Share Registry,

so that it is received by no later than 5.00pm (Perth time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency** should be made payable to CuDeco Limited and crossed "not negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Shares as your cleared Acceptance Monies will pay for (and to have that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Shares by BPAY, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5:00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY.

(b) **Take up your Entitlement in full**

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions set out on the form; and

- forward your completed Entitlement and Acceptance Form, together with your cheque or bank draft for the amount shown on your Entitlement and Acceptance Form, in the reply paid envelope to reach the Company's Share Registry,

so that it is received by no later than 5:00pm (Perth time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency** should be made payable to CuDeco

Limited and crossed "not negotiable".

You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Shares as your cleared Acceptance Monies will pay for (and to have that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

If you intend to pay for the New Shares by BPAY, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5:00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY.

(c) **Take up part of your Entitlement**

If you are an Eligible Shareholder and wish to take up only some of your Entitlement, please:

- complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept the Entitlement Offer under this Prospectus (being less than your Entitlement as specified on the Entitlement and Acceptance Form); and

- forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable to reach the Company's Share Registry,

so that it is received by no later than 5.00pm (Perth time) on the Closing Date or such later date as the Directors determine.

Cheques and bank drafts, in **Australian currency**, should be made payable to CuDeco Limited and crossed "not negotiable".

If you intend to pay for the New Shares by BPAY, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5:00pm (Perth time) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY may take 1 or more Business Days to clear. Please refer to the information below regarding payment by BPAY.

(d) **Do nothing**

You may do nothing, in which case you will have no right to subscribe for New Shares and no New Shares will be issued to you. However, if you are an Eligible Shareholder and you do nothing, then New Shares representing your Entitlement may be issued as Additional Securities or otherwise to the Underwriter, sub-underwriters or other third parties procured by the Directors or the Underwriter in exercising their discretion in placing any Shortfall.

You should also note that, if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

Your Entitlements may have value. You should contact your stockbroker or professional adviser with regards to whether or not you should deal with your

Entitlements rather than allow them to lapse.

(e) **General**

If you have any queries concerning your Entitlement, please contact the Share Registry on 08 9389 8033 (within Australia) or +61 8 9389 8033 (outside Australia) or contact your stockbroker or professional adviser.

Entitlement and Acceptance Forms and accompanying cheques or bank drafts may be lodged at any time before the Closing Date. Applications received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

The Offer Price of $0.80 per New Share is payable in full on acceptance of part or all of your Entitlement.

If an Eligible Shareholder elects to make payment using BPAY, they must contact their bank, credit union or building society to make payment of the Acceptance Monies from their cheque or savings account. Refer to the Entitlement and Acceptance Form for the Biller Code and Customer Reference Number. Eligible Shareholders who have multiple holdings will have multiple Customer Reference Numbers.

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY payments must be drawn on an Australian bank.

No stamp duty, brokerage or handling fees are payable by the Applicant for the New Shares offered by this Prospectus. Completed Entitlement and Acceptance Forms and accompanying cheques should be forwarded to the following address:

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by CuDeco on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

2.6 Debt conversion facility

If in addition to being an Eligible Shareholder you are also a creditor of the Company, you may elect to take up your Entitlement (or any Additional Securities issued to you) by means of the conversion of some or all of the existing debt owed to you by the Company. The conversion will be undertaken on a dollar for dollar basis at the Offer Price, and in the case of any fractional entitlements, the number of New Shares arising from the conversion of the debt shall be rounded down to the nearest whole number. The election to settle the subscription amounts owing in respect of your Entitlement or subscription for Additional Securities by conversion of an existing debt, is provided for on the Entitlement and Acceptance Form.

For clarity, the debt conversion facility does not enable any creditor Shareholders to take up more New Shares under the Offer than if the facility was not available and for the avoidance of doubt the debt conversion facility is not available for any Underwriter to satisfy any of its obligations to subscribe for New Shares pursuant to any Underwriting Agreement entered into by the Company.

2.7 **Shortfall**

In the event that there is a Shortfall in subscriptions under the Offer (after allocating the Additional Securities):

(a) any Entitlements not taken up by an Eligible Shareholder or holder of the rights will pass to any Underwriter appointed pursuant to an Underwriting Agreement entered into by the Company, any sub-underwriters or other third parties procured by the Directors or the Underwriter; and

(b) for any Entitlements not taken up after the allocation to the Underwriter (if any) under the terms of the Underwriting Agreement, the sub-underwriters or any investors procured by the Underwriter, the Directors reserve the right, as contemplated within the Listing Rules, to allocate any shortfall of New Shares in their discretion so as to ensure a maximum amount of funds are raised. Any Shortfall will be issued within 3 months after the Closing Date at an issue price being not less than the Offer Price.

2.8 **Allotment and allocation policy**

CuDeco will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

In the case that there is less than full subscription by Shareholders of their Entitlements under this Prospectus, the Directors reserve the right to issue any Additional Securities and any Shortfall at their discretion.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

2.9 **ASX listing**

The Company has or will apply to the ASX for the New Shares to be issued pursuant to this Prospectus to be listed for official quotation by the ASX. If granted, quotation and trading of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants.

Should the New Shares not be granted official quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and all acceptance money will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

2.10 **CHESS**

CuDeco will apply to the ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**) for the New Shares to participate in the Securities Clearing House Electronic Subregister System known as CHESS. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus.

The statement will also advise holders of their Holder Identification Number. Further statements will be provided to holders which reflect any changes in their holding in CuDeco during a particular month.

2.11 Minimum subscription

There is no minimum subscription to the Offer.

2.12 Underwriting

The Company has engaged Australian-based Paradigm Securities as lead manager to the Offer and Underwriter for the Underwritten Securities. Paradigm Securities have appointed the Sub-Underwriters (some of which are Substantial Shareholders in the Company) as sub-underwriters.

2.13 Overseas shareholders

The Company has decided that it is unreasonable to make offers under this Prospectus to Shareholders with registered addresses outside Australia, New Zealand, Singapore, Hong Kong and China (or to Shareholders in the People's Republic of China who are not qualified domestic institutional investors) having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the legal and regulatory requirements in those places and costs of complying with those requirements. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale, and no New Shares will be issued, to Shareholders having a registered address outside Australia, New Zealand, Singapore, Hong Kong and China (or to Shareholders in the People's Republic of China who are not qualified domestic institutional investors).

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of Australia, New Zealand, Singapore, Hong Kong and China in which the Ineligible Shareholders reside. The distribution of this Prospectus in places outside of Australia, New Zealand, Singapore, Hong Kong and China (or to Shareholders in the People's Republic of China who are not qualified domestic institutional investors) may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

2.14 Treatment of Ineligible Shareholders

In order for the Offer to satisfy exception 10 of section 611 Corporations Act, CuDeco will need to:

(a) appoint a nominee to arrange for the sale of the New Shares that would have been given to the Ineligible Shareholders and to account to them for the net proceeds of the sale; and

(b) advise each Ineligible Shareholder that the Nominee will arrange for the sale of their New Shares and, if they are sold, for the net proceeds to be send to the Ineligible Shareholder.

The Company may appoint a nominee, on normal commercial terms, as nominee for the sale of the New Shares that Ineligible Shareholders would have been offered under the Offer had they been eligible to participate (**Ineligible Shareholder Entitlements**). As at the date of this Prospectus that appointment has not yet been made. Any appointment of a nominee by the Company will be made in accordance with section 615 Corporations Act and, as such, Eligible Shareholders and any Underwriter (and any applicable sub-underwriter) should be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act.

If appointed, the nominee will have the absolute and sole discretion to determine the timing, price and manner of sale of the Ineligible Shareholder Entitlements. The net proceeds above the issue price (in Australian dollars), if any, of the sale (in Australian dollars) of the Ineligible Shareholder Entitlements will be distributed to Ineligible Shareholders pro rata in proportion to their respective shareholdings as at the Record Date (after deducting the costs of sale and the costs of distributing the proceeds), There is no guarantee that the nominee will be able to sell the Ineligible Shareholder Entitlements and Ineligible Shareholders may receive no value for their Ineligible Shareholder Entitlements. Neither the Company nor the nominee will be subject to any liability for failure to sell the Ineligible Shareholder Entitlements or to sell them at a particular price.

The Company will announce the appointment of any nominee once a nominee has been approved by ASIC. That announcement will include a summary of the terms of the appointment of the nominee.

If, in the reasonable opinion of the nominee, there is no market, or no viable market, for the Ineligible Shareholder Entitlements, or a surplus of sale proceeds over the expenses of the sale of Ineligible Shareholder Entitlements cannot be obtained, then the Ineligible Shareholder Entitlements will be allowed to lapse and they will form part of the Shortfall.

If a nominee is not appointed before the Offer opens, then Eligible Shareholders and any Underwriter must have regard to the takeovers prohibition in section 606 of the Corporations Act when subscribing for New Shares, any Additional Securities or any Underwritten Securities.

2.15 **Additional Securities**

Eligible Shareholders are entitled to apply for Additional Securities over and above their Entitlement at the Offer Price. Any Entitlements not taken up may become available as Additional Securities. Eligible Shareholders wishing to apply for Additional Securities in addition to the Entitlement as shown on the Entitlement and Acceptance Form may indicate on their Entitlement and Acceptance Form the Additional Securities they wish to apply for.

Eligible Shareholders may, in addition to their Entitlement, apply for Additional Securities regardless of the size of their present holding. It is possible that there may be few or no Additional Securities available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional Securities are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them. The Company reserves the right to scale back any applications for Additional Securities in its absolute discretion and it is an express term of the Offer that applicants for Additional Securities will be bound to accept a lesser number of Additional Securities allocated to them than applied for. If a lesser number is allocated to them, excess application money will be refunded without interest as soon as practicable after all Additional Securities have been issued.

The Company will not allocate or issue Additional Securities where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Additional Securities must consider whether or not the issue of the Additional Securities applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.

2.16 **Electronic prospectus**

An electronic version of this Prospectus is available on the Internet at www.cudeco.com.au.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company, the Share Registry or a financial adviser.

3. Information on CuDeco

3.1 Company History and Project Development

Company Background

The Company was incorporated and registered in New South Wales on 31 May 1960 (at the time known as Australian Mining Investments Ltd). Its securities were officially quoted on the ASX on 2 August 1971.

In the year ended 30 June 2005, CuDeco commenced production at its Mt Norma operations. On 13 July 2006, the Company changed its name to CuDeco Limited (from Australian Mining Investments Ltd). As the focus of CuDeco changed to its Rocklands project, the interest in the Mt Norma operations and other tenements was sold in March 2007.

History of the Rocklands Project

CuDeco's involvement with the Rocklands Project can be traced back to November 2005 when CuDeco purchased an exploration permit known as EPM 13049. The EPM was located approximately 15 kilometres west of Cloncurry near Mt Isa in North West Queensland, Australia. EPM 13049 encompassed numerous old historical copper mines which had produced high grade ore.

CuDeco immediately commenced a shallow drilling programme in November 2005 to explore for copper oxide ore to supplement CuDeco's existing Copper Sulphate Production facility at Mt Norma. This drilling programme was over areas referred to as the Double Oxide and Rocklands located in the southern region of the EPM13049. Results identified numerous drill targets for deeper drilling. In 2006, CuDeco discovered a previously undiscovered zone of copper, cobalt and gold mineralisation which has a strike length of over 1,250m. This mineralised zone was named Las Minerale.

Drilling continued and in June 2006 CuDeco announced an inferred resource of 59m tonnes @ 2% Cu equivalent within the 600 metres drilled Las Minerale zone of mineral extrapolation to 900 metres. A total of 106 holes had been drilled at the time of the announcement. An application for a mining lease over this area was subsequently lodged in August 2006.

There are five subordinate shears that run sub-parallel to Las Minerale with a width of over 1km. This zone is known as Central Rocklands and Southern Rocklands.

Mining Leases

On 24 November 2011, the Queensland Government approved the grant of the mining leases over EPM 13049, with a 30 year term (ML90177 and ML90188). Subsequently, in May 2012 the Queensland Government granted a mining lease (ML90219) for the corridor between these two mining leases. The corridor mining lease provides critical access for power supply to the tailings dewatering and return water pumps, for maintenance of the tailings dam infrastructure and for the pipelines which run between the process plant and the tailing dams. The Company remains the holder of these tenements which cover approximately 2,000 hectares.

Ore Bodies

The Las Minerale orebody was discovered in 2006 with spectacular copper assay results along a central supergene-enriched high-grade zone some 600 metres in length. Las Minerale is one of 11 copper orebodies at Rocklands, including the Rocklands South orebody that includes similar supergene enrichment as that found at Las Minerale.

Las Minerale is CuDeco's flagship orebody, with a large supergene zone that continues from surface to 180m deep in places, containing significant resources of coarse native copper and high-grade chalcocite. Las Minerale is one of a group of clustered, sub-parallel striking orebodies that would be collectively mined over the first 10 years of planned mining operations at Rocklands. The Company is confident that the project life may be able to be extended beyond the 10 years based on known resources.

The Rocklands orebodies include large zones of high-grade coarse native copper ore that is continuous and pervasive from near-surface to depths of over 180m in places. The coarse native copper is also co-mingled with oxide, supergene, transitional and primary copper ore types.

To date around 14.5Mt has been mined at the Rocklands Project, sourced from production pits (13.8Mt – including organic strip-back, waste pre-strip and production), and some 0.80Mt from non-pit related development activities.

Resources

An updated Resource Estimate reported according to the Joint Ore Reserves Committee (JORC) Code 2012 and Guidelines was completed in November 2013. Details are contained in the Company's 2015 Annual Report.

Ore Reserves

The Company released is maiden Ore Reserve Estimate on 11 December 2015, reported according to the Joint Ore Reserves Committee (JORC) Code 2012 and Guidelines. Copies of the ASX announcement made by the Company may be obtained on the ASX website or the Company's website: www.cudeco.com.au.

The Maiden Ore Reserve Estimate was prepared by Australian Mine Design and Development (AMDAD), and is based on the November 2013 Mineral Resource Estimate for Rocklands prepared by Mining Associates Pty Ltd. The Ore Reserve is based on the Stage-1, 10-year mine plan also prepared by Australian Mine Design and Development (AMDAD), as part of the 2015 Rocklands Feasibility Study that is set to be released shortly.

The Ore Reserve is that part of the Mineral Resource which can be economically mined by open pit mining methods after consideration for dilution and metal losses and additional modifying factors including mining, metallurgical, social, environmental, statutory and financial aspects of the Rocklands project.

To date, pit design and subsequent mine scheduling has been based on internally produced economic cut-off grade estimates. The Reserve Estimate provides confirmation that not only was this in-house modelling accurate, but remarkably so given it was initially prepared some three years ago in a very different economic environment.

Total Ore Reserve: 28Mt @ 0.9% Spec_CuEq
(0.71% Cu, 0.14g/t Au, 357ppm Co, 6.7% Mag)
Comprising

Proved Ore Reserve: 23Mt @ 1.0% Spec_CuEq
(0.77% Cu, 0.15g/t Au, 382ppm Co, 7.1% Mag)
and
Probable Ore Reserve: 5Mt @ 0.6% Spec_CuEq
(0.45% Cu, 0.11g/t Au, 232ppm Co, 5.0% Mag)

Within the Ore Reserve

High-grade Ore Reserve: 10Mt @ 1.61% Spec_CuEq
(1.39% Cu, 0.24g/t Au, 504ppm Co, 6.6% Mag)

Low-grade Ore Reserve: 17Mt @ 0.48% Spec_CuEq
(0.31% Cu, 0.08g/t Au, 269ppm Co, 6.8% Mag)

This information is extracted from the Company's ASX announcement dated 11 December 2015 and investors should refer to that announcement for the full details of the Ore Reserve Estimate and Competent Person statements.

The Company's first priority is to generate cash flow based on a Stage 1, initial 10 year mining operation, at a process rate of 3 million tonnes per annum and if possible, early cash flow from preliminary crushing, scalping and ore-sorting activities.

Further details as to the status of operations at the Rocklands Group Copper project is included in the recently released 2015 Annual Report and December 2015 Quarterly Report.

<u>Rocklands processing plant</u>

The Rocklands Plant when completed is designed to have the capacity to process 3 million tonnes per annum and incorporates both 3 stage Primary and Tertiary Crushing and High Pressure Grinding Rolls (HPGR) circuits specifically designed to handle coarse native copper ore, a large native copper gravity circuit including jigs, spirals and tables, and standard floatation circuits and magnetic separators.

The process plant has been designed by, and is being constructed by China State owned company and substantial shareholder, Sinosteel Equipment and Engineering Co. Ltd. The various contracts with the Company are detailed in section 3.6 below. The construction of the process plant commenced in August 2013 and it is nearing completion.

The plant configuration and processing regime was designed after extensive Metallurgical test-work that was undertaken over nine years. The Plant is capable of treating all ore types identified at Rocklands concurrently, producing five co-products (copper, cobalt, gold, pyrite and magnetite) in four saleable concentrates:

- Native copper metal concentrate (contains Cu);
- Copper sulphide concentrate (contains Cu, Au);
- Cobalt (pyrite/sulphur) concentrate (contains Co, Au, sulphur); and
- Magnetite concentrate (contains Fe suitable for dense media separation).

<u>Status of operations</u>

The development of the Rocklands' open pit mine has progressed well and mining to date has concentrated on the strip-back and waste removal with approximately 14 million tonnes mined to date. This has been achieved by the Company utilising its own equipment and staff. All major development earthworks have been completed including the water storage facility, tailings storage facility, Morris Creek diversion channel, Morris Creek dam and water storage, ROM pad, and haul and access roads. There is now also over 2.2 million tonnes of ore stockpiled ready for full-scale operations next year after commissioning of the process plant.

All approvals have been granted at Rocklands including native title, mining leases and environmental authority, plan of operations and off-take agreements are in place.

At the date of this Prospectus, the Company has over 245 people including construction contractors) on site at Rocklands completing construction of the processing plant and other infrastructure. The number of workers is expected to be around 180 as the project becomes fully operational.

The Company has committed to recruiting local residents wherever possible, only hiring those willing to live in the community, rather than fly-in, fly-out or drive-in, drive-out employees.

Due to the need to conserve cash, mining activities were temporarily suspended in August 2015, with a small crew remaining to focus on completing additional wet-season water management and other infrastructure projects. Mining is planned to re-commence sometime after live feed to the process plant is underway, but the timing will be based on the recommendations of the Rocklands operations team and management and dependent on process plant commissioning progress.

The Company is working closely with principal contractor and substantial shareholder China's Sinosteel Equipment & Engineering Limited to finalise the commissioning of the processing plant with ramp up and full production occurring early to mid-2016.

The major activities the Company is currently progressing for the process plant include:

- DNRM review of reagents storage shed
- Hazardous area dossier completion
- Construction of process plant workshop
- Relocation of laboratory and purchase of laboratory equipment
- Recruitment of commissioning and operations personnel
- Fabrication and installation of reagents storage shed
- Installation and commissioning of new cone crusher for primary crushing plant
- Commissioning of process plant
- Fuel farm installation for power station

Other major development activity is already complete, mining and stockpiling of ore has commenced.

Offtake agreements are already in place with substantial shareholder China Oceanwide International Investment, for 60% of the planned copper concentrate, and a number of companies are vying for the additional production offtake.

Commissioning

The commissioning phase of the Rocklands Project will be managed by CuDeco with assistance and equipment performance verification by the major contractor, Sinosteel Equipment and Engineering Co., Ltd. Commissioning will proceed according to CuDeco's Commissioning Plan which incorporates all aspects from construction completion through to handover to the CuDeco Operations.

A Commissioning Contract is currently being progressed with Sinosteel to provide a team of its experienced operating personnel to work under the management of the CuDeco team.

Commissioning covers the formal handover and acceptance of process equipment and commissioning modules between the various commissioning stages, from the completion of installation by contractors and suppliers through verification of plant and equipment, dry or pre-commissioning by field engineers and design engineers, to final commissioning by the commissioning team.

The Commissioning Plan has been developed to provide the CuDeco Operations and the Sinosteel and CuDeco Project Teams with a description, methodology and requirements of the commissioning activities proposed for the Project. This includes:

- methodology, including description of commissioning phases, process commissioning modules and commissioning areas
- interface management including handovers from construction to commissioning and from commissioning to the Principal
- commissioning systems and procedures to be used

- risk assessments including risk analyses for individual commissioning modules
- safety strategies to be implemented for the safe transition from construction to an operating site
- organisational structure and resources requirements
- communications and reporting.

The commissioning process has been summarised in a schedule which sets out the time-based sequence of activities to complete the commissioning process (Schedule). A fully documented and agreed Commissioning Scope complements the Commissioning Plan and Schedule and provides the framework for CuDeco's commissioning steps. The individual components of the system are:

- Preparation of Commissioning Plan
- Preparation of Documentation and Manning
- Verification of Plant and Equipment (C0)
- Dry Commissioning (C1)
- Wet Commissioning (C2)
- Ore Commissioning (C3)
- Performance Verification (C4)
- Area Acceptance (C5)
- Commissioning Closeout (C6).

Whilst the final electrical installation (principally the High Voltage (HV) termination) is in progress the CuDeco Commissioning Team has been undertaking a range of commissioning activities that are enabled as sections of the processing plant are made available by the contractor. Power is provided by portable power generation which enables LV motors, pumps, compressors, etc., to be energised to check motor directions and fit drive belts, run limited amounts of ore through conveying systems, operate water pumps and fill tanks to check for leakage, and run compressors to check valve operation, etc.

The level of commissioning completion is approximately as follows:

Commissioning Stage	**Percentage Complete at 15 January 2016**
Preparation of Commissioning Plan	90% complete but work in progress
Preparation of Documentation and Manning	85% complete, C2 plan to be completed
Verification of Plant and Equipment (C0)	65% complete for CuDeco manning assuming 30 personnel in Sinosteel commissioning team
Dry Commissioning (C1)	70% complete
Wet Commissioning (C2)	2% complete
Ore Commissioning (C3)	1% complete
Performance Verification (C4)	1% complete

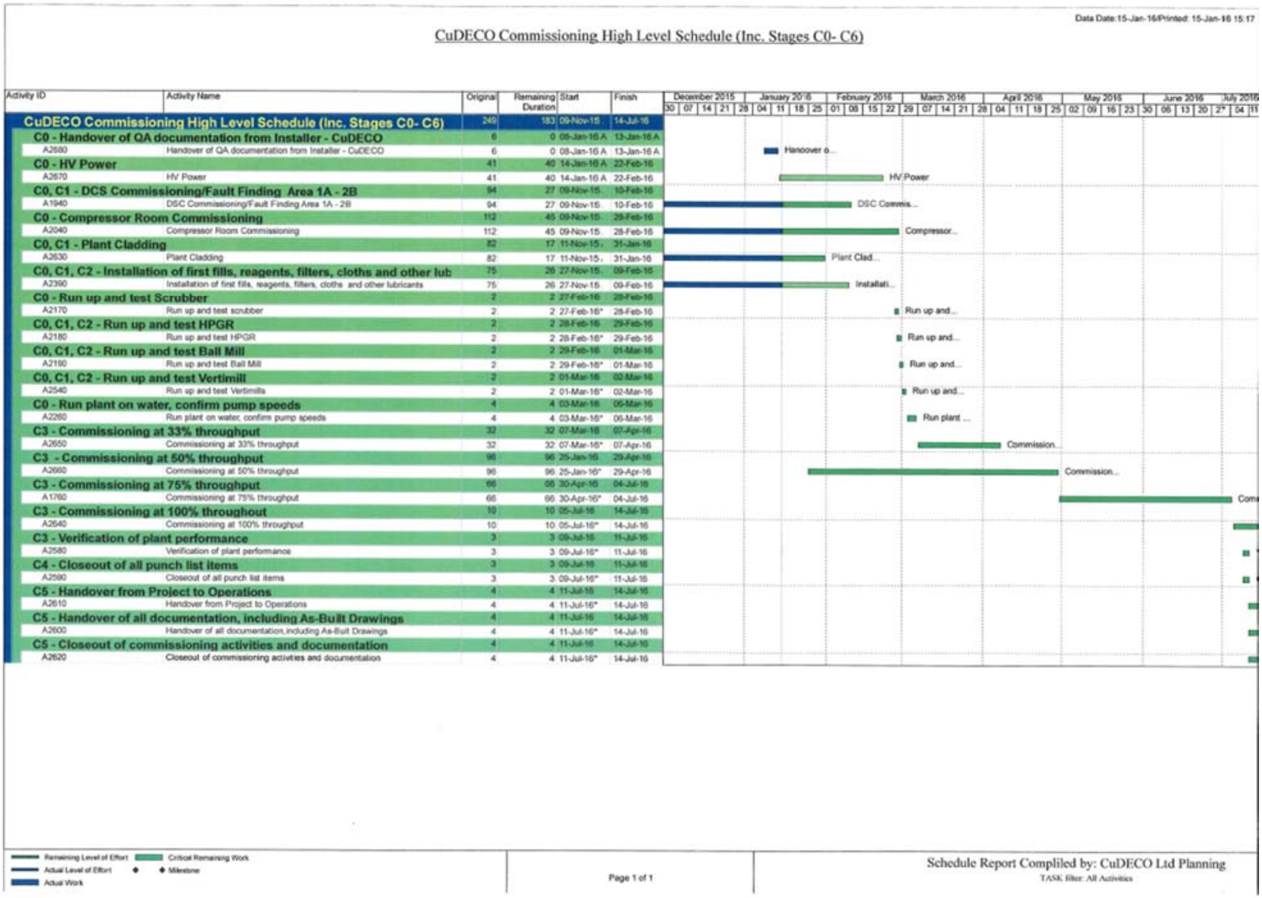
Commissioning Stage	Percentage Complete at 15 January 2016
Area Acceptance (C5)	0% complete
Commissioning Closeout (C6)	0% complete

CuDeco has appointed a Commissioning Manager to take charge of the commissioning process. CuDeco also has been steadily increasing its operational personnel, many of whom will assist or form part of the CuDeco commissioning team before transferring to operational duties following the handover process.

It is planned that the commissioning team or team members will remain after transfer to Operations, to provide assistance and support to the operations team for a period. It is also expected that the major Structure, Mechanical, Piping and Electrical contractors will remain during the commissioning process to provide essential support and rectification services.

The technical representatives of the major equipment vendors will also be present to provide advice and to supervise the start-up of equipment provided by their respective companies, and to provide rectification services if and where required, and performance verification to CuDeco's and Sinosteel's satisfaction, of the equipment performance.

Under the schedule set out below, the overall process for commissioning will be continuing from the present with planned continuous ore feed commencing during March, rising to 100% of capacity by the end of June/beginning of July 2016.



CuDECO Commissioning High Level Schedule (Inc. Stages C0- C6)

Activity ID	Activity Name	Original	Remaining Duration	Start	Finish
CuDECO Commissioning High Level Schedule (Inc. Stages C0- C6)		249	183	09-Nov-15	14-Jul-16
C0 - Handover of QA documentation from Installer - CuDECO		6	0	08-Jan-16 A	13-Jan-16 A
A2680	Handover of QA documentation from Installer - CuDECO	6	0	08-Jan-16 A	13-Jan-16 A
C0 - HV Power		41	40	14-Jan-16 A	22-Feb-16
A2670	HV Power	41	40	14-Jan-16 A	22-Feb-16
C0, C1 - DCS Commissioning/Fault Finding Area 1A - 2B		94	27	09-Nov-15	10-Feb-16
A1940	DSC Commissioning/Fault Finding Area 1A - 2B	94	27	09-Nov-15	10-Feb-16
C0 - Compressor Room Commissioning		112	45	09-Nov-15	28-Feb-16
A2040	Compressor Room Commissioning	112	45	09-Nov-15	28-Feb-16
C0, C1 - Plant Cladding		82	17	11-Nov-15	31-Jan-16
A2630	Plant Cladding	82	17	11-Nov-15	31-Jan-16
C0, C1, C2 - Installation of first fills, reagents, filters, cloths and other lub		75	26	27-Nov-15	09-Feb-16
A2390	Installation of first fills, reagents, filters, cloths and other lubricants	75	26	27-Nov-15	09-Feb-16
C0 - Run up and test Scrubber		2	2	27-Feb-16	28-Feb-16
A2170	Run up and test scrubber	2	2	27-Feb-16*	28-Feb-16
C0, C1, C2 - Run up and test HPGR		2	2	28-Feb-16	29-Feb-16
A2180	Run up and test HPGR	2	2	28-Feb-16*	29-Feb-16
C0, C1, C2 - Run up and test Ball Mill		2	2	29-Feb-16	01-Mar-16
A2190	Run up and test Ball Mill	2	2	29-Feb-16*	01-Mar-16
C0, C1, C2 - Run up and test Vertimill		2	2	01-Mar-16	02-Mar-16
A2540	Run up and test Vertimills	2	2	01-Mar-16*	02-Mar-16
C0 - Run plant on water, confirm pump speeds		4	4	03-Mar-16	06-Mar-16
A2260	Run plant on water, confirm pump speeds	4	4	03-Mar-16*	06-Mar-16
C3 - Commissioning at 33% throughput		32	32	07-Mar-16	07-Apr-16
A2650	Commissioning at 33% throughput	32	32	07-Mar-16*	07-Apr-16
C3 - Commissioning at 50% throughput		96	96	25-Jan-16	29-Apr-16
A2660	Commissioning at 50% throughput	96	96	25-Jan-16*	29-Apr-16
C3 - Commissioning at 75% throughput		66	66	30-Apr-16	04-Jul-16
A1760	Commissioning at 75% throughput	66	66	30-Apr-16*	04-Jul-16
C3 - Commissioning at 100% throughout		10	10	05-Jul-16	14-Jul-16
A2640	Commissioning at 100% throughput	10	10	05-Jul-16*	14-Jul-16
C3 - Verification of plant performance		3	3	09-Jul-16	11-Jul-16
A2580	Verification of plant performance	3	3	09-Jul-16*	11-Jul-16
C4 - Closeout of all punch list items		3	3	09-Jul-16	11-Jul-16
A2590	Closeout of all punch list items	3	3	09-Jul-16*	11-Jul-16
C5 - Handover from Project to Operations		4	4	11-Jul-16	14-Jul-16
A2610	Handover from Project to Operations	4	4	11-Jul-16*	14-Jul-16
C5 - Handover of all documentation, including As-Built Drawings		4	4	11-Jul-16	14-Jul-16
A2600	Handover of all documentation, including As-Built Drawings	4	4	11-Jul-16*	14-Jul-16
C5 - Closeout of commissioning activities and documentation		4	4	11-Jul-16	14-Jul-16
A2620	Closeout of commissioning activities and documentation	4	4	11-Jul-16*	14-Jul-16

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Schedule Report Compiled by: CuDECO Ltd Planning

Exploration

Exploration activity has been scaled back to allow focus of Rocklands staff on development activities, and to reduce cash spend as part of the wider cost-cutting measures recently employed at Rocklands. Minor low cost activity is ongoing however, including soil sampling, bedrock drilling using the Company's rig, desktop interpretation and field reconnaissance.

Notwithstanding the scaling back of exploration activities, the Company remains confident that the areas are highly prospective. Details of the 2016 exploration programme for ML80177, EPM 18054 and EPM 25426 are set out below.

The Eastern Succession of the Mt Isa Inlier is one of the world's best known Copper Mineralisation Belts. ML90177, EPM18054 and EPM25426 lie along the potential strike of major fault system which hosts 3 of the largest deposits in the Cloncurry area, Rocklands, Ernest Henry and Mt Margaret (E1 camp).

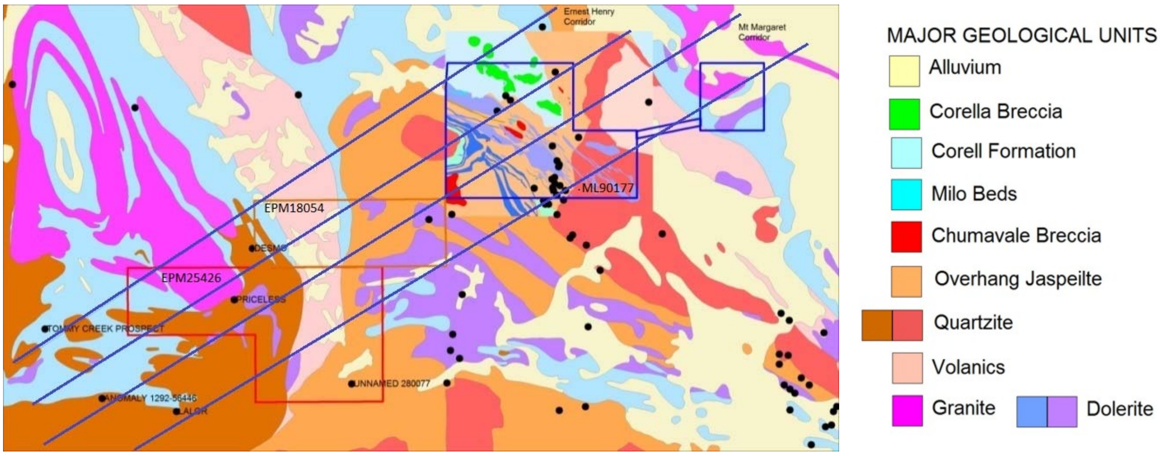


Figure 1 Shows the relationship of the Ernest Henry and Mt Margaret Corridors and the Rocklands Mine Lease (blue), Current Exploration Permit EPM18054 (orange) and EPM25426 (red).

Rocklands style mineralisation is dominated by dilational brecciated shear zones through varying rock types of the Overhang Jaspilite Unit, hosting coarse splashy to massive primary mineralisation, high-grade supergene chalcocite enrichment and bonanza-grade coarse native copper. Structures hosting mineralisation are sub-parallel, east-south-east striking, and dip steeply within metamorphosed volcano-sedimentary rocks of the eastern fold belt of the Mt Isa Inlier. The observed mineralisation and alteration exhibit affinities with Iron Oxide-Copper-Gold (IOCG) classification. Polymetallic copper-cobalt-gold mineralisation, and significant magnetite, persists from the surface, through the oxidation profile, and remains open at depth.

The dilational zones occur predominantly in a north-west direction and are believed to be brought about by earlier strike slip faulting events in a north-east direction. The north east strike slip faulting is interpreted as the Ernest Henry and Mt Margaret Corridor in Figure 1.

Wall rock interaction with mineralised fluids is an important consideration for the precipitation of Cu-Co-Au to occur. The preferred rock type is dolerite, however sedimentary breccia within the Overhang Jaspilite Unit can also host mineralisation.

CuDeco has developed an extensive and successful exploration model for Cu-Co-Au mineralisation within the adjacent areas, combining geophysics with results from surface geochemical sampling over suitable rock type and/or RAB drilling on rock types unsuitable for soil sampling such as alluvial plains.

The Company's 2016 Exploration programme will target the following areas:

1. ML90177 (Mining Lease) - test for extensions to known orebodies and/or new orebodies on ML90177. Numerous targets modelled and waiting drill testing.

2. EPM18054 and EPM25426 - identify economically exploitable zones of mineralisation.

- ML90177 exploration

Numerous drill-ready targets have been identified based on exploration modelling that has been highly successful to date, including; along-strike and depth extensions to known orebodies; new targets including interpreted sub-parallel mineralised zones; and theoretical modelling that includes at least 2 major IOCG style targets.

- EPM18054 and EPM25426 exploration

The primary target for exploration is Cu-Co-Au mineralisation similar to that found at the Company's adjacent Rocklands deposit (ML90177), and generally found regionally within the Overhang Jaspilite Unit. Historic exploration within these EPM's has identified anomalous copper occurrences at surface, but lack of follow-up activity suggests they were not of sufficient scale to warrant further expenditure. These areas are still considered highly prospective.

The Company's new Rocklands mineral processing plant (adjacent to the EPM's) changes the criterion for "sufficient scale" and with this in mind planned exploration will re-visit previously identified copper and gold anomalies, and also generate new exploration targets based on existing and planned geophysics surveys (SAM, Mag, EM), geochemical sampling (including rock-chip, soil sampling and bedrock drilling), and field reconnaissance.

The secondary target will be mineralisation associated with the Tommy Creek Block, which is an exotic uplifted block CuDeco believes may host similar dilational structures to those hosting mineralisation at Rocklands.

Demand for Copper

Global demand for primary copper is anticipated to increase in 2016, driven by increased urbanisation in China, India and Brazil, aiding the outlook for new suppliers.

Notably, recent supply disruptions in Chile and Indonesia have highlighted Australia's certainty of supply for Asian buyers, and CuDeco is in a strong position having already secured an offtake agreement for a minimum of 60% of planned copper concentrate production.

Further Information

The Company has provided a comprehensive project update on the Rocklands Mine Project in its recently released 2015 Annual Report available on the Company's website.

3.2 The Directors

The Directors of CuDeco bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

Each Director has confirmed with CuDeco that he anticipates being available to perform his duties as a Non-Executive Director or Executive Director, as the case may be, of CuDeco, without undue constraints from other commitments.

The following persons are directors of the Company as at the date of this Prospectus

Dr Noel White (Independent, Non-Executive Chairman) – PhD, BSc Honours and BSc

(Appointed January 2016)

Dr Noel Clarence White (68 years) is a Fellow of the Society of Economic Geologists, and the Society for Geology Applied to Mineral Deposits and a Member of Geological Society of Australia, the Australian Institute of Geoscientists and the International Association for Geology of Ore Deposits. Dr White also holds a Bachelor of Science Degree in Geology and Chemistry from Newcastle University, and a PhD in Economic Geology from the University of Tasmania.

He has broad experience in the mining industry working for BHP for approximately 34 years where he was the Chief Geologist when he left in 1999. Since that time Dr White has worked as an independent consultant and researcher and has been a non-executive director of a number of mining companies, including Gold Aura Limited, Asia Now Resources (Toronto) and Norton Gold Fields Pty Ltd and also an honorary director of Kalgoorlie Mining Co. Ltd.

He has been appointed as Professor at the University of Tasmania, the University of Queensland, James Cook University, Hefei University of Technology, China University of Geosciences, Beijing, and Fuzhou University. He has been awarded the China Friendship Medal, and the R.A.F. Penrose Gold Medal of the Society of Economic Geologists. Dr White has also published over 50 papers.

Mr Peter Hutchison (Managing Director) – MAusIMM, MRACI Ch Chem

(Director since 2004)

Peter Hutchison (66 years) is a process chemist and hydrometallurgist with over 40 years industry experience involving the chemical, mineral processing and water treatment businesses

Since 24 July 2015, he has assumed the role as the Managing Director of CuDeco as an interim appointment whilst retaining responsibility for the operations of the Rocklands Project.

Mr Vitie Paul Keran (Independent Non-executive Director) – BAppSc, BE (Chemical), Dip BA

(Director since 2007)

Paul Keran (72 years) is a chemical engineer with more than 30 years of 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.

He retired by rotation in accordance with Article 3.6 of the Company's Constitution at the Company's annual general meeting on 14 December 2015. He was re-elected.

Mr Zhijun Ma (Independent Non-executive Director)

(Director since 2011)

Mr Zhijun Ma (44 years) is a graduate from Engineering Management Tianjin University with a bachelor degree. Mr Ma is a specialised professional economist and during his career has been involved in a number of major investment projects covering a wide range of areas including finance, energy and real estate.

He retired by rotation in accordance with Article 3.6 of the Company's Constitution at the Company's annual general meeting on 14 December 2015. He was re-elected.

Mr Zhu Mu Po (Alternate director to Mr Z Ma)

(Appointed 3 September 2015)

Mr Zhu Mu Po (33 years) was educated in Accounting and Finance Department of Macquarie University. He specialised in professional management and investment. During his career, he has been involved in a number of major investment projects within the finance sectors.

Mr Hongwei Liu (Non-independent Non-executive Director)

(Director since 2012)

Mr Liu (48 years) is a graduate from Mechanical Design and Manufacturing Dalian Ocean University with a bachelor degree, and a master degree of Management from Massey University New Zealand. He is specialized in professional management and administration and during his career has been involved in a number of major investment projects covering a wide range of areas including finance and energy.

Mr Liu is a director of China Oceanwide International Investment Company Limited and is responsible for this company's investments for overseas projects especially within the finance, energy and resource sectors.

He is also currently a director of Minsheng Holdings Co Limited.

Mr Zhaohui Wu (Non-independent Non-executive Director)

(Appointed 2 July 2014)

Mr. Wu (48 years) is an executive director of Natsun Australia Pty Ltd and was nominated as a representative of New Apex Asia Investment Pty Ltd.

Mr Wu graduated from Xiamen University in China with the degree of Bachelor of Economics. He has worked in the international trading sector since 1989.

He was involved in the export business during his work in China with either state owned or private mineral companies, and kept working on import and export of alumina, aluminium, wool and wine when he moved to Australia in 2002. He also has been involved in acquisition of golf resorts and farms and related activities from 2008.

He retired by rotation in accordance with Article 3.6 of the Company’s Constitution at the Company’s annual general meeting on 14 December 2015. He was re-elected.

Dr Dianmin Chen (Non-independent Non-executive Director)

(Appointed 14 December 2015)

Dr Chen (57 years) holds a Bachelor of Science in Mining Engineering (China) and a PhD in Mining Geomechanics (Australia). Dr Chen has extensive experience in the mining industry including 10 years with Barrick Gold, General Manager of Jinfeng Gold Mine in China, Chief Operating Officer of CITIC Pacific Mining responsible for the development of a large iron ore mine, and he was appointed CEO and Managing Director of Norton Gold Fields in August 2012 until August 2015, Dr Chen remains a non-executive Director of Norton Gold Fields. Dr Chen is a nominee director for Rich Lead Investment Pte Limited.

Constraints on availability

Save as noted in this Prospectus, each Director has confirmed to the Company that he anticipates being available to perform his duties as Director of the Company without constraint from other commitments.

Independence of Directors

The Board considers that Mr Keran, Dr White and Mr Ma are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgment and are able to fulfil the role of an Independent Director for the purposes of the Corporate Governance Principles and Recommendations.

Mr Hutchison is not currently considered by the Board to fulfil the role of Independent Director due to his executive position with the Company.

Mr Liu, Mr Wu and Dr Chen are not currently considered by the Board to fulfil the role of Independent Directors due to them being a nominee or representative of a Substantial Shareholder. Mr Liu is a nominee of China Oceanwide International Investment Co Ltd, a substantial holder of the Company. Mr Wu is a nominee of New Apex Asia Investment Pty Ltd, a substantial holder of the Company. Dr Chen is a nominee of Rich Lead Investment Pte Ltd, a substantial holder of the Company

Details of the current interests of the Directors in the Company and their intentions in respect of the Entitlement Offer are set out in Section 1.6.

3.3 Key Management Personnel

The following persons form the key management personnel of the Company as at the date of this Prospectus:

Ross Cook - Process Manager

The process manager is responsible for leading the Process team in the development of the Rocklands Project into an operating processing plant of 3 Million tonnes per annum capacity, producing native copper metal, and copper, cobalt/pyrite and magnetite concentrates in a safe and environmentally responsible manner.

Mr Cook is a qualified metallurgist with a Diploma in Metallurgical Engineering. He joined the Company on 2 July 2014.

His role for the Company includes the formulating and implementing of the commissioning programmes, development of an operations readiness plan and budgets, and providing reports to the Board. He is also responsible for managing the operations team and ensuring compliance with Occupational Health and Safety policies.

He has had over 40 years' experience in the mining industry.

Bruno Bamonte – Chief Financial Officer and Company Secretary

Mr Bamonte is an Australian Chartered Accountant and has more than 15 years of experience in the listed company area in roles ranging from Company Secretary to Finance Director.

David Wilson – Assets and Development Manager

The Asset & Development Manager's role is to identify opportunities to improve the performance of existing producing assets of the Company and to identify, quantify, and develop new business opportunities utilising existing assets such as exploration leases, or via acquisition of new assets synergistic with CuDeco's strategic direction.

The Assets & Development Manager is also responsible for creating and maintaining promotion of the Company assets to potential investment in CuDeco, and assisting the Company in public reporting obligations and its promotional activities amongst sophisticated sectors of the investment community.

Mr Wilson has a diverse background spanning multiple industries including; architectural specialist (15 years); traditional prospector (alluvial and placer gold - 35 years concurrently); and professional day-trader (8 years). Prior to becoming the Company's Assets and Development Manager he was Manager and Principal Advisor for exploration, mineral resources and corporate for the Company.

David joined the Company during the initial exploration phase of the Rocklands Project introducing innovation that added significant scale to the Rocklands resource. He subsequently led similar innovation during resource assessment and estimation, pit optimisation and mine scheduling, improving economic outcomes through directing or managing;

- exploration, resource infill and deep diamond drilling programmes;
- resource modelling and estimation;
- pit optimisation & mine scheduling;
- feasibility studies including cash-flow, NPV and sensitivity analysis; and
- design/implementation of the Rocklands ore/grade-control system.

Mark Roberts – General Manager of Rocklands

The General Manager is responsible for leading the Rocklands Project operation and reporting to the Managing Director. The General Manager has a sustained focus on a safe, lean and cost effective operation and will provide key technical support for the corporate development of the Company.

Mr Roberts has over 35 years' experience in mining operations, asset management, logistics and services within the resource sector. He previously held the role of General Manager of Central Services with GlencoreXstrata Plc, being responsible for those services that supported both the copper and zinc commodity business units. Prior to that Mr Roberts was responsible for Xstrata's North Queensland Copper Townsville assets including the Copper Refinery, Port and Logistics and Commercial teams.

He joined the Company on 23 November 2015.

3.4 Corporate Structure

The corporate group comprises CuDeco Limited and the following wholly owned subsidiaries:

Company	Incorporated in	Interest held by CuDeco Limited
Cloncurry Infrastructure Pty Ltd ACN 099 764 342	Australia	100%
CuDeco Logistics Pty Ltd ACN 153 137 592	Australia	100%
CuDeco Employee Share Plan Pty Ltd ACN 154 573 841	Australia	100%

3.5 Tenements

The Company holds the following tenements in Queensland as at the date of this Prospectus:

Project	Tenement	Interest held by CuDeco Limited
Morris Creek	EPM 18054	100%
Camelvale	EPM 25426	100%
Rocklands	ML 90177, ML 90188 and ML 90219	100%

3.6 Material Contracts

Contracts for construction of the production plant

The Company has entered into a number of contracts with Sinosteel Equipment & Engineering Co. Ltd in relation to various phases of construction of the production plant. These include:

1. Sinosteel Equipment & Engineering Co. Ltd. - Detailed Design and Equipment Supply

On 25 February 2011, the Company entered into an agreement with Sinosteel Equipment & Engineering Co. Ltd for the detailed design and equipment supply for the Rocklands project as covered in the basic engineering agreement referred to above.

Under this agreement Sinosteel were required to:

a. Complete a detailed design for the project for $US 5,000,000;

b. Supply the equipment required for the project FOB Shanghai, China for $US 49,074,677 (based on a detailed listing provided as part of the contract); and

c. Supply two years' spare parts FOB Shanghai, China for $US 3,939,649.

The Company paid the required deposit of $US 4,197,166 on 7 March 2011 and has paid a total of $US 57,602,865 to date on the contract. The balance of the funds will be paid out of the proceeds of the Offer.

The erection and commissioning of the equipment shall be supervised by Sinosteel's engineers. There is a 12 months warranty period after the Start-up of the processing plant or 18 months from the date of shipment, whichever comes first.

Under the terms of the contract the Company is responsible to provide:

a. water electricity and gas;

b. facilities for the proper storage of equipment at site;

c. competent and qualified operators to be trained for the commissioning of the plant;

d. correct documents to Sinosteel; and

e. the qualified lubricants for the first fill of all equipment supplied by Sinosteel.

Under the terms of the contract Sinosteel is responsible to provide:

a. progress reports every three months;

b. transportation to the port – FOB Shanghai, China; and

c. engineers to supervise the erection, commissioning and start-up of the equipment.

Sinosteel is not responsible for any consequential damage occasioned by reason of defects or due to repairs or replacement or other work required to be done to the equipment to remedy such defects.

Variations to the Equipment Supply Contract

In February 2013 and March 2013 variations to the contract for the supply of the equipment were agreed by the parties to reflect changes in the requirements of the equipment that became apparent to the parties due to their ongoing work on the design specifications. The total variations increased the contract sums by $US 19 Million.

On 29 September 2015 a final variation to the contract was agreed, increasing the contract sum by a further $US 3.3 million.

All work under this contract has now been finalised.

2. Steel Supply Agreement

On 25 February 2011, the Company entered into an agreement with Sinosteel Equipment & Engineering Co. Ltd for the supply of the steel structures and installation services for the

Rocklands project.

The contract price to supply FOB Shanghai port was $US13,323,000 and this price includes building steel structures for the following process plants:

- HPGR plant;
- Jigging plant;
- Spiral and Table plant;
- Grinding plant;
- Flotation plant;
- Concentrate dewatering plant;
- Lime Slaking plant;
- Reagent plant; and
- Tailings Thickener plant.

A supplemental contract for steel supply was entered into with Sinosteel based on the final drawings increasing the amount of steel and cladding required. This was entered into on 5 September 2014 for a further $US 6,008,273.

All the steel structure has been delivered to site and the payment owing under this contract is US$7,845,193.

3. **Sinosteel Equipment & Engineering Co. Ltd.** - **Structural and Mechanical Installation**

On 27 May 2013, the Company entered into a contract with Sinosteel Equipment & Engineering Co. Ltd for the installation of the steel structure, mechanical equipment and piping according to the Sinosteel issued construction drawings, and Sinosteel will be responsible for the provision of all construction plant required for the installation, all bolts and small installation material and HSE management of the workforce required for this work.

Under the contract CuDeco will be responsible for:

- the civil works and concrete including all excavations, back fill and associated earth works and fill requirements
- the provision of two 50 tonne truck mounted cranes;
- diesel to all plant and construction equipment on site;
- packing and rubbish removal, road maintenance and dust control for the site;
- crib and ablutions for the installation contractors on site;
- a lay down area and warehouse for equipment storage before installation; and
- site induction.

The contract sum is $AUD 52.1 million (excluding GST, licences, fees and other statutory charges). This price is based on the steel structure being no more than 5,500 tonnes. If the actual tonnage is greater than 5,500 tonnes up to a maximum of 5,700 tonnes then an extra $3,000/tonne will be payable.

Sinosteel have agreed to accept $AUD35.5 million in fully paid ordinary shares as part payment on the contract, which were issued on 15 February 2013.

On 29 September 2015, Sinosteel and CuDeco entered into a supplemental Agreement to release and discharge the other party from any further claims under the contract whereby CuDeco agrees to make a further payment by of $1,500,000 to be paid as follows:

a. $1 million by 31 December 2015; and

b. $500,000 by 28 April 2016.

This sum covers all variations under the contract as agreed to by both parties.

4. Sinosteel Equipment & Engineering Co. Ltd. – Electrical Installation

On 6 March 2015, Sinosteel and CuDeco entered into a contract for Sinosteel to manage and construct the Electrical works for the processing plant at Rocklands.

The contract sum for the electrical works is $AUD 30,000,000 exclusive of GST payable by instalments. At this time $5 million has been paid and Sinosteel have agreed to defer the settlement of the balance.

The Company will:

- Supply all drawings and specifications required for the installation;
- At its own cost, supply materials for the performance of the installation;
- Supply diesel, cranes, underground conduit and pits;
- Undertake the excavation, backfilling, compaction work, earthing working, modification of the central control room and installation of the Distributed Control System (DCS);
- Supply all drawings and specifications required for the installation;
- At its own cost, supply materials for the performance of the installation;
- Supply diesel, cranes, underground conduit and pits;
- Undertake the excavation, backfilling, compaction work, earthing working, modification of the central control room and installation of the DCS.

Sinosteel will:

- At its own cost, supply all cabling fitting required for the terminating of cables and the like;
- Carry out and complete the installation.

Also, Sinosteel has full rights and will make an independent decision on choosing a subcontractor to do the electrical installation.

Offtake Agreements

Offtake Agreement with China Oceanwide

On 25 April 2011, the Company and China Oceanwide International Investment Co. Ltd (**China Oceanwide**) entered into an offtake agreement (the **Offtake Agreement**), pursuant to which China Oceanwide will purchase a minimum of 60% and at the Company's election up to 100% of the Company's total annual production of each of the copper/gold concentrates and pyrite/cobalt concentrates (collectively, the **Concentrates**, each a **Concentrate**) produced from the Rocklands Group Copper Project.

The major terms of the Offtake Agreement are summarised below:

- Concentrates from the Rocklands Group Copper Project will be sold at prices determined at a discount to prevailing international market rates for similar quality concentrates which shall be calculated using element payments reflecting the grade and quality of the Concentrates from the Rocklands Group Copper Project and based on the copper and cobalt prices as quoted on the London Metal Exchange, silver and gold prices as quoted on the London Bullion Market Association and average daily global spot sulphur price, on the Quotation Day (as defined therein); and subject to deduction of treatment and refining charges which will be negotiated on an annual basis and will be consistent with those prevailing in the international market for comparable concentrates at the time of the negotiation of the relevant charges.
- The content of copper, gold, silver, sulphur and cobalt in the Concentrates will be determined by the parties from assays performed on samples taken from each shipment in accordance with standard international practice.
- China Oceanwide will be required no later than 14 days prior to the scheduled arrival of the vessel at the port deliver an irrevocable unconditional letter of credit, in favour of CuDeco payable immediately on presentation in respect of the shipment for a sum equal to the Company's estimate of the value of the minerals contained in the Concentrates in that shipment.
- The term of the Offtake Agreement is from the date of the Offtake Agreement until the earliest of

  (i) a party is in default under the Offtake Agreement and that default is not remedied within 30 business days and the non-defaulting party serves a notice upon the defaulting party electing to terminate the Offtake Agreement;

(ii) the permanent close-down of the Company's concentrate production at the Rocklands Group Copper Project, subject to written consent to terminate the Offtake Agreement by China Oceanwide; and

(iii) the date 25 years after the date of the Offtake Agreement.

As part of a share placement with China Oceanwide concluded in December 2014, the Company entered into a memorandum of understanding with China Oceanwide detailing the terms of the placement and including an offer for China Oceanwide to purchase 100% of the native copper from the project. This offer is subject to the parties entering into final documentation.

Contract for supply of native copper for purchase

The Company has entered into a supply agreement with Qingyuan Sunshine Recycling Co; Ltd. (**QSR**). Under the agreement the Company provided 2 x 20' containers with approximately 44 tonnes of the native copper product for test work. QSR has agreed to purchase up to 40,000 tonnes per year of the Native Copper product.

QSR agrees to pay CuDeco 90% of LME Cash buyer price on FOB Townsville port. The Copper content to be determined by Guangdong General Research Institute of Non-Ferrous Metals after smelting of blister copper at destination .

There is no obligation under the agreement for CuDeco to supply 40,000 tonnes or part thereof.

Transport, Logistics and Fuel

Agreements with Cannon & Connelly Investments Pty Ltd trading as Townsville Bulk Storage & Handling (TBSH)

The Company has entered into contracts with TBSH for

a. A five-year Mine to Port Transport and Logistics Agreement, with a five-year extension option

TBSH is contracted to control and manage all aspects of the logistics chain. TBSH is an established transport, warehousing and stevedoring service provider, and the largest privately owned full-service provider in North Queensland, offering a fully integrated haulage and port services solution.

Under the agreement, Rocklands concentrate will be shipped in closed half-height containers from the mine site through to Townsville, where it will be loaded onto ships for delivery to local and international markets by sea. The entire logistics chain will be managed by TBSH, including transport of up to 850,000 tonnes of copper and cobalt/pyrite concentrates over the first five years of production from the Rocklands mine site.

The agreement includes:

- Loading and trucking of concentrate product from the Rocklands mine site to Townsville, in closed dust-proof containers;
- Road transport of the dust-proof containers between Cloncurry and Townsville;
- Storage of concentrate in closed containers at TBSH depot in Townsville; and
- Direct loading of concentrate product onto ships at the Port of Townsville using retainer technology.

The agreement also includes the supply of half-height closed containers and back-delivery of same on returning trucks, at no additional cost to CuDeco,

b. The supply and delivery of bulk fuel

Under the contract TBSH will supply and deliver up to 750,000 litres of diesel per week, to fuel CuDeco's constructed 28 MW Cummins power station, mining fleet and light vehicles.

The price for the fuel will change weekly in accordance with the "buy rate" which is calculated according to a pre-determined formula based on the Townsville Daily Terminal Gate Price (**Townsville Daily TGP**) per litre.

The Townsville Daily TGP is the weighted average GST exclusive cost of the quantities purchased by the Supplier during each week ending on Friday during the term of the agreement.

TBSH agrees to supply, install and maintain during the term of the agreement the following at its sole expense:

(a) Six fuel storage tanks (AS1692 Double Skinned Diesel Storage Tanks) at the Power Station Tank Farm for a minimum storage capacity of 500,000 litres with equipment suitable for using the tanks to refuel the Power Station;
(b) Two fuel storage tanks (AS1692 Double Skinned Diesel Storage Tanks) at the Mining Tank Farm for a storage capacity of 200,000 litres with equipment for using the tanks to refuel heavy truck and service trucks and light vehicles; and
(c) The supplier agrees to maintain during the term a minimum level of a five day “Operating Supply” being the average consumption of the preceding 30 days of usage from the Power Station Tanks and Mining Tank Farm.

The Company has provided TBSH with a Permit to Occupy the site with the above tanks at a nominal annual charge. This permit remains in place for the term of the above agreement.

Native title

Under the Native Title Agreements concluded, the Company is committed to making certain payments including:

- Annual administration payments of $30,000;
- $50,000 on commencement of production of minerals from the mining lease areas; and
- Annual payment of a total of 0.3368% of the value of minerals sold from the mining lease areas.

Loan Funded Share Plan

In November 2011, the Company sought, and was granted, approval for setting up of Loan Funded Employee Share Plan (**Share Plan**). The Share Plan allows Directors from time to time to invite eligible employees to participate in the Share Plan and offer shares to those eligible persons. The Share 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.

Under the terms and conditions of the Share Plan the participants are loaned the value of the shares at the date of their allocation and the shares are held in trust until the loan is repaid. The loan is a non-interest bearing loan and any recourse is limited to the value of the shares. The shares are issued at the weighted average of the share price over the five trading days before the shares were allocated. The vesting of the shares will be subject to performance or service conditions as determined by the Board. The shares allocated to employees under the Share Plan are held in trust for eligible persons as security for the loans. There are no cash settlement alternatives.

The loan funded shares for accounting purposes are considered to be in-substance options and are treated as such in the accounts of the Company.

Finance Facilities

China Minsheng Banking Corporation

The Group has secured two finance facilities from the China Minsheng Banking Corporation Limited. These facilities include;

- Facility A – US$60m facility for construction costs; and
- Facility B – US$5m to assist with working capital requirements post commissioning of the processing plant.

At 30 June 2015, the US$5m working capital facility has not been allowed to be drawn.

At 30 June 2015, the US$60m facility to fund construction costs has been fully drawn. This facility is repayable in four quarterly tranches of US$15 million. The first tranche is due on either one of the following key milestone dates:

- A date 21 months from the day the facility was drawn (the facility was drawn in July 2014);
- Three months following the last day of the relevant month when the commissioned processing plant achieves 9,000 tonnes of throughput per day for three consecutive days. The directors believe the plant will achieve this output in March 2016.

The Company has requested an extension of time from the bank for the first due payment.

Both facilities are secured by registered security interests over the assets of the Group.

The interest rate payable on both facilities is the aggregate of LIBOR for three months plus 3.50% margin plus 2% management fee. A commitment fee calculated at the rate of 1% per annum is also payable on funds not drawn down under either facility.

Substantial Shareholders short term loans

The Company's Substantial Shareholders have provided short term loans of $8.3 million to the Company. As at the date of this Prospectus $6.3 million remains outstanding. The Details of the loans outstanding are as follows:

Date	Lender	Description	Amount of Loan $	Interest rate
3 Aug 2015	China Oceanwide International Investment Co., Ltd	Short term Loan #1	1,000,000	4% p.a. accrued monthly
3 Aug 2015	New Apex Asia Investment Ltd	Short term Loan #1	1,000,000	4% p.a. accrued monthly
3 Aug 2015	Equus Capital Management Ltd (Loan arranged by Sinosteel)	Short term Loan #1	333,333	4% p.a. accrued monthly
15 Sept 2015	China Oceanwide International Investment Co., Ltd	Short term Loan #2	2,000,000	11% p.a. accrued monthly
15 Sept 2015	New Apex Asia Investment Ltd	Short term Loan #2	2,000,000	11% p.a. accrued monthly

The loans are to be repaid from the proceeds of the rights issue.

3.7 Other Matters

Shareholder vote against previous capital raising

On 4 May 2015, the Company completed a $5,000,000 placement to Focus Sun Holdings Limited at $1.25 per share.

On 30 June 2015, the Company held an Extraordinary General Meeting to approve the issue of a further 36 million shares at $1.25 and 20 million options to Focus Sun Holdings Ltd, for the purpose of financing the completion of the Rocklands Plant. CuDeco's shareholders did not support that resolution and it was subsequently defeated.

Following this action, there were changes in the Company's board and senior management. These changes included:

- The appointment of Peter Hutchison as Interim Managing Director

- The appointment of David Taylor as Interim Chairman (he subsequently resigned in January 2016)
- Resignation of Wayne McCrae from the position of Chairman and CEO
- Resignation of Wayne McCrae as a Director and employee of the Company
- Election of Mr Jiang Yongmin as a non-executive director and nominee of Sinosteel Equipment and Engineering Co., Ltd (he subsequently retired at the Company's AGM on 14 December 2015).

Recent placement to Singaporean investor

On 17 November 2015, the Company finalised a $30,000,000 share placement to Singapore based private investor Rich Lead Investment Pte Limited at $0.80 per share giving it an 11.9% equity interest in the Company. Under the terms of the placement, Rich Lead is entitled to appoint a nominee director to the Company's Board. A nomination was received and Dr Dianmin Chen was appointed with effect from 14 December 2015.

Delay in issuing year end accounts and holding AGM

Under the accounting standards a review is required at each reporting date for an asset when there is an indication of a possible impairment (a triggering event). For CuDeco, the triggering event has resulted from the current market capitalisation of the Company being significantly lower than the carrying value of its assets.

The Company completed an internal assessment of the Rocklands asset, however the finalisation of that assessment was subject to the Board receiving further input by third parties which may have confirmed or adjusted the amount, approval by the board of any amendments and a review by the Company's external auditors.

Given the above assessment of the Rocklands asset was critical in determining its carrying value in the financial statements of the Company, the Board resolved to defer the issuing of the financial statements for 30 June 2015 until the Rocklands asset impairment could be completed.

Under the Corporations Act the accounts were to be lodged by 30 September 2015. The Company released its financial statements on 18 November 2015 and its annual report on 20 November 2015.

As the Company's annual report is to be tabled at its annual general meeting, this delay also impacted on the holding of the Company's annual general meeting before 30 November 2015 as required under the Corporations Act. Given that 28 days' notice of the meeting is required and to allow the shareholders sufficient time to review the annual report, the Company's annual general meeting was scheduled and held on 14 December 2015.

Due to the Company's breach of Chapter 2M Corporations Act for failing to lodge its annual accounts by 30 September 2015 (for the reasons set out above and in the Company's announcement of 1 October 2015 i.e. until it could assess the carrying book value of the Rocklands Project), ASIC made a determination under section 713(6) with the effect that a short form prospectus is not allowed to be used by the Company until 9 October 2016 and until then, the Company must issue a full prospectus under section 710 Corporations Act. This Prospectus is therefore issued under section 710 Corporations Act.

Rocklands Project Impairment Assessment

Each year as part of the Company's financial reporting process, the Company assesses the carrying value of its Rocklands project assets for indications of impairment. As a result of declining commodity prices, significant delays in the completion of the Rocklands project and other factors, the Company completed an impairment test of the Rocklands Project assets as at 30 June 2015 using a discounted cashflow model. The key assumptions included in the model were:

- Forecast commodity prices, including copper, gold, silver, cobalt and magnetite;

- Foreign exchange rates;
- Mining, processing, administrative and capital costs; and
- Discount rate of 10%.

In determining the value assigned to each key assumption, management has used external sources of information and utilised external consultants where possible and personnel within the Company to determine key inputs.

The Company's cash flow forecasts are based on estimates of future commodity prices and exchange rates. The Company reviewed long term forecast data from externally verifiable sources when determining its forecast making adjustments for specific factors relating to the Company. Copper prices used in the model ranged from $3.40 to $3.90 per pound.

Based on the impairment review at 30 June 2015, the recoverable amount for the Rocklands Project was determined to be $405 million, resulting in a provision for an impairment loss of $109 million.

The main factors that the Company believes contributed to this loss include:

- A general decline in the Australian mining industry requires the Group to revise estimates and assumptions;
- Recent declines in commodity prices (copper and cobalt in particular), and a general far more bearish outlook by the market suggests an expected reduction in revenues to be generated from the project; and
- Significant delays in the completion of the process plant construction phase have increased the costs incurred on the Project.

Further details on the impairment are contained in note 27 of the Company's financial statements included in its 2015 Annual Report.

<u>Rehabilitation security</u>

The Queensland Department of Environment and Heritage Protection (**DEHP**) requires the Company to provide security for the rehabilitation of the mine site at the end of the mining operations. In December 2015 the Company paid a further $4.3 million to secure a bank guarantee to be provided by the Company to DEHP as security for the rehabilitation liability, taking the total funds under guarantee to the Queensland Government to $6.42 million. DEHP has issued a further notice to the company after re-assessing the rehabilitation liability and have requested approximately $6.5 million as additional security. This additional security request is subject to an application for DEHP review.

<u>Suspension of trading</u>

At the request of the Company, the Company's shares have been suspended from trading on the ASX since 4 August 2015 to allow for the Company to resolve its long term funding needs. The Board considered that until plans were finalised that any reinstatement of trading would result in trading occurring in a market not fully and properly informed. The long term funding needs are essential to the Company's financial viability as it seeks funding to complete the final works to be undertaken before production commences and the Company can generate income. Upon completion of the Offer, the Company will seek reinstatement of trading of its Shares as shown in the timetable for the important dates of the Offer.

4. Historical Financial Information

Appendix B to this Prospectus contains the following financial information for the three most recent financial years which has been extracted from the Company's audited accounts for the relevant year:

(a) a consolidated income statement showing major revenues and expense items, and profit or loss; and
(b) an extract of the material notes to the 2015 financial statements.

A full version of the audited financial reports and notes to those reports for each year of this three year period can be found in the Company's annual report for the relevant year which is available on its website at www.cudeco.com.au.

The past performance of the Company should not necessarily be considered a guide to its future performance. The New Shares offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX.

5. Effect of Offer on CuDeco

5.1 Financial position

The Offer will have a material effect on improving the Company's and the Group's financial position. Set out below is the actual and the proforma unaudited consolidated statements of financial position as at 30 June 2015. The unaudited proforma statements incorporate the effects of the Offer, if fully subscribed. There have been no other material events since 30 June 2015.

Pro-forma consolidated statements of financial position

	Audited	Proforma
		Assuming Offer Fully Subscribed
	30-Jun-15	
	$'000	$'000
CURRENT ASSETS		
Cash and cash equivalents	3,574	77,941
Trade and other receivables	636	636
Inventories	5,001	5,001
TOTAL CURRENT ASSETS	9,211	83,578
NON CURRENT ASSETS		
Inventories	18,344	18,344
Property, plant and equipment	244,808	244,808
Exploration and evaluation assets	9,166	9,166
Development costs	160,335	160,335
Other assets	3,519	3,519
TOTAL NON-CURRENT ASSETS	436,172	436,172
TOTAL ASSETS	445,383	519,750
CURRENT LIABILITIES		
Trade and other payables	40,735	28,302
Loan and borrowings	19,589	13,589
Provisions	1,375	1,375
TOTAL CURRENT LIABILITIES	61,699	43,266

	Audited	Proforma Assuming Offer Fully Subscribed
	30-Jun-15	
	$'000	$'000
NON-CURRENT LIABILITIES		
Loan and borrowings	58,766	58,766
Provisions	6,455	6,455
TOTAL NON-CURRENT LIABILITIES	65,221	65,221
TOTAL LIABILITIES	126,920	108,487
NET ASSETS	**318,463**	**411,263**
EQUITY		
Contributed equity	478,535	571,335
Reserves	58,779	58,779
Accumulated losses	(218,851)	(218,851)
Total Equity	**318,463**	**411,263**

Basis of preparation

The Consolidated statements of financial positions have been prepared as an abridged version for the purposes of the Prospectus and do not include all the disclosures required under Australian accounting standards as required for annual financial statements or a half year report.

The Consolidated statements of financial positions are based on the accounting policies of CuDeco as included in the 30 June 2015 Audited Financial Report.

The basis of preparation includes the historical cost basis and, except for the calculation of the fair value of the options to be issued and where elsewhere stated, do not take into account changing money values or fair values of non-current assets.

The financial statements have also been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Whilst the Directors believe sufficient funds are held for commitments over the next 12 months, including for exploration and development planning purposes, the ability of the consolidated entity beyond that period or for mining and operations purposes, to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent on the ability of the consolidated entity to successfully raise additional funding and/or the successful exploration and subsequent exploitation of areas of interest.

The pro forma Consolidated statements of financial position have been prepared based on audited financial statements as at 30 June 2015, adjusted for the effects of the Offer. There were no other post 30 June 2015 transactions that were considered significant that required inclusion in the pro formas apart from a Share Placement undertaken in November 2015, where the Company raised $30 million from the issue of 37,500,000 shares at 80 cents per share.

Notes to the statements of financial position regarding pro forma Consolidated statements of financial position and post balance date transactions:

The pro forma Consolidated statements of financial position should be read in conjunction with the 30 June 2015 audited financial statements, which are available by contacting the Company on +61 7 5503 1955 or on CuDeco's website http://www.cudeco.com.au/reports.asp.

The pro forma Consolidated statement of financial position has been prepared to reflect the Offer being Fully Subscribed and gross proceeds of $63.1 million being raised.

The Consolidated pro forma statement of financial position reflects the receipt of funds of $63.1 million from the Offer resulting in:

(a) the issue of 78,855,542 Shares at $0.80 each, representing a $63.1 million increase in the Contributed equity of the Company; and
(b) the costs of the issue of approximately $750,000 being a reduction to Contributed equity based on the apportionment of the funds raised.

5.2 Principal effects of the Offer

The principal effects of the Offer assuming it is fully subscribed will be to:

(a) increase cash reserves by approximately $62.4 Million immediately after completion of the Offer, after deducting the estimated expenses of the Offer;
(b) reducing the amounts owing to Sinosteel by approximately $12.4 million;
(c) reducing Loans and borrowings by approximately $6 million; and
(d) increase the total number of Shares on issue from 315,422, 559 as at the date of this Prospectus to 394, 278, 199 following completion of the Offer.

5.3 Capital Structure

The share capital structure of CuDeco immediately following the Offer (excluding rounding of Entitlements), will be as follows, assuming $63.1 million is raised from the Offer and that the Offer is fully subscribed.

	$63.1 million is raised from the Offer	
	Shares	
	Number	%
Ordinary Shares on issue at the date of this Prospectus	315,422,559	80%
Maximum number of New Shares under Prospectus[1]	78,885,640	20%
Total	394,278,199	**100%**

Notes:

1. *Assuming that no further Share issues are undertaken prior to the Closing Date. Upon completion of the Offer and successful application for quotation to ASX, all Shares will be quoted on ASX.*

5.4 Going Concern

The Company's recently released 2015 financial report was prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2015 the Group had cash on hand of $3.6m, net assets of $318.5m and a net current asset deficiency of $52.5m. The Group recorded a loss of $131.5m for the year ended 30 June 2015 including impairment of $111.9m relating to the Rocklands Project.

During the year the Group raised $42.7m through the issue of shares and utilised US$60.0m of an approved finance facility to fund mine development and further construction costs relating to the Rocklands Project. At 30 June 2015, an amount of $36.9m was included in current liabilities for construction costs in relation to the processing plant. The supplier has agreed to accept deferred settlement payments over a period of approximately 12 months.

Subsequent to year end, the Company received $8.3m in short term loans from three of its shareholders to provide short term funding. Additionally, the Company has recently raised $30.0m through a share placement to a Singaporean entity. The Company will need to raise significant additional equity beyond these amounts.

The Company is currently in the process of completing the Rocklands Project including mine development, associated infrastructure and commissioning of the processing plant. The Company plans to fund the majority of the remaining capital expenditure through funds raised subsequent to year end and further capital raisings.

The directors have prepared cash flow projections that support the ability of the Company group to continue as a going concern. These cash flow projections are based on the successful completion of the Rocklands Project including associated infrastructure and commissioning of the Rocklands mine processing plant, with commercial production expected to commence in February 2016. The cash flow projections assume significant additional equity funding is raised in addition to the $38.3m raised subsequent to year end and positive cash flows being generated through the sale of processed ore commencing in early 2016.

The feasibility of the Rocklands Project is dependent on key assumptions including:

- Forecast commodity prices, including copper, gold, silver, cobalt and magnetite
- Foreign exchange rates
- Mining, processing, administrative and capital costs
- Discount rate of 10%

In the event these assumptions are not achieved, this may result in further material impairment and the Group may not continue as a going concern.

The ongoing operation of the Group is critically dependent upon:

- The Company's raising of significant additional equity funding from shareholders or other parties; and
- Successful and timely commissioning of the Rocklands mine processing plant and generating significant cash flows from mining activities.

In the event the Group does not raise sufficient equity funding from shareholders or other parties and receive significant cash flows from mining activities, the Group will be required to reduce planned expenditure in-line with available funding and may not be able to continue as a going concern. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

In the event the Group cannot continue as a going concern it may not realise its assets and settle its liabilities in the normal course of operations and at the amounts set out in its 2015 consolidated financial report.

6. Risk factors

6.1 Introduction

The Shares offered by this Prospectus should be considered speculative. The Directors strongly recommend that the Subscribers examine the contents of this Prospectus and consult their professional advisors before deciding whether to invest in the Company's Shares.

An investment in the Company will be exposed to a number of key risks related to its specific business operations. Key risks are risks that the Directors and senior management of the Company focus on when managing the business and which would have the potential, upon occurrence, to significantly affect the Company and the value of investments in the Company. An overview of these key risks is provided in Section 6.2.

An investment in the Company is also subject to general risks that are common to all investments in shares and are not specific to the business model and operations of the

Company. These include, for example, the volatility of share prices as a result of economic conditions. An overview of these general risks is provided in Section 6.3.

The following risk factors are not exhaustive but represent some of the major risk factors that may affect the future operating and financial performance of the Company and the value of an investment in it.

Prior to making a decision to invest in the Company, the Subscribers should carefully consider the risk factors set out below applicable to the Company. Careful consideration should be given to these risk factors, as well as the other information contained in the Prospectus and the investors' own knowledge and enquiries, before an investment decision is made.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation.

6.2 **Key risks specific to an investment in the Company**

Investors should be aware of the key risks specific to an investment in the Company as described below.

(a) Costs of Construction and Development

CuDeco is in the early stages of commencing the production phase of its Rocklands Copper Project. The construction of the mineral processing plant and associated infrastructure, as with any major construction effort, involves many risks, including the satisfactory performance of the various contractors that CuDeco has or may engage to engineer and construct the plant, the risk of cost overruns and delays in design and construction, plant performance deficiencies, shortages of or delays in the delivery of equipment, construction materials and labour, labour disputes, political events, litigation, adverse weather conditions, unanticipated increases in costs, natural disasters, accidents and unanticipated engineering, design or environmental problems. Any of these events or other unanticipated events could give rise to delays in the commencement of production and an increase in the costs necessary for construction at the Rocklands Copper Project. There can be no assurance that construction will be completed and the mineral processing plant commissioned on time and within the capital cost estimate.

While the design and construction contracts may provide for liquidated damages for, among other things, delays in completion of the project caused by other parties, these liquidated damages, if available, are unlikely to be sufficient to cover unforeseen increases in construction costs or other expenses resulting from these delays, and these delays could have a materially adverse effect on CuDeco's financial condition.

(b) Uncertainty of Development of Projects and Exploration Risk

The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the risks inherent in these activities.

The Company will depend on the Rocklands Copper Project for substantially all of its revenues and cash flows from operating activities in the near term. While the Company intends to continue investing in additional mining and exploration projects in the future, the Rocklands Copper Project is likely to be the Company's only producing mining project in the near term.

The Rocklands Copper Project is in the late stages of construction and is yet to demonstrate whether it is capable of operating at the targeted level of economic production. There is a risk that the targeted level of commercial copper ore production may be delayed or never realised, or realised only with the Company undertaking significant further capital expenditure. If the Company fails to complete the Rocklands Copper Project within the projected schedule and budget, the Company's Share price and the Group's business and results of its operations could be materially and adversely affected.

Some of the operations are still in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns;
- alterations to exploration programs and budgets;
- unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- unavailability of drilling, mining, processing and other equipment;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues;
- terms imposed by government on development of mining projects including conditions such as environmental rehabilitation, royalty rates and taxes;
- delays in completing feasibility studies and obtaining development approvals;
- risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory, including but, not limited to, environmental approvals on a timely basis. Development of a commercial mining operation is also dependent on the Company's ability to establish basic infrastructure such as (but not limited to) power, water, transport and housing to support its operations.

(c) Reliance on and Sourcing of Key Personnel

The Company is dependent on its Directors', managers' and consultants' ability to implement the Company's strategy in respect of the exploration and possible development of the Company's mineral interests. A number of factors, including the departure of senior management of the Company, could adversely affect the Company's ability to implement its strategy. There can be no assurance that any Director, manager or consultant of the Company will remain a Director, manager or consultant of the Company.

The success of the Company's operations may also depend on continued access to competent management and technical expertise, prudent financial administrators and the availability of appropriately skilled and experienced employees, contractors and consultants operating in relevant sectors. The continued access to such personnel cannot be guaranteed. In the event that the Company is unable to source such personnel, the Company could be adversely affected.

(d) Future Financing

Whilst development of the Rocklands Copper Project is in progress, Applicants should be aware that the Company does not have any current operating revenue. Accordingly, it must continue to fund its exploration, feasibility and possibly development programs through its cash reserves, equity capital or debt. The continued viability of the Company is therefore dependent upon:

- the successful completion of the Offer; and
- if the cash reserves currently available to the Company and the funds to be raised under the Offer are not sufficient to meet all the capital costs and working capital required to bring the Rocklands Copper Project to its break even cash flow position, then there may be a need for the further raising of debt or equity funds in the future. There can be no guarantee that the Company will be able to successfully raise project debt or equity finance for development of a mining operation at the Rocklands Copper Project.

(e) Metal Market Conditions

The Company’s financial performance is highly dependent upon the price of copper and other minerals extracted by it. The ability of the Company to successfully enter the commercialisation phase of its activities will depend upon its ability to sell copper, cobalt, gold and other minerals on commercial terms and prices. There can be no assurance that the Company will ultimately be able to sell the copper, cobalt, gold and other minerals it may produce on commercial terms.

The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for copper, cobalt, gold and other minerals is subject to many variables and may fluctuate markedly. Copper, cobalt and gold are traded commodities in Australia and their long term prices may rise or fall. In other jurisdictions, prices may be regulated or subject to regulation, which could cause prices to be lower than the cost of production.

(f) Product Sale Risk

The Company has a small number of customers who will purchase the bulk of its copper. The Company has agreed to sell on a ‘take or pay’ basis, a minimum of 60% of its annual production of concentrate products to the Oceanwide Group after its commencement of production. These sales could be increased to 100% at the Company’s election.

Whilst the Company has secured an off-take agreement for the sale and purchase of its mineral products from the Rocklands Copper Project with the Oceanwide Group and may also enter into agreements with other customers, the failure of the Oceanwide Group and any other customers to meet their respective obligations under their off-take agreements could have a material adverse effect on the business, financial condition and results of the Company.

(g) Environmental Risk

The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. The Company may be required to comply from time to time with environmental management issues that arise from factors beyond its control. The conduct of mining activities, if any ultimately takes place, on the Company's properties is subject to receipt of all necessary environmental approvals. There can be no guarantee that such approvals will be forthcoming and the conditions imposed for the grant of such approvals may be so onerous that they render the mineral project uneconomic. The Company proposes to operate fully in accordance with applicable laws and conduct its programmes in a responsible manner with regard to the environment.

(h) Operating Risks

The Company and its operations in Australia will be subject to usual industry operating risks including fire, accidental damage caused by employee errors or negligence, adverse weather conditions and industrial action.

The occurrence of any of these risks could result in substantial liability being incurred by the Company.

To mitigate this risk the Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any potential claims. Insurance cover may not be available for every risk faced by the Company. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(i) Tenure Risk

The mining interests held by the Company are subject to applicable laws regarding exploration, expenditure and renewal of such interests.

Laws and policies in Australia may impact on both the Company's ability to secure and maintain its mining interests and its ability to access the mining interests it holds. Mining interests are granted subject to various conditions including, but not limited to, work and expenditure conditions. Failure to comply with these conditions may expose the licences to forfeiture.

All of the exploration permits and tenement interests held by, or applied for, by the Company (or which the Company has an interest in) may in the future become subject to applications for renewal or applications for grant. Given that the terms on which the Company's permits are granted or renewed (if at all) are generally at the discretion of the relevant governmental or administrative authority, there is a risk that any mining interest held by the Company may not be renewed in the future, or that any application for grant may be refused, and that the Company may be unable to comply with legislative or regulatory requirements to retain title to its permits or applications.

If a mining interest is not granted or renewed (as the case may be) or access cannot be secured to carry out operations, the Company could be adversely affected as a result of the consequential loss of opportunity to discover and develop any mineral resources within those mining interests.

(j) Taxation

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

(k) Contractual Risk

The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

6.3 General Risks

(a) Share Market Conditions

The value of the Company Shares quoted on ASX will be subject to varied and often unpredictable influences on the market for equities and particularly for speculative stocks such as the Company's. It is important to recognise that share prices may fall as well as rise, and the Company's Shares may trade below or above the issue price. The price of the Company's Shares, when quoted on the ASX, will be influenced by international and domestic factors as well as general equity market fluctuations. Should these produce a negative effect on the Share price, this may also affect the Company's ability to raise development capital.

(b) General Economic Conditions

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- general economic conditions in Australia and its trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial disputes.

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.

(c) Changes in Government Policies and Laws

Changes in government laws, regulations, policies and administrative regimes, particularly those affecting ownership of mineral interests, taxation, royalties, land access, labour relations, environmental pollution and mining and exploration activities, may adversely affect the financial performance or the current and proposed operations generally of the Company. These changes may increase operating costs and may have a material adverse effect on the Company.

(d) Industrial Risk

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(e) Management Actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

(f) Media

You should not rely on any information contained in press articles or other media regarding the Company. There may be certain press and media coverage regarding our Company. It may cover certain financial information, industry comparisons, profit forecasts and other information about the Company that does not appear in this Prospectus. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information and should only rely on information included in this Prospectus or otherwise released by the Company in making any decision as to whether to invest in the Shares.

(g) Other risks

Please also refer to note 21 of the consolidated financial statements in Appendix B to this Prospectus which refers to the Company's exposure (if any) and management of market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

6.4 Speculative Nature of Investment

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by Shareholders in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares issued under this Prospectus.

7. Additional information

7.1 Basis of prospectus

CuDeco is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, CuDeco is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

This Prospectus is issued under Section 710 of the Corporations Act. That section requires the Company to issue a prospectus that contains all the information that investors and their professional advisors would reasonably require to make an informed assessment of:

(a) the rights and liabilities attaching to the New Shares; and
(b) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company.

The Prospectus must contain this information:

(a) only to the extent to which it is reasonable for investors and their professional advisors to find the information in the Prospectus; and
(b) only if a person whose knowledge is relevant under section 710(3) Corporations Act actually knows the information or in the circumstances ought reasonably to have obtained the information by making enquiries.

Copies of the documents lodged by CuDeco with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

(a) annual financial report for the period ending 30 June 2015; and

(b) any other financial statements lodged in relation to CuDeco with ASIC and any continuous disclosure notices given by CuDeco to ASX, in the period starting immediately after lodgement of the annual financial report for the Company for the period ended 30 June 2015 and ending on the date of lodgement of this Prospectus with ASIC.

7.2 ASX Information and Share Information

A list of the ASX Announcements that the Company has made during 2015 until the date of this Prospectus is set out in Appendix A of this Prospectus. Copies of ASX announcements made by the Company may be obtained on the ASX website or the Company's website: www.cudeco.com.au.

The highest and lowest prices of shares in the Company on the ASX in the 6 month period before the date of this Prospectus and the respective dates of those sales are set out below.

	High	Low	Volume weighted average
One month	$1.105	$1.105	$1.105
Three months	$1.105	$1.105	$1.105
Six months	$1.700	$1.105	$1.281

The last market sale price of Shares as at 4 August 2015 was $1.105. Since that date the shares in the Company have not traded as the Company has been voluntarily suspended.

The issue price is $0.80 for a New Share. The Offer Price represents a 27.6% discount to the closing price on 4 August 2015.

7.3 Rights and liabilities attaching to New Shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

(b) Dividends

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Shares paid proportionately to the amounts paid on the Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

(c) Transfer of the Shares

(1) Uncertificated System

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the Securities Clearing House Business Rules approved under the Corporations Act or by an instrument of transfer in any usual from or by another form approved by the Directors or recognised by the Corporations Act or the ASX Listing Rules.

(2) Certificated System

Subject to the Constitution and the Corporations Act, a Shareholder's share may be transferred by instrument in writing in any form authorised by the Corporations Act and the ASX Listing Rules or in any other form authorised by the Corporations Act and the ASX Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

(3) Acceptance of transfer

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(d) Winding up

Upon accepting the Entitlement to New Shares and paying the Acceptance Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

(e) Future increases in Capital

The allotment and issue of any new shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of 75% of the holders of the issued shares of that class, or if authorised by an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

(g) General Meeting

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

7.4 Section 708A(11) of the Corporations Act

The Company has issued the following Placement Shares (without a disclosure document to investors under Part 6D of the Corporations Act) to investors who are considered sophisticated investors for the purposes of the Corporations Act. In the 12 months prior to the date of this Prospectus in circumstances where the Company was not able to comply with the section 707 secondary sale provisions, under section 708A of the Corporations Act due to a suspension of the Company's Shares from trading on the ASX:

Date of issue	Number of Shares	Description
27 February 2015	23,600,000	$29,500,000 placement to China Oceanwide International Investment Co., Limited at $1.25 per share

Date of issue	Number of Shares	Description
4 May 2015	4,000,000	$5,000,000 placement to Focus Sun Holdings Limited at $1.25 per share
4 May 2015	1,200,000	$1,500,000 placement to Gao Zhan Ying at $1.25 per share
4 May 2015	400,000	$500,000 placement to China Oceanwide International Investment Co., Limited at $1.25 per share
17 November 2015	37,500,000	$30,000,000 placement to Singapore based private investor Rich Lead Investment Pte Limited at $0.80 per share
Total	66,700,000	

If Shares are issued to an investor without a disclosure document then the on-sale of those same Shares is generally restricted pursuant to the Corporations Act, unless an exemption applies (such as those under section 708A of the Corporations Act). These on-sale provisions are an anti-avoidance mechanism that is designed to minimise the opportunity for an issuer of securities to avoid giving disclosure to retail investors by first issuing the securities to an investor for whom disclosure is not required and then having that investor on sell the securities to a retail investor.

The on-sale provisions seek to ensure that regardless of whether the securities are issued directly or indirectly to retail clients, the retail clients received adequate disclosure for what is indirectly an issue of securities and the issuer remain liable to retail clients for the efficacy of that disclosure.

Section 708A operates as an exemption from the on-sale provisions. If the Company does not fall within one of these exemptions, any securities issued to an exempt investor (pursuant to section 708 of the Corporations Act) may be restricted from on-sale for the first 12 months from the date of issue unless the investor (to whom the securities may be on-sold) also falls within one of the exemptions.

However, section 708A(11) provides that a sale offer of securities would not need disclosure (and therefore would be exempt from the on-sale provisions) if the securities are in a class of securities that are quoted securities and a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made, or the Shares are issued after the lodgement of a Prospectus at a time when offers under the Prospectus are still open for acceptance.

The Company notes that none of the above listed Placement Shares have been on-sold and as such, the holders of the Placement Shares referred to in the table above may wish to rely on this Prospectus and section 708A(11) of the Corporations Act if they wish to on-sell their Placement Shares.

The issue of the Placement Shares was not undertaken by the Company with the purpose of holders of the Placement Shares selling or transferring the Placement Shares. However, the Directors consider that the holders of the Placement Shares should be able to sell the Placement Shares should they wish to do so, without being required to issue a prospectus.

7.5 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, except where disclosed in the corporate governance statement.

This year the Company has adopted ASX Listing Rule 4.10.3 which allows companies to publish their corporate governance statement on their website rather than in their annual report. The directors have reviewed the statement and a copy of the statement along with any related disclosures is available at http://www.cudeco.com.au/governance.asp

7.6 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last 2 years in:

(a) the formation or promotion of the Company;

(b) property acquired or to be acquired by the Company in connection with:

(1) its formation or promotion; or

(2) the Offer; or

(c) the Offer,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

(a) to induce them to become, or to qualify as, a Director of the Company; or

(b) for services provided by a director in connection with:

(1) the formation or promotion of the Company; or

(2) the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Offer.

Director	Number of Shares[1]	Allocated under the employee share plan	
		No. of Shares	
		Vested	Not Vested
Dr Noel White	-	-	-
Mr Peter Hutchison	1,075,534	291,666	-
Mr Paul Keran	81,666	116,666	-
Mr Zhijun Ma	-	-	-
Mr Hongwei Liu	112,000	100,000	-
Mr Zhaohui Wu	-	-	-
Dr Dianmin Chen	-	-	-

Note:
1. Number of Shares excludes Shares issued under the employee share plan, which are included in subsequent columns

7.7 Directors Fees

Set out below is the remuneration paid to the current Directors of the Company and their associated entities for the past 2 years.

Directors' remuneration for the financial year ended 30 June 2014:

Director	Remuneration ($)	Superannuation ($)	Total ($)
Dr Noel White	N/A	N/A	N/A
Mr Peter Hutchison	708,750	24,996	733,746
Mr Paul Keran	55,000	5,088	60,088
Mr Zhijun Ma	50,000	-	50,000
Mr Hongwei Liu	50,000	-	50,000
Mr Zhaohui Wu	25,000	2,891	27,891
Dr Dianmin Chen	N/A	N/A	N/A

Directors' remuneration for the financial year ended 30 June 2015:

Director	Remuneration ($)	Superannuation ($)	Total ($)
Dr Noel White	N/A	N/A	N/A
Mr Peter Hutchison	648,900	34,996	683,896
Mr Paul Keran	60,000	5,700	65,700
Mr Zhijun Ma	12,500	-	12,500
Mr Hongwei Liu	37,500	-	37,500
Mr Zhaohui Wu	25,000	2,375	27,375
Dr Dianmin Chen	N/A	N/A	N/A

Directors' remuneration for the period from 1 July 2015 to 31 December 2015:

Director	Remuneration ($)	Superannuation ($)	Total ($)
Dr Noel White	N/A	N/A	N/A
Mr Peter Hutchison	324,450	18,496	342,946
Mr Paul Keran	15,000	1,425	16,425
Mr Zhijun Ma	-	-	-

Director	Remuneration ($)	Superannuation ($)	Total ($)
Mr Hongwei Liu	6,250	-	-
Mr Zhaohui Wu	6,250	593.75	6,843.75
Dr Dianmin Chen	N/A	N/A	N/A

For the current financial year, each of the Directors of the Company are entitled to be paid the following remuneration:

Director	Current Remuneration Per Annum (including superannuation)
Dr Noel White	120,000
Mr Peter Hutchison	683,900
Mr Paul Keran	65,700
Mr Zhijun Ma	50,000
Mr Hongwei Liu	50,000
Mr Zhaohui Wu	54,750
Dr Dianmin Chen	54,750

Note: each of the above tables, exclude the value of any securities issued to the Directors in the relevant period under the loan funded employee share plan as approved by shareholders at the Annual General Meeting of CuDeco held on 24 November 2011. Details of these Shares are set out in section 7.6 above.

Any Directors of the Company that are on a committee of the Board are entitled to a further fee of $10,000 per annum for those duties.

The Board considers that these amounts are reasonable remuneration pursuant to section 211 of the Corporations Act and accordingly, member approval is not required.

Details of the intention of Directors to participate in the Entitlement Offer is set out in section 1.6.

7.8 Substantial Holders

The following are details of those Shareholders who hold more than 5% of the Shares prior to the date of this Prospectus:

Substantial Holder	Number of Shares	%
China Oceanwide International Investment Co. Limited	54,858,774	17.4
Rich Lead Investment Pte Limited	37,500,000	11.9

Substantial Holder	Number of Shares	%
New Apex Asia Investment Limited	23,087,206	7.3
Sinosteel Equipment and Engineering Co. Ltd	17,310,144	5.5

On 23 July 2015, China Oceanwide International Investment Co. Limited, Sinosteel Equipment & Engineering Co. Limited and New Apex Asia Investment Limited each lodged an ASIC Form 604 under section 671B Corporations Act to notify of a change of interest of substantial holders. In that notice, an association between these shareholders was notified as '*discussions have been held in relation to mutual concerns about the financial performance of CuDeco Limited, with the view to the relevant parties proposing to act in concert in relation to CuDeco Limited' affairs (namely the provision of funding to CuDeco Limited). Sinosteel. Oceanwide and New Apex are currently in discussion with CuDeco Limited relating to the potential terms of such funding*". On 7 and 8 December 2015, China Oceanwide International Investment Co. Limited, New Apex Asia Investment Limited and Sinosteel Equipment & Engineering Co. Limited each lodged an ASIC Form 604 to advise that this association ceased on the signing of the short term loan agreements with the Company on 3 August 2015 and that they no longer act in concert in relation to providing funding or otherwise in connection with the affairs of the Company.

7.9 Underwriting and potential effect on control of the Company

The Underwriter has appointed four companies as Sub-Underwriters. Three of them are Substantial Shareholders of the Company (China Oceanwide International Investment Co. Limited, New Apex Asia Investment Limited and Rich Lead Investment Pte Limited) and the fourth is an independent party, AM Capital Limited. Under the terms of the Underwriting Agreement, the Sub-Underwriters have agreed to sub-underwrite 100% of any Shortfall, with AM Capital agreeing to take up to 10,000,000 Shares and the balance taken up by the other Sub-Underwriters pro-rata in accordance with their shareholding. On the basis that all Substantial Shareholders have committed to take up their full entitlements and should no other Shareholders take up any of their entitlements, this Shortfall may be up to 45,666,609 New Shares.

Eligible Shareholders are entitled to apply for Additional Securities in addition to subscribing for their full entitlement to New Shares. Those Additional Securities will reduce the Shortfall to be taken up by the Sub-Underwriters.

The following sets out examples of the potential voting interest of the Substantial Shareholders taking into account these sub-underwriting commitments. These examples are based on an assumption that AM Capital sub-underwrites 10,000,000 New Shares and the balance are taken up by the other Sub-Underwriters pro-rata in accordance with their shareholding. However, the final allocation amongst the Sub-Underwriters may change by agreement between the Sub-Underwriters and notified to the Company. It may also change as the final allocation between the Sub-Underwriters is subject to the approval of the Board. The tables below should therefore be treated as examples only.

Scenario 1 – Only Substantial Shareholders accept their Entitlements. The Major Shareholders and AM Capital fully sub-underwrite the balance

	China Oceanwide	New Apex Asia Investment Limited	Sinosteel	Rich Lead Pte Ltd	AM Capital	Other Shareholders	Total	Amount raised from the offer
Current shares on issue	54,858,774	23,087,206	17,310,144	37,500,000	-	182,666,435	315,422,559	-
Entitlements accepted	13,714,694	5,771,802	4,327,536	9,375,000	-	0	33,189,031	26,551,225
Underwritten Securities	16,948,415	7,132,707	-	11,585,486	10,000,000	-	45,666,609	36,533,287
Total	85,521,883	35,991,714	21,637,680	58,460,486	10,000,000	182,666,435	394,278,199	63,084,512
% Holding after issue	21.69%	9.13%	5.49%	14.83%	2.54%	46.33%	100.00%	

Scenario 2 – Substantial Shareholders accept their Entitlements and other Shareholders accept 50% of their Entitlements. Major Shareholders and AM Capital fully sub-underwrite the balance

	China Oceanwide	New Apex Asia Investment Limited	Sinosteel	Rich Lead Pte Ltd	AM Capital	Other Shareholders	Total	Amount raised from the offer
Current shares on issue	54,858,774	23,087,206	17,310,144	37,500,000	-	182,666,435	315,422,559	-
Entitlements accepted	13,714,694	5,771,802	4,327,536	9,375,000	-	22,833,304	56,022,335	44,817,868
Underwritten Securities	6,098,258	2,566,440	0	4,168,607	10,000,000	-	22,833,304	18,266,644
Total	74,671,725	31,425,447	21,637,680	51,043,607	10,000,000	205,499,739	394,278,199	63,084,512
% Holding after issue	18.94%	7.97%	5.49%	12.95%	2.54%	52.12%	100.00%	

Scenario 3 – Substantial Shareholders and all other Shareholders accept their Entitlements (so that no underwriting is required)

	China Oceanwide	New Apex Asia Investment Limited	Sinosteel	Rich Lead Pte Ltd	AM Capital	Other Shareholders	Total	Amount raised from the offer
Current shares on issue	54,858,774	23,087,206	17,310,144	37,500,000		182,666,435	315,422,559	-
Entitlements accepted	13,714,694	5,771,802	4,327,536	9,375,000		45,666,609	78,855,640	63,084,512
Underwritten Securities	-	-	-	-	-	-	-	-
Total	68,573,468	28,859,008	21,637,680	46,875,000	0	228,333,044	394,278,199	63,084,512
% Holding after issue	17.39%	7.32%	5.49%	11.89%	0.00%	57.91%	100.00%	

7.10 Related Party Transactions

From time to time the Company may be party to transactions with related parties including:

(a) employment and service arrangements;

(b) rental agreements; and

(c) payment of directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "'arms length" basis or reasonable remuneration basis.

The Company discloses the following transactions with related parties which have either proceeded on an "'arm's length" or reasonable remuneration basis. The transactions are:

(a) Employment agreement with Mr Peter Hutchison and remuneration payable pursuant to that agreement. Full details of these arrangements are set out in the 2015 Financial Statements. Details of current remuneration are set out section 7.7.

(b) Engagement of Non-executive directors - Mr Keran, Dr White, Mr Ma, Mr Liu, Mr Wu and Dr Chen and payment of directors fees to non-executive directors. Details of current directors' fees are set out section 7.7; and

(c) Issues of Shares were made to Directors pursuant to a loan funded share plan as approved by Shareholders of the Company at its AGM on 24 November 2011. Details of these Shares are set out in sections 1.6 and 7.6. All key employees and consultants are eligible to participate in the Share Plan.

7.11 Underwriting Agreements

The Company has engaged Australian-based Paradigm Securities as lead manager and Underwriter. Paradigm Securities have appointed four companies as Sub-Underwriters. As noted in section 7.9, three of these Sub-Underwriters are substantial shareholders in the Company, and the fourth is an independent company, AM Capital.

Under the terms of the Underwriting Agreement, the Substantial Shareholders have agreed to take up their full entitlements under the Offer. The Sub-Underwriters have agreed to fully sub-underwrite any Shortfall from the Offer (which may be up to approximately 45,666,609 New Shares) with AM Capital having agreed to sub-underwrite up to 10,000,000 New Shares. Any allocation of the Shortfall between the Sub-Underwriters can be varied by agreement between them, but the final allocation is subject to Board approval. The Sub-Underwriters will have 4 Business Days to pay after notification of their allocation.

Subject to the closing of the Offer and the subscription moneys having been received (including payment for the Shortfall from the Sub-Underwriters), the Company will pay the Underwriter a fee for its management and underwriting obligations of $500,000 and 1 million options (at a strike price of $2.00 with an expiry date 24 months after the date of issue) to be registered into the name of the Underwriter and/or its nominees. The Company will reimburse the Underwriter for all direct costs and reasonable expenses associated with the underwriting.

No fee is payable to the Sub-Underwriters.

7.12 Nominee Engagement

As noted in paragraphs 1.12 and 2.14, the Company may appoint a nominee, on normal commercial terms, as nominee for the sale of the New Shares that Ineligible Shareholders would have been offered under the Offer had they been eligible to participate. As at the date of this Prospectus that appointment has not yet been made.

The Company will announce the appointment of a nominee once a nominee has been appointed and approved by ASIC. That announcement will include a summary of the terms of the appointment of the nominee including any fees payable for their role as nominee.

If a nominee is not appointed before the Offer opens, then Eligible Shareholders and any Underwriters must have regard to the takeovers prohibition in section 606 of the Corporations Act when subscribing for New Shares, any Additional Securities and any Underwritten Securities.

If appointed, the nominee will be required to account to the Ineligible Shareholders the net proceeds of the sale. The number of New Shares that the Company will transfer to the Nominee will be the same number of Entitlements that would have been available to Ineligible Shareholders if they were able to participate in the Offer.

If, in the reasonable opinion of the nominee, there is no market, or no viable market, for the New Shares of Ineligible Shareholders (**Excluded Rights**), or a surplus of sale proceeds over the issue price and expenses of the sale of Excluded Rights cannot be obtained, then the Excluded Rights will be allowed to lapse and they will form part of the Shortfall.

7.13 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub- underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or

(c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

(a) formation or promotion of the Company; or

(b) offer of New Shares under this Prospectus.

The Company has engaged Australian-based Paradigm Securities as lead manager and Underwriter. Paradigm Securities have appointed the Sub-Underwriters (some of which are Substantial Shareholders in the Company) as sub-underwriters. Subject to the closing of the Offer and the subscription moneys having been received (including for the Shortfall from the Sub-Underwriters), the Company will pay the Underwriter a fee for its management and underwriting obligations of $500,000 and 1 million options (at a strike price of $2.00 with an expiry date 24 months after the date of issue) to be registered into the name of the Underwriter and/or its nominees. The Company will reimburse the Underwriter for all direct costs and reasonable expenses associated with the underwriting. No fee is payable to the Sub-Underwriters.

Moody Legal are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, Moody Legal have placed reasonable reliance upon information provided to them by the Company. Moody Legal does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately $90,000 (excluding disbursements and GST). Moody Legal are also engaged from time to time by the Company on a variety of legal matters. Further amounts may be paid to Moody Legal in accordance with its normal charges.

7.14 Limitation on foreign ownership

There are limitations under Australian law on the rights of non-Australian residents to hold or vote the Shares of an Australian company in the Foreign Acquisitions and Takeovers Act (the **FATA**). The FATA has been recently modernised and the new legislation applies from 1 December 2015. The FATA regulates certain acquisitions of substantial interests in Australian companies by 'foreign persons'.

The FATA defines a 'foreign person' as:

- an individual not ordinarily resident in Australia;
- any corporation or a trustee of a trust in which an individual not ordinarily resident in Australia, a foreign corporation or a foreign government holds a substantial interest with associates (that is, an interest of at least 20% in the corporation or trust); or
- a corporation or a trustee of a trust in which two or more persons, each of whom is either an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold and aggregate substantial interest with associates (that is, an interest of at least 40% in the corporation; or
- a foreign government,

Acquisitions of interests covered by the FATA may include the acquisition of shares, options or any other instrument which may be converted to shares, as well as any other type of arrangement which results in control of the corporation.

The recent introduction of Section 41 of the Foreign Acquisitions and Takeovers Regulation 2015 (Cth), has provided that the acquisition of an interest in securities in an entity (including securities in a land entity) is exempt if the acquisition is under a rights issue. If you are a foreign shareholder you should seek professional advice as to whether you are entitled to the benefit of this exemption.

If the transaction is notifiable under the FATA, the foreign person is prevented from acquiring or entering into an agreement to acquire an interest in an existing Australian corporation without first applying in the prescribed form for approval by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

The thresholds were increased from 1 December 2015, and a holder is deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 20% of the voting power in the corporation or holds interests in not less than 20% of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40 percent of the voting power in that corporation or hold not less than 40 percent of the issued Shares in that corporation.

The modernisation of the FATA has included the imposition of fees for applications and a new offences and civil penalties regime. Further information on the recent amendments to the FATA and its associated legislation can be found at www.firb.gov.au.

The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

The information is this section is general in nature and without taking into account your circumstances and structure. Any foreign shareholders or investors should seek independent professional advice to determine whether approval under the FATA or other legislation is required before deciding to invest in the Offer.

7.15 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

(a) the operations of the Company,

(b) the results of those operations; or

(c) the state of affairs of the Company.

7.16 Litigation

A former employee has commenced legal action against the Company for an amount of approximately $340,000 being the alleged loss incurred by the employee as a result of the cancellation of options previously issued to him under the Company's Employee Option Plan. No provision has been made in the financial statements in respect of this claim as the Company considers it will be able to successfully defend the claim.

A claim has been brought by the Company against a supplier of plant and equipment for damages and losses suffered as a result of the plant and equipment not being to the required standard. The claim exceeds $10m. The supplier has lodged a counter-claim where the net liability to the parent company would be approximately $1.78m should the claim be successful and costs awarded. The parent company believes that it will be able to successfully defend the counter-claim and no provision has been made in the financial statements.

Other than the matters detailed above, the Company and its subsidiaries is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company, its subsidiaries or their respective business.

7.17 Privacy

By submitting an Entitlement and Acceptance Form for shares you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Advanced Share Registry Ltd, an external service provider. The Company requires Advanced Share Registry Ltd to comply with the National Privacy Principles in performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

(a) when you agree to the disclosure;

(b) when used for the purposes for which it was collected;

(c) when disclosure is required or authorised by law;

(d) to other members in the CuDeco group of companies;

(e) to your broker; and

(f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Advanced Share Registry Ltd, except in limited circumstances. If you wish to access, update or correct your personal information held by Advanced Share Registry Ltd or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

7.18 Expenses of the offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of $750,000 if fully subscribed.

7.19 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

Moody Legal has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Advanced Share Registry Ltd has given and, at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Advanced Share Registry Ltd has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Advanced Share Registry Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

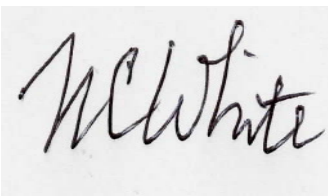
Paradigm Securities has given and has not withdrawn its consent to be named in this Prospectus as lead manager to the Offer and Underwriter in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Each of the Sub-Underwriters has given and has not withdrawn its consent to be named in this Prospectus as a sub-underwriter to the Offer in the form and context in which it is named in that capacity. The Sub-Underwriters (in their capacity as sub-underwriters) take no responsibility for any part of the Prospectus other than references to their respective names as sub-underwriters.

7.20 Directors' statement

This Prospectus is issued by CuDeco Limited. Each director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of CuDeco Limited by:



Dr Noel White
Chairman

8. Definitions & glossary

Terms and abbreviations used in this Prospectus have the following meaning:

Acceptance	An acceptance of Entitlements
Acceptance Monies	The Offer Price multiplied by the number of New Shares accepted for
Additional Securities	Has the meaning given in section 1.4
AM Capital	Means AM Capital Limited of AM Capital Limited of 19f, 8 Lynhurst Terrace, Central, Hong Kong
Applicant	A person who submits an Entitlement and Acceptance Form
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited and the Australian Securities Exchange
ASX Listing Rules	The official listing rules of the ASX
Board	The board of directors of CuDeco
Business Day	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Sydney
Closing Date	The date by which valid acceptances must be received by the Share Registry being 5.00pm (Perth time) Friday 26 February 2016 or such other date determined by the Board and the Underwriter
Company or CuDeco	CuDeco Limited ACN 000 317 251
Competent Person	Has the meaning given in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).
Constitution	The Constitution of the Company
Corporate Governance Principles and Recommendation	Corporate Governance Principles and Recommendation 2nd Edition released by the ASX Corporate Governance Council in August 2007 (as amended).
Corporations Act	*Corporations Act* 2001 (Cth)
Directors or Board	The board of directors of CuDeco from time to time

Eligible Shareholder	A shareholder of the Company that holds Shares in the Company on the Record Date
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form accompanying this Prospectus
Entitlements	The entitlement to accept New Shares under this Prospectus
Group	The Company and each of its wholly owned subsidiaries
Ineligible Shareholders	Shareholders having a registered address outside Australia, New Zealand, Singapore, Hong Kong, or the People's Republic of China (or to Shareholders having a registered address in the People's Republic of China who are not qualified domestic institutional investors) and other Shareholders who are restricted by local laws from participating in the Offer.
Law	The Corporations Act or any relevant and applicable law in Australia
New Shares	The Shares offered under this Prospectus
Offer	The offer and issue of New Shares in accordance with this Prospectus
Offer Price	$0.80 for each New Share applied for
Official List	The official list of entities that ASX has admitted and not removed
Official Quotation	Quotation on the Official List
Opening Date	Tuesday 16 February 2016 (9.00am Perth time)
Placement Shares	Shares issued without a disclosure document under Part 6D of the Corporations Act in the 12 months prior to the date of this Prospectus as set out in section 7.4
Prospectus	This prospectus dated 5 February 2016 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	7pm (Perth time) Thursday 11 February 2016
Register	Company Register of CuDeco

SCH	Means a securities clearing house approved by the ASIC
SCH Business Rules	The business rule of the SCH
Securities	Has the same meaning as in Section 92 of the Corporations Act
Share Registry	Advanced Share Registry Ltd
Shares	The ordinary shares on issue in CuDeco from time to time
Shareholders	The holders of Shares from time to time
Shortfall	Those New Shares for which the Entitlement lapses (which may be issued as Additional Securities, to the Underwriters or the Sub-Underwriters or otherwise as set out in this Prospectus)
Substantial Shareholders	Means the Shareholders who have lodged a substantial shareholder notice under section 671B Corporations Act and who as at the date of this Prospectus are set out in section 7.8
Sub-Underwriters	Means China Oceanwide International Investment Co. Limited, Rich Lead Investment Pte Limited, New Apex Asia Investment Limited and AM Capital
Underwriter	Means Paradigm Securities Pty Ltd ABN 95 159 611 060 being the underwriter appointed by the Company in respect of the Offer as announced to the market
Underwriting Agreement	Means the agreement for the appointment of the Underwriter by CuDeco
Underwritten Securities	means any New Shares which the Underwriter may take up in respect of the Offer being approximately 45,666,609 New Shares (but which is fully sub-underwritten by the Sub-Underwriters)

Appendix A

(ASX Announcements)

Date	Title of Announcement
03/02/2016	Rocklands Pictorial Update
01/02/2016	December Quarterly Report
29/01/2016	Appointment of Non-Executive Chairman
20/01/2016	Resignation of Director and Final Interest Notice
07/01/2016	Appendix 3B - Option Conversion
23/12/2015	Notice of Change of interest of Substantial Shareholder
21/12/2015	Initial Director Interest Notice - Dr Chen
21/12/2015	Letter Sent to Option Holders
17/12/2015	Update on Rights Issue
15/12/2015	Director Appointment
14/12/2015	Results of Meeting
14/12/2015	Chairman's Address to AGM
11/12/2015	Maiden Ore Reserve Estimate
09/12/2015	Revised rights issue timetable
08/12/2015	Change of Substantial Shareholder New Apex Asia
07/12/2015	Change of Substantial Shareholder Sinosteel
07/12/2015	Change of Substantial Shareholder Oceanwide
04/12/2015	Appointment of General Manager
03/12/2015	Revised Rights Issue Timetable
30/11/2015	Investor Presentation for Rights Issue
30/11/2015	Update on Annual General Meeting
25/11/2015	Correction To Revised Rights Issue
25/11/2015	Initial Substantial Shareholder Notice
25/11/2015	NON-RENOUNCEABLE REVISED RIGHTS ISSUE
20/11/2015	Annual Report 2015
18/11/2015	Financial Statements 30 June 2015
17/11/2015	Impairment Loss
17/11/2015	Appendix 3B re Share Placement
17/11/2015	Share Placement $30 Million
16/11/2015	Notice of Annual General Meeting/Proxy Form
12/11/2015	Update on Proposed Rights Issue
10/11/2015	Company Update
06/11/2015	Appendix 4 G
05/11/2015	CDU Panel Declines to Conduct Proceedings

02/11/2015	Logistics Update
02/11/2015	Quarterly Report - September 2015
02/11/2015	Update on AGM and Annual Report
29/10/2015	Funding Update
26/10/2015	TOV: CDU Panel Receives Application
23/10/2015	Update Re Financial Statements
13/10/2015	ASIC Determination
01/10/2015	Rights Issue Correction
01/10/2015	Update on Financial Statement to 30 June
21/09/2015	Final Director's Interest Notice
18/09/2015	Director Resignation
18/09/2015	Native Cu Processing and Company Funding
17/09/2015	Rights Issue
08/09/2015	Appointment of Alternative Director
04/09/2015	Update on Voluntary Suspension
04/09/2015	S&P DJ Indices Announces September Quarterly Rebalance
20/08/2015	Update on Voluntary Suspension
06/08/2015	Final Director's Interest Notice
06/08/2015	Suspension from Official Quotation
04/08/2015	Trading Halt Request
04/08/2015	Trading Halt
31/07/2015	Quarterly Report
30/07/2015	Rocklands Project Moving Forward
27/07/2015	Company Update
27/07/2015	Appendix 3X Initial Directors Interest Notice
24/07/2015	Update of Board of Directors
24/07/2015	Update on Board of Directors
24/07/2015	Reinstatement to Official Quotation (27/07/2015)
24/07/2015	Director Appointment/Resignation
24/07/2015	CuDeco Update on Funding
23/07/2015	Change in substantial holding
23/07/2015	Change in substantial holding
23/07/2015	Change in substantial holding
23/07/2015	Notice 203D received
23/07/2015	Company Update
23/07/2015	Rocklands Copper Metal Casting Plant Commissioned
14/07/2015	Update on Voluntary Suspension
02/07/2015	Suspension
30/06/2015	Trading Halt

30/06/2015	Results of Meeting
29/06/2015	Pictorial 26 - Rocklands Update
29/06/2015	Increase in Copper grade during mining
26/06/2015	Increase in Copper grade during mining
25/06/2015	Native Copper Supply Agreement
12/06/2015	FIRB Approval
02/06/2015	Notice of Extraordinary General Meeting/Proxy Form
01/06/2015	FIRB Application
18/05/2015	Rocklands Copper Project Update
11/05/2015	Appendix 3B
07/05/2015	Appendix 3B
05/05/2015	Rocklands Copper Project Update
04/05/2015	Reinstatement to Official Quotation
04/05/2015	Funding Update
30/04/2015	March Quarterly Report
17/04/2015	Change in substantial holding
09/04/2015	Extension of Voluntary Suspension
07/04/2015	Appendix 3B
23/03/2015	Market Update on Progress at Rocklands
16/03/2015	Half Yearly Report and Accounts
02/03/2015	Company Update
02/02/2015	Voluntary Suspension
02/02/2015	Quarterly Report December 2014
30/01/2015	Results of Meeting
29/01/2015	Suspension from Official Quotation
27/01/2015	Trading Halt
23/01/2015	Change of Director's Interest Notice
22/01/2015	Change of Director's Interest Notice
16/01/2015	Change of Director's Interest Notice
14/01/2015	Appendix 3B
05/01/2015	Hong Kong Dual Listing

Appendix B

Consolidated statement of profit or loss and other comprehensive income
for the years ended 30 June 2013, 2014 and 2015

	Notes	2015	2014	2013
		$'000	$'000	$'000
Finance income		**126**	641	3,139
Other income		**1**	1,624	458
		127	2,265	3,597
Expenses				
Depreciation expense		**(830)**	(772)	(525)
Employee and consultancy expenses		**(5,643)**	(4,534)	(5,519)
Insurance expense		**(120)**	(174)	(279)
Occupancy expenses		**(430)**	(594)	(1,045)
Stock exchange and shareholder communication expenses		**(383)**	(309)	(249)
Travel		**(333)**	(163)	(531)
Foreign exchange loss		**(11,792)**	-	-
Impairment of mining assets	22	**(109,000)**	-	-
Impairment of logistical infrastructure assets	22	**(2,914)**	-	-
Other		**(137)**	(265)	(269)
Total Expenses		**(131,582)**	(6,811)	(8,417)
Loss from continuing operations before related income tax expense/benefit		**(131,455)**	(4,546)	(4,821)
Income tax benefit	8	**-**	-	828
Net loss for the year		**(131,455)**	(4,547)	(3,993)
Other comprehensive income		**-**	-	-
Total comprehensive income (loss) for the year		**(131,455)**	(4,547)	(3,993)
		Cents	Cents	Cents
Earnings per share:				
Basic earnings (loss) per share		**(53.7)**	(2.1)	(2.1)
Diluted earnings per share		**(53.7)**	(2.1)	(2.1)

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

Consolidated statement of financial position as at 30 June 2013, 2014 and 2015

	Notes	2015 $'000	2014 $'000	2013 $'000
CURRENT ASSETS				
Cash and cash equivalents		**3,574**	9,231	45,522
Trade and other receivables	9	**636**	960	2,135
Inventory	10	**5,001**	11,141	-
TOTAL CURRENT ASSETS		**9,211**	21,332	47,657
NON-CURRENT ASSETS				
Inventory	10	**18,344**	-	2,934
Property, plant and equipment	11	**244,808**	219,219	147,248
Exploration and evaluation assets	12	**9,166**	16,627	39,168
Development costs	13	**160,335**	149,689	90,250
Other assets	14	**3,519**	2,231	1,985
TOTAL NON-CURRENT ASSETS		**436,172**	387,766	281,585
TOTAL ASSETS		**445,383**	409,098	329,242
CURRENT LIABILITIES				
Trade and other payables	15	**40,735**	7,467	4,830
Loans and borrowings	16	**19,589**	-	-
Provisions	17	**1,375**	1,374	172
TOTAL CURRENT LIABILITIES		**61,699**	8,841	5,002
NON-CURRENT LIABILITIES				
Loans and borrowings	16	**58,766**	-	-
Provisions	17	**6,455**	6,286	2,041
TOTAL NON-CURRENT LIABILITIES		**65,221**	6,286	2,041
TOTAL LIABILITIES		**126,920**	15,127	7,043
NET ASSETS		**318,463**	393,971	322,199
EQUITY				
Contributed equity	18	**478,535**	424,602	367,829
Reserves	20	**58,779**	56,765	37,221
Accumulated losses		**(218,851)**	(87,396)	(82,851)
TOTAL EQUITY		**318,463**	393,971	322,199

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

	Contributed Equity	Accumulated Losses	Option Reserve	Capital Realisation Reserve	Capital Redemption Reserve	Total Equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance – 1 July 2012	311,313	(78,858)	34,647	95	432	267,630
Profit (Loss) for the year		(3,993)				(3,993)
Total comprehensive income	-	(3,993)	-	-	-	(3,993)
Shares issued						
To pay for Goods and Services	49,540	-	-	-	-	49,540
Option Conversion	750	-	-	-	-	750
Share Placement	17,250	-	-	-	-	17,250
Share issue costs	(926)	-	-	-	-	(926)
Share based payment expense		-	2,047	-	-	2,047
Less Shares transferred to Employee Share Plan	(10,097)	-	-	-	-	(10,097)
Balance – 30 June 2013	**367,829**	**(82,851)**	**36,694**	**95**	**432**	**322,200**
Profit (Loss) for the year	-	(4,547)	-	-	-	(4,546)
Total comprehensive income	-	(4,547)	-	-	-	(4,546)
Shares issued						
To pay for Goods and Services	24,603	-	-	-	-	24,603
Rights issue including issue to underwriters	38,185	-	18,314	-	-	56,499
Share issue costs	(2,092)	-	(925)	-	-	(3,017)
Share based payment expense	-	-	2,155	-	-	2,155
Less Shares transferred to Employee Share Plan	(3,923)	-	-	-	-	(3,923)
Balance - 30 June 2014	**424,602**	**(87,396)**	**56,238**	**95**	**432**	**393,971**
Profit (Loss) for the 2015 year	-	(131,455)	-	-	-	(131,455)
Total comprehensive income	-	(131,455)	-	-	-	(131,455)
Shares issued in 2015						
Share Placements	42,653	-	-	-	-	42,653
To pay for Goods and Services	12,776	-	-	-	-	12,776
Share issue costs	(7)	-	-	-	-	(7)
Share based payment expense	-	-	2,014	-	-	2,014
Less Shares transferred to Employee Share Plan	(1,489)	-	-	-	-	(1,489)
Balance - 30 June 2015	**478,535**	**(218,851)**	**58,252**	**95**	**432**	**318,463**

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

Consolidated Statement of Cash Flows for the year ended 30 June 2013, 2014 and 2015

	Notes	2015 $'000	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts in the course of operations		**1**	18,723	1,465
Payments in the course of operations		**(5,562)**	(23,111)	(10,329)
Interest received		**128**	766	3,901
Research and development tax concession		**-**	-	828
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	24	**(5,433)**	(3,622)	(4,135)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment		**(55,702)**	(51,443)	(45,439)
Payments for exploration and evaluation assets		**(42)**	(1,468)	(4,606)
Payments for mine development costs		**(47,497)**	(31,056)	(33,511)
Proceeds from sale of plant and equipment		**191**	111	296
Decrease (Increase) in security deposits		**32**	(245)	(1,936)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(103,018)**	(84,101)	(85,196)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		**42,653**	55,575	18,000
Proceeds from loan		**62,609**	951	-
Cost of on-market share buy-back/employee share plan		**(1,496)**	(3,923)	(10,097)
Share issue / buy back costs		**(933)**	(2,092)	(926)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		**102,833**	50,511	6,976
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(5,618)**	(37,212)	(82,355)
Cash and cash equivalents at the beginning of the financial year		**9,231**	45,522	127,442
Effect of foreign exchange rates on cash and cash equivalents		**(39)**	921	435
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**3,574**	9,231	45,522

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

CuDeco Limited (the "Company") is a company domiciled in Australia.

The Company's registered office is at Unit 33, Brickworks Annex, 19 Brolga Avenue, Southport Queensland. The consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" or "consolidated entity" and individually "Group companies").

The Group is a for-profit entity and primarily is involved in mineral exploration, evaluation, mine development and construction of the plant and other infrastructure related to the Rocklands Project in Cloncurry, Queensland.

2. BASIS OF ACCOUNTING

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(a) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 12 -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.

4. USE OF JUDGEMENTS AND ESTIMATES (continued)

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are included in the following notes:

Note 5 - Going Concern;
Note 10 – Inventory;
Note 11 – Property plant and equipment;
Note 12 – Exploration and evaluation expenditure
Note 13 – Development costs;
Note 17 – Recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources;
Note 19 – Share-based payment transactions; and
Note 22 - Impairment

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values and is overseen by the CFO.

The CFO regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:
Note 19 – share-based payment arrangements; and
Note 21 – financial instruments.

5. GOING CONCERN

The consolidated financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

Subsequent to year end, the Group announced its intention to complete a conditional underwritten renounceable rights issue to raise approximately $83m before costs. In September 2015, the Group received a $6m advance from the underwriters of the planned rights issue to provide short term funding.

The Group is currently in the process of completing the Rocklands Project including mine development, associated infrastructure and commissioning of the processing plant. The Group plans to fund the majority of the remaining capital expenditure through the planned rights issue.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. The cash flow projections assume additional funding of $83m is raised through the conditional rights issue, further $US5 million drawdown from its finance facility and cash flows are generated in the short term through the sale of processed ore. These cash flow projections are based on the successful completion of the mine development, associated infrastructure and commissioning of the Rocklands mine processing plant, with commercial production expected to commence in January 2016.

The ongoing operation of the Group is critically dependent upon:

- The Group raising equity funding from shareholders or other parties; and
- Successful commissioning of the Rocklands mine processing plant in the short term and the Group generating significant positive cash flows from mining activities.

In the event the Group does not raise equity funding from shareholders or other parties and generates significant cash flows from mining activities in the short term, the Group will be required to reduce planned expenditure in-line with available funding and may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

6. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (a)(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (u)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(c) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

CuDeco Limited and its wholly-owned Australian subsidiaries are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is CuDeco Limited.

(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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Receivables

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:-

- Copper and other metals on hand are valued on average total production cost method.
- Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage.
- A proportion of related depreciation and amortisation charge is included in the cost of inventory.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories (continued)

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated future selling price in the ordinary course of business, based on the prevailing metal prices, less the estimated costs of completion and estimated costs necessary to make the sale.

(h) 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.

Exploration and evaluation assets are assessed for impairment if:

(i) Sufficient data exists to determine technical feasibility and commercial viability; and

(ii) Facts and circumstances suggest the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

(i) Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Mining assets (continued)

Deferred stripping costs

Under AASB Interpretation ("IFRIC") 20, *Stripping Costs in the production Phase of a Surface Mine*, production stripping costs are now capitalised as part of an asset, if it can be demonstrated that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The asset is called "deferred stripping asset". The deferred stripping asset is amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied. Production stripping costs that do not satisfy the asset recognition criteria are expensed.

(j) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss or capitalised as development costs. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The depreciation rates of property, plant and equipment are as follows:

buildings	10%
plant and equipment	20% – 33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Research and Development Expenditure

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

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Research and Development Expenditure (continue)

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) Payables

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

(m) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Rehabilitation and dismantle costs

The consolidated entity has a constructive obligation under the Environmental Protection Act to rehabilitate areas on mining leases disturbed by mining activities. The consolidated entity calculates its rehabilitation liability to reflect the costs to rehabilitate significantly disturbed land from mining activities, in accordance with the Department of Environmental and Heritage Protection (EHP) Guideline: Financial Assurance under the Environmental Protection Act 1994. Significantly disturbed land is defined in the Environmental Protection Regulation 2008 and refers to land that is contaminated or disturbed and requires human intervention to rehabilitate it.

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the operation of the mine up to reporting date but not yet rehabilitated, as if the mine was shut down at reporting date. Provision has been made for the estimated cost of rehabilitation which includes the current cost of recontouring, topsoiling and revegetation employing current technology while having regard to current legislative requirements. An asset is created as part of the non-current development assets, to the extent that the development relates to future productions activities, which is offset by a current and non-current provision for rehabilitation.

The rehabilitation liability is estimated as part of the preparation of the annual Plan of Operations of each mine which is reviewed by the Department of Natural Resources and Mines as required by the Mineral Resources Act.

Changes in estimates are dealt with on a prospective basis as they arise. Significant uncertainty exists as to the amount of rehabilitation obligations under which will be incurred due to the following factors:

- uncertainty as to the remaining life of existing operating sites; and
- the impact of changes in environmental legislation.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee Benefits

The Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date is 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) Issued Capital

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

(p) Share-Based Payments

The Company may provide 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 shares or options to purchase shares in the Company (equity-settled transactions).There is currently a loan funded share plan and an Employee Option Plan in place to provide these benefits to employees.

The cost of these share-based payment transactions 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 Black-Scholes 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 19.

The assessed fair value at grant date is recognised as an expense or is capitalised to mine development costs or exploration and evaluation expenditure, together with a corresponding increase in equity, pro rata over the life of the option from grant date to expected vesting date. No amount is recognised for awards that do not ultimately vest because internal vesting conditions were not met. An amount is still recognised for options that do not ultimately vest because a market condition was not met.

Where options are cancelled, they are treated as if they had vested on the date of cancellation, and any unrecognised expenses are immediately recognised. 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.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leases (continued)

between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset’s useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.
Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(r) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(s) 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 per share for the after tax effect of financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Financial instruments

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(u) Impairment
Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Impairment (continued)

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

(i) Non-derivative financial assets

Equity-accounted investees
An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Government grants

The consolidated entity recognises an unconditional government grant related to research and development expenditure as deferred income and has been offset against mine development costs for the years ended 30 June 2015 and 2014. In 2013 the company recognised the grant as an income tax benefit in the Consolidated Statement of Profit or Loss.

7. OPERATING SEGMENTS

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographical basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level. The consolidated entity does not have any products or services it derives revenue from.

Accordingly, management currently identifies the consolidated entity as having only one reportable segment, being exploration for copper in Australia. There have been no changes in operating segments during the financial year. Accordingly all significant operating decisions are based upon the analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

	2015 $'000	2014 $'000	2013 $'000
8. INCOME TAX BENEFIT (EXPENSE)			
Reconciliation			
Current Income Tax Expense	**-**	-	-
Deferred Income Tax Expense	**38,855**	1,874	-
Under/Over provision in prior year	**(35,855)**	(1,874)	-
Research and development rebate	**-**	-	828
Total	**-**	-	828
The prima facie income tax profit (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	**(39,437)**	(1,364)	(1,446)
Permanent differences	**285**	359	372
Deferred tax not recognised	**39,152**	1,005	1,075
Research and development rebate	**-**	-	828
Income tax expense/benefit	**-**	-	828
Deferred Tax Balances			
Unused tax losses	**1,810**	27,604	22,284
Temporary differences	**30,093**	6,053	-
	31,903	33,657	22,284
Deferred tax liabilities	**(31,903)**	(33,657)	(22,284)
Assessable temporary differences	**-**	-	-
Net deferred tax recognised	**-**	-	-
Unrecognised deferred tax assets			
Unrecognised tax losses	**140,593**	21,074	14,827
Unrecognised temporary differences	**-**	-	-
Deferred tax assets not taken up at 30%	**42,178**	6,322	4,448

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2015 under COT.

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

(i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;

(ii) the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the losses.

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

Franking credits
There are no franking credits available to shareholders of CuDeco Limited.

9. TRADE AND OTHER RECEIVABLES	2015 $'000	2014 $'000	2013 $'000
Current			
Accrued interest	**5**	7	131
GST receivable	**274**	519	1,870
Prepayments	**195**	320	134
Other receivables	**162**	114	-
	636	960	2,135

No receivables are past due or impaired 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.

10. INVENTORIES	2015 $'000	2014 $'000	2013 $'000
Current			
Ore stockpiles	**5,001**	8,705	-
Consumables	**-**	1,516	-
Spare parts	**-**	920	-
	5,001	11,141	
Non-current			
Ore stockpiles	**10,386**	-	2,934
Consumables	**4,063**	-	-
Spare parts	**3,895**	-	-
	18,344	-	-
Total Inventories	**23,345**	11,141	2,934

Current inventory includes high grade ore stockpiles which are expected to be processed and realised within 12 months on the basis of the successful commissioning of the Rocklands processing plant within the planned timeframes. Consumables and spare parts are classified as non-current due to the fact that the current plan for mining operations does not anticipate these items to be consumed within 12 months of balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

		2015	2014	2013
		$'000	$'000	$'000
11. PROPERTY, PLANT AND EQUIPMENT				
Land and buildings				
At cost		**15,961**	15,905	10,305
Accumulated depreciation		**(3,954)**	(2,529)	(1,300)
Impairment loss	**22**	**(2,541)**	-	-
Total land and buildings		**9,466**	13,376	9,005
Plant and equipment				
At cost		**35,232**	32,316	32,192
Accumulated depreciation		**(22,074)**	(16,457)	(11,178)
Impairment loss	**22**	**(2,785)**	-	-
Total plant and equipment		**10,373**	15,859	21,014
Plant and equipment (work-in-progress)		**288,596**	189,984	117,228
Impairment loss	**22**	**(60,627)**	-	-
		224,969	189,984	117,228
Total property, plant and equipment		**244,808**	219,219	147,248

During 2015 the Consolidated Entity recognised impairment losses of:
$66 m with respect to the plant and equipment relating to the Rocklands project. Further information about the impairment loss is included in Note 22.
$2.914 million in relation to logistical infrastructure assets written off.

Reconciliation

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

		2015	2014	2013
Land and buildings				
Carrying amount at the beginning of year		**13,376**	9,005	6,897
Additions during the year		**56**	4,023	2,908
Disposals during the year		**-**	(14)	-
Depreciation for the year		**(1,425)**	(1,133)	(800)
Reclassification of assets		**-**	1,495	-
Provision for impairment	**22**	**(2,773)**	-	-
Carrying amount at the end of the year		**9,234**	13,376	9,005
Plant and equipment				
Carrying amount at the beginning of year		**15,859**	21,014	12,184
Additions during the year		**2,393**	1,750	9,063
Equipment transferred from plant and equipment being commissioned		**713**	1,096	5,013
Disposals		**(191)**	(49)	(274)
Depreciation charged		**(5,616)**	(5,376)	(4,971)
Reclassification of assets		**-**	(2,576)	-
Provision for impairment	**22**	**(3,039)**	-	-
Carrying amount at the end of the year		**10,119**	15,859	21,015

	Note	2015 $'000	2014 $'000	2013 $'000
11. PROPERTY, PLANT AND EQUIPMENT (Continued)				
Plant and Equipment (work in progress)				
Carrying amount at the beginning of year		**189,984**	117,229	39,234
Additions during the year		**101,223**	72,770	83,007
Equipment transferred to plant and equipment		**(713)**	(1,096)	(5,013)
Reclassification of assets		**-**	1,081	-
Equipment transferred to development costs		**(1,984)**	-	-
Impairment of logistical infrastructure assets	**22**	**(2,914)**	-	-
Provision for impairment – processing plant	**22**	**(66,157)**	-	-
		219,439	189,984	117,228
Carrying amount at the end of the year		**238,792**	219,219	147,248

	2015 $'000	2014 $'000	2013 $'000
12. EXPLORATION AND EVALUATION ASSETS			
Costs carried forward in respect of areas of interest in exploration and/or evaluation phase:			
Balance at the beginning of the year	**16,627**	39,168	31,190
Exploration costs incurred	**177**	1,624	5,724
Depreciation capitalised to exploration and evaluation assets	**-**	-	2,254
Transferred to development costs	**(7,638)**	(24,165)	-
	9,166	16,627	39,168

The ultimate recoupment of costs carried forward for exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

	2015 $'000	2014 $'000	2013 $'000
13. DEVELOPMENT COSTS			
Costs carried forward in respect of areas of interest in the development phase:			
Balance at the beginning of the year	**149,689**	90,250	51,962
Development costs incurred	**39,760**	29,537	35,295
Depreciation capitalised to development costs	**6,295**	5,737	2,993
Transferred from exploration and evaluation assets	**7,638**	24,165	-
Provision for impairment	**(37,031)**	-	-
	166,351	149,689	90,250

The development costs relate to the Rocklands Project. The ultimate recoupment of costs carried forward for the development phases is dependent on the successful development and commercial exploitation or sale of the Rocklands project. To date there has been no amortisation of the costs as production has not commenced.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (Continued)

	2015	2014	2013
	$'000	$'000	$'000
14. Other Assets			
Non-current			
Security deposits	**2,199**	2,231	1,985
Borrowing expenses	**1,320**	-	-
	3,519	2,231	1,985

Included in the Security deposits is $1,922,464 for an environmental bond with the State of Queensland against rehabilitation attributable to mining operations at Rocklands Copper Project.

15. TRADE AND OTHER PAYABLES

	2015	2014	2013
Current			
Unsecured liabilities:			
Trade creditors	**2,536**	4,322	3,356
Sundry creditors and accrued expenses	**1,292**	3,145	648
Amounts payable under the construction contract	**36,907**	-	-
	40,735	7,467	4,004

Terms and conditions relating to the above financial instruments:

- Trade and sundry creditors are non-interest bearing and are normally settled on 30 day terms.
- The amounts payable under the construction contract are non-interest bearing and the supplier has agreed to accept a deferred settlement until production commences.

	2015 $'000	2014 $'000	2013 $'000
16. LOANS AND BORROWINGS			
Current			
Secured bank loans	**19,589**	-	-
Non-current			
Secured bank loans	**58,766**	-	-
Total secured bank loans	**78,355**	-	-

The Group has secured two finance facilities from the China Minsheng Banking Corporation Limited. These facilities include;

- Facility A – US$60m facility for construction costs; and
- Facility B – US$5m to assist with working capital requirements post commissioning of the processing plant.

At 30 June 2015, the US$5m working capital facility has not been drawn.

At 30 June 2015, the US$60m facility to fund construction costs has been fully drawn. This facility is repayable in four quarterly tranches. The first tranche is due on either one of the following key milestone dates;

- A date 21 months from the day the facility was drawn (the facility was drawn in July 2014); or
- Three months following the last day of the relevant month when the commissioned processing plant achieves 9,000 tonnes of throughput per day for three consecutive days. The directors believe the plant will achieve this output in March 2016.

Both facilities are secured by a registered charge over the assets of the Group.

The interest rate payable on both facilities is the aggregate of LIBOR for three months plus 3.50% margin plus 2% management fee. A commitment fee calculated at the rate of 1% per annum is also payable on funds not drawn down under either facility

	2015 $'000	2014 $'000	2013 $'000
17. PROVISIONS			
Current			
Annual leave provision	**1,186**	1,087	826
Long service leave provision	**189**	287	172
	1,375	1,374	998
Non-current			
Long service leave provision	**209**	40	119
Rehabilitation provision (a)	**6,246**	6,246	1,922
	6,455	6,286	2,041

(a) Land disturbed by mining activities is required to be restored to its original condition. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the future costs that will be incurred. The Group has assumed that the site will be restored using technology and materials that are available currently.

	2015 $'000	2014 $'000	2013 $'000
18. CONTRIBUTED EQUITY			
Issued and paid-up share capital			
2015: 271,214,099 (2014: 229,486,354) ordinary shares, fully paid	**478,535**	424,602	367,829

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.

(a) Ordinary Shares

Movements in ordinary share capital over the past two years were as follows:

Date	Details	Number of Shares	Issue Price	$'000
1 July 2012	**Opening Balance**	**187,043,961**		**311,312**
September/October 2012	Option conversion	300,000	$2.50	750
12 December 2012	Share placement	600,000	$3.90	2,340
15 February 2013	Placement for acquisition of plant and equipment	3,333,333	$3.90	13,000
15 February 2013	Placement for acquisition of plant and equipment	7,600,000	$4.50	34,200
4 June 2013	Share placement	5,000,000	$3.45	17,250
July 2013 to June 2014	Shares acquired for the loan funded share plan	(2,676,572)	$3.77	(10,097)
	Share issue costs / cancellation costs	-		(926)
30 June 2013	**Closing Balance**	**201,200,722**		**367,829**
5 July 2014	Placement for acquisition of plant and equipment	139,880	$2.60	364
19 December 2013	Share Issue pursuant to rights issue	2,599,423	$1.69	4,392
24 December 2013	Placement for acquisition of plant and equipment	6,376,811	$3.45	22,000
24 December 2013	Placement for acquisition of plant and equipment	20,000	$1.90	38
6 January 2014	Issue to Underwriters of Rights Issue	20,000,000	$1.69	33,792
12 February 2014	Placement for acquisition of plant and equipment	20,000	$1.50	30
8 April 2014	Placement for acquisition of plant and equipment	550,000	$2.00	1,100
24 June 2014	Placement for acquisition of plant and equipment	535,852	$2.00	1,072
July 2013 to June 2014	Shares acquired for the loan funded share plan	(1,956,334)	$2.01	(3,923)
	Share issue costs / cancellation costs	-		(2,092)
30 June 2014	**Closing Balance**	**229,486,354**		**424,602**
8 August 2014	Placement for acquisition of plant and equipment	305,883	$2.00	612
17 December 2014	Placement for acquisition of plant and equipment	294,118	$1.70	500
22 December 2014	Placement for acquisition of plant and equipment	2,433,830	$1.30	3,164
22 December 2014	Share placement	4,902,410	$1.255	6,153
31 January 2015	Placement for acquisition of plant and equipment	5,666,666	$1.50	8,500
27 February 2015	Share placement	23,600,000	$1.25	29,500
4 May 2015	Share placement	5,600,000	$1.25	7,000
July 2014 to June 2015	Shares acquired for the loan funded share plan	(1,075,162)	$1.39	(1,489)
	Share issue costs / cancellation costs	-		(7)
30 June 2015	**Closing Balance**	**271,214,099**		**478,535**

18. CONTRIBUTED EQUITY (continued)

(b) Share Options

Exercise Period	Exercise Price	Opening Balance 1 July 2014 *Number*	Options Issued 2014/2015 *Number*	Options Exercised 2014/2015 *Number*	Options Expired/ Forfeited 2014/2015 *Number*	Closing Balance 30 June 2015 *Number*
31/12/2015	$2.50	22,599,423	-	-	-	22,599,423
		22,599,423	-	-	-	22,599,423

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.

Listed Options
During the year ended 30 June 2014 the Company undertook a Rights Issue and pursuant to this issue, granted options. The following table illustrates the number and weighted average exercise prices of and movements in the listed options during the year

	2015 No.	**2015 Weighted average exercise price**	2014 No.	2014 Weighted average exercise price	2013 No.	2013 Weighted average exercise price
Granted during the year						
- Pursuant to rights issue	**-**	**-**	22,599,423	$2.50	-	-
Forfeited during the year	**-**	**-**	-	-	-	-
Exercised during the year	**-**	**-**	-	-	-	-
Expired during the year	**-**	**-**	-	-	-	-
Outstanding at the end of the year	**22,599,423**	**$2.50**	22,599,423	$2.50	-	-
Exercisable at the end of the year	**22,599,423**	**$2.50**	22,599,423	$2.50	-	-

The weighted average for the remaining contractual life of share options outstanding at the end of the year is 6 months (2014: 1.5 years). Share options outstanding at the end of the year have an exercise price of $2.50 (2014: $2.50).

2014
The fair value of options issued on 19 December 2013 under the rights issue were estimated as at the date of grant based on the share price at the date of announcement of the rights issue. The fair value of $0.81 per option was calculated using a Black – Scholes model and based on the conversion price of $2.50 per right and the share price of $1.69.

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.

During the year, 625,000 options outstanding at 30 June 2013 (see table below) expired on 30 September 2013.

18. CONTRIBUTED EQUITY (continued)
2013 – Share Options

The movement in share options for the year are summarized in the table below:-

Exercise Period	Exercise Price	Opening Balance 1 July 2013	Options Issued 2013/2014	Options Exercised 2013/2014	Options Expired/ Forfeited 2013/2014	Closing Balance 30 June 2014
		Number	*Number*	*Number*	*Number*	*Number*
31/07/2010 - 31/07/2013	$4.00	2,150,000	-	-	2,150,000	-
31/07/2010 - 31/07/2013	$4.50	200,000	-	-	200,000	-
On or before 31/12/2013	$6.50	2,700,000	-	-	2,700,000	-
22/02/2011 - 22/02/2014	$4.50	100,000	-	-	100,000	-
15/12/2013 - 15/09/2014	$2.50	600,000	-	(200,000)	-	400,000
15/09/2011 - 15/09/2014	$2.50	325,000	-	(100,000)	-	225,000
		6,075,000	-	(300,000)	5,150,000	625,000

19. SHARE BASED PAYMENTS

Loan Funded Share Plan

In November 2011, the Company sought, and was granted, approval for setting up of Loan Funded Employee Share Plan ("Share Plan"). The Plan allows Directors from time to time to invite eligible employees to participate in the Share Plan and offer shares to those eligible persons. The Share 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 participant will be provided with an interest free, non-recourse loan for the consideration payable for the shares. The vesting of the shares will be subject to performance or service conditions as determined by the Board. The shares allocated to employees under the Share Plan are held in trust for eligible persons as security for the loans. There are no cash settlement alternatives.

In the year ended 30 June 2015 1,625,000 (2014: 2,295,417; 2013:1,619,072) shares were issued under the Share Plan.

				Vesting Details					
				First Tranche		Second Tranche		Third Tranche	
Options Issued	Exercise price	No. of options vested	No. of options not vested	Vesting date	No. Vesting	Vesting date	No. Vesting	Vesting date	No. Vesting
To Directors									
- December 2011	$3.60	800,000	-	-	-	-	-	-	-
- December 2013	$1.86	100,000	-	-	-	-	-	-	-
To employees									
- June 2012	$3.14	200,000	-	-	-	-	-	-	-
- November 2012	$3.93	-	1,619,072	31/03/2016	809,536	30/06/2017	809,536	-	-
- June 2013	$3.93	-	100,000	31/03/2016	50,000	30/06/2017	50,000	-	-
- July 2013	$1.80	-	1,087,500	31/03/2016	543,750	30/06/2017	543,750	-	-
- April 2014	$1.90	-	1,207,917	31/03/2016	603,959	30/06/2017	603,958	-	-
- July 2014	$1.73	-	175,000	31/03/2016	25,000	30/06/2016	50,000	04/07/2016	100,000
- June 2015	$1.24	-	1,450,000	31/03/2016	725,000	31/03/2017	725,000	-	-
Additional Options issued as a result of the Rights Issue									
To Directors	$2.50	150,000	-	-	-	-	-	-	-
To employees	$2.50	33,333	467,762	31/03/2016	233,881	30/06/2017	233,881	-	-

19. SHARE BASED PAYMENTS (continued)

For accounting purposes shares allocated to employees pursuant to the Share plan will be treated and valued as options, and the fair value of the options granted under the Plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which they were granted. The value of the options is allocated over their vesting period as part of the remuneration of the individual they relate. The following is a summary of the allocation of these values as share based payments:-

	2015	2014	2013
	$'000	$'000	$'000
Share based payment included as an expense	**945**	1,169	1,009
Share based payments capitalised to exploration and evaluation asset	**120**	155	379
Share based payments capitalised to mine development expenditure	**949**	831	659
Total share based payments for the year	**2,014**	2,155	2,047

		2015 $'000	2014 $'000	2013 $'000
20.	**RESERVES**			
	Capital Realisation	**95**	95	95
	Capital Redemptions	**432**	432	432
	Option [a]	**58,252**	56,238	36,694
		58,779	56,765	37,221
	[a] **Movement during the year – Option Reserve**			
	Opening balance	**56,238**	36,694	34,647
	Issue of options to directors/employees /consultants	**2,014**	2,155	2,047
	Value of options issued pursuant to rights issue	**-**	18,314	-
	Costs of rights issue allocated to options	**-**	(925)	-
	Closing balance	**58,252**	56,238	36,694

Option Reserve

The option reserve is used to record the fair value of options issued but not exercised.

21. 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 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.

The Groups financial assets and liabilities primarily comprise:

	2015 $'000	2014 $'000	2013 $'000
Cash and cash equivalents	**3,574**	9,231	45,522
Other assets – security deposits	**2,199**	2,231	1,986
Trade and other receivables	**636**	3,191	2,135
Total Assets	**6,409**	14,653	49,643
Secured bank loans	**78,355**	-	-
Trade and other payables	**40,735**	7,467	4,004
Total Liabilities	**119,090**	7,467	4,004

21. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(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 and foreign exchange risk.

(i) Interest rate risk

The Consolidated Entity's exposure to the risk of changes in market interest rate relates primarily to the Consolidated Entity's secured bank loans although through its cash deposits it is also exposed to a lesser extent to changes in interest rates.

For the secured bank loans the loans are fixed against the movement in the LIBOR (London Interbank Offered Rate) and as such the Consolidated Entity remains exposed to changes in this rate.

For cash deposits 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 - 3 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 last year except there were no bank loans in place at 30 June 2014.

		Profit or (Loss)		**Equity**	
	Carrying Amount $'000	**100bps increase $'000**	**100bps decrease $'000**	**100bps increase $'000**	**100bps decrease $'000**
30 June 2015					
Cash and cash equivalents	3,574	36	(36)	36	(36)
Total increase / (decrease)		36	(36)	36	(36)
Bank Loans	78,355	(783)	783	(783)	783
Total increase / (decrease		(783)	783	(783)	783
30 June 2014					
Cash and cash equivalents	9,231	92	(92)	92	(92)
Total increase / (decrease)		92	(92)	92	(92)
30 June 2014					
Cash and cash equivalents	45,522	455	(455)	455	(455)
Total increase / (decrease)		455	(455)	455	(455)

21. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(ii) Foreign exchange risk

The Consolidated Entity is exposed to foreign currency fluctuations risks. This arises from cash held in US dollars and Loan Borrowings in US dollars. The funds held in US dollars were acquired when the Consolidated Entity made commitments to acquire plant and equipment which was priced in this currency. The Directors at the time believed that the rate at which the US dollars were acquired was favourable and limited the Consolidated Entity to any additional risk to foreign exchange fluctuations.

The Loans and Borrowings are in US dollars. The company once it achieves production will be selling a commodity in US dollars and therefore this provides a natural hedge against movements in the US dollar currency.

A change of 1 cent in the US Dollar equivalent of an Australian dollar exchange rate at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The amounts disclosed below are the Australian dollar equivalents.

		Profit or (Loss)		**Equity**	
	Carrying Amount $'000 (AUD)	**1 cent US increase $'000 (AUD)**	**1 cent US decrease $'000 (AUD)**	**1 cent US increase $'000 (AUD)**	**1 cent US decrease $'000 (AUD)**
30 June 2015					
Cash and cash equivalents	**164**	**(2)**	**2**	**(2)**	**2**
Loans and borrowings	**78,355**	**1,023**	**(1,023)**	**1,023**	**(1,023)**
Total increase / (decrease)		**1,021**	**(1,021)**	**1,021**	**(1,021)**
30 June 2014					
Cash and cash equivalents	7,920	(84)	84	(84)	84
Total increase / (decrease)		(84)	84	(84)	84
30 June 2013					
Cash and cash equivalents	2,387	(21)	21	(21)	21
Total increase / (decrease)		(21)	21	(21)	21

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2015	2014	**2015**	2014
AUD/USD	0.8291	0.9179	0.7657	0.9040

(b) Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash on deposit.

(i) Cash on deposit

The Consolidated Entity limits its exposure to credit risk by only depositing its funds with reputable financial institutions. Cash at year end was deposited with National Australia Bank.

21. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(b) Credit risk (continued)

(ii) Receivables

As the Consolidated Entity has not commenced production, it does not have trade receivables and therefore is not exposed to material credit risk in relation to trade receivables.

The Consolidated Entity's maximum exposure to credit risk is the carrying amount of its financial assets as disclosed in the statement of financial position.

(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 Consolidated Entity'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 Consolidated Entity's reputation. The Consolidated Entity currently has secured bank loans.

The Consolidated Entity aims to manage liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and it aims to repay the bank loan from its expected revenue from production within the next two years.

Due to the nature of the Consolidated Entity's activities and the present lack of operating revenue, the Consolidated Entity has to raise additional capital from time to time in order to fund its exploration and development activities. The decision on how and when the Consolidated Entity will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure.

At the reporting date the contractual maturity of trade and other payables are all less than 12 months. The Bank Loans are to be repaid quarterly and the timing for the repayments coinciding with the Company entering into production. The first repayment is due in May 2016 and it is to be fully repaid over the ensuing 9 Months by the payment of quarterly instalments.

(d) Capital Management

The capital structure of the Company consists of contributed equity and reserves less accumulated losses.

Management controls the capital of the Company in order to ensure that the Company 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 Company's capital by assessing the Company's cash projections up to twelve months in the future and any associated financial risks. Management will adjust the Company'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 Company since the prior year.

(e) Measurement of fair values

The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values or the instruments have variable interest rates.

(f) Finance facilities

During the year the Group completed its drawdown of its finance facility with the China Minsheng Banking Corporation for $US60m. The balance of the facility of $US5 was undrawn at balance date.

22. Impairment of assets

Property plant and equipment and development costs

In assessing the value of the assets relating to the Rocklands project, the Company have assessed the recoverable amount at 30 June 2015 using a discounted cash flow model. The key assumptions to which the model is most sensitive include:

- Forecast commodity prices, including copper, gold, silver, cobalt and magnetite
- Foreign exchange rates
- Mining, processing, administrative and capital costs
- Discount rate of 10%

In determining the value assigned to each key assumption, management has used external sources of information and utilised external consultants where possible and personnel within the Group to arrive at conservative assumptions.

Furthermore, the Group's cash flow forecasts are based on estimates of future commodity prices and exchange rates. The Group has reviewed long term forecast data from multiple externally verifiable sources when determining its forecasts, making adjustments for specific factors relating to the Group. Copper prices used in the model range from $3.40 to $3.90 per pound.

Production and capital costs are based on the Group's estimate of the forecast grade of its resource and future production levels. This information is obtained from internally maintained budgets, life of mine models and project evaluations performed by the Group in its ordinary course of business.

The Group has applied a discount rate of 10% to the forecast future attributable post-tax cash flows. This discount rate represents an estimate of the rate the market would apply having regard to the time value of money and the risk specific to the project.

The recoverable amount has been determined based on the life of mine of 10 years. This is calculated based on the Group's existing resource statement and its existing mine plan.

Based on the impairment review at 30 June 2015, the recoverable amount for the Rocklands Project was estimated to be $405 million, which results in an impairment loss of $109 million.

The main factors that the Company believes contributed to this loss as at 30 June 2015 include: -

a. A general negative outlook for the Australian mining industry requires the Company to adopt a conservative approach;

b. Declines in commodity prices (copper and cobalt in particular), and a general far more bearish outlook by the market suggests an expected reduction in revenues to be generated from the project;

c. The fall in the price of cobalt since the decision to include a recovery circuit in the process plant has been significant. However the Company has an offtake agreement for 60% of this product and there are promising sales negotiations for the remainder in progress. The valuation assumes that cobalt/pyrite produced will be able to be sold; and

d. Significant delays in the completion of the construction phase have increased the costs incurred on the Project.

The impairment loss is allocated on a pro rata basis to the individual assets constituting the project as follows.

	Notes	**2015** **$'000**	2014 $'000	2013 $'000
Development costs	13	37,031	-	-
Property plant and equipment.	11	71,969	-	-
		109,000	-	-

In addition, during the year the Group impaired its logistical infrastructure assets associated with the multi-load facility resulting in an impairment of approximately $2.914 million (refer note 16).

23. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Incorporated in	Interest held %		
Name of Chief Entity		**2015**	2014	2013
CuDeco Limited	Australia			
Controlled Entities Consolidated				
Cloncurry Infrastructure Pty Ltd	Australia	**100**	100	100
CuDeco Logistics Pty Ltd	Australia	**100**	100	100
CuDeco Employee Share Plan Pty Ltd	Australia	**100**	100	100

24. NOTES TO THE STATEMENT CASH FLOWS

	2015	2014	2013
Reconciliation of profit after income tax to net cash inflows from operating activities	**$'000**	$'000	$'000
Loss after income tax	**(131,455)**	(4,546)	(3,993)
Add/(less) non-cash items			
Share based payments	**946**	1,169	1,009
Impairment of mining assets	**109,000**	-	-
Impairment of logistical infrastructure assets	**2,874**	-	-
(Profit) loss on sale of assets	**40**	(48)	(21)
Depreciation expense	**830**	772	524
Unrealised foreign exchange (gain) loss	**11,792**	(921)	(435)
(Increase) / decrease in trade and other receivables	**2**	94	306
(Increase) / decrease in inventories	**-**	-	(2,934)
Increase / (decrease) in trade creditors and accruals	**365**	(338)	1,098
Increase / (decrease) in provisions	**170**	196	311
Cash outflows from operations	**(5,436)**	(3,622)	(4,135)

25. COMMITMENTS

Mineral Tenement

Mining Leases

In order to maintain current rights of tenure to its mining leases, the Consolidated Entity will be required to outlay amounts of approximately $2,570 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.

The Department of Environment and Heritage Protection ("DEHP") requires the company to provide security for the rehabilitation of the mine site at the end of the mining operations. The company has fully provided for the future Rehabilitation liability as determined by DEHP and is required to pay a further $4.3 million to secure a bank guarantee to be provided by the consolidated entity to DEHP as security for the rehabilitation liability.

EPMs

The Consolidated Entity also has commitments to conduct exploration activities on its exploration permits (EPMs) as a condition of maintaining the EPMs. The requirement under the EPMs is for an expenditure of $1.548m over five years in total.

Native Title

Under the Native Title Agreements concluded, the Company is committed to making certain payments including:

1) Annual administration payments of $30,000;
2) $50,000 on commencement of production of minerals from the mining lease areas; and
3) Annual payment of a total of 0.3368% of the value of minerals sold from the mining lease areas.

Operating lease commitments – Consolidated Entity as Lessee

The Consolidated Entity has entered into rental agreements for premises in Cloncurry and Southport. These leases have an average life of up to three years. One option of five (5) years is included in all current contracts. There are no restrictions placed upon the lessee in entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2015	2014	2013
	$'000	$'000	$'000
Within one year	**647**	667	479
After one year but not more than five years	**542**	1,111	752
More than five years	**-**	-	-
	1,189	1,778	1,231

Mining plant and mine development

The Consolidated Entity has entered into a number of contracts relating to the Process Plant components and structures for its Rocklands Project. As at 30 June 2015 the only remaining contractual commitment related to the electrical installation contract which was estimated to be 38% complete. The total contract sum was $30 million and a progress payment of $5 million was paid before the end of the year. The balance of this commitment not included in trade and other payables being $6.4 million will fall due within 12 months of balance date.

The capital contractual commitments in relation to mine development infrastructure and mining plant for the Rocklands Project were $48.9m at 30 June 2014 and $54.7 m at 30 June 2013.

26. CONTINGENCIES

There were no contingent liabilities or contingent assets as at 30 June 2015 other than: -

a. A former employee has commenced legal action against the parent company for an amount of approximately $340,000 being the alleged loss incurred by the employee as a result of the cancellation of options previously issued to him under the Company's Employee Option Plan. No provision has been made in the financial statements in respect of this claim as the parent company considers it will be able to successfully defend the claim.

b. A claim has been brought by the parent company against a supplier of plant and equipment for damages and losses suffered as a result of the plant and equipment not being to the required standard. The claim exceeds $10m. The supplier has lodged a counter claim where the net liability to the parent company would be approximately $1.78m should the claim be successful and costs awarded. The parent company believes that it will be able to successfully defend the counter claim and no provision has been made in the financial statements.

27. KEY MANAGEMENT PERSONNEL

The key management personnel ("KMP") compensation is as follows:

	2015	2014	2013
	$'000	$'000	$'000
Short-term employee benefits	**2,473**	2,702	2,342
Post-employment benefits (superannuation)	**137**	137	101
Share-based payments	**205**	614	930
Other long term benefits	**46**	27	-
	2,861	3,480	3,373

28. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years, other than:

a. The Company has completed a share placement with Rich Lead Pte Limited of 37.5 million shares raising $30 million. Rich Lead Pte Limited is a Singaporean based investment fund.

b. Short term loans totalling $8.33 million were received by the Company. These loans were arranged by the Company's major shareholders and are to be repaid from the rights issue or from future production.

c. Executive Chairman Wayne McCrae resigned from the Board on 24 July 2015 and non-executive Director Gerry Lambert resigned on 18 September 2015. Jiang Yongmin joined the Board as Nominee of Sinosteel Equipment and Engineering Co., Ltd on 24 July 2015 (and resigned in December 2015). David Taylor resigned as Non-executive interim Chairman in January 2016 and was replaced by Dr Noel White.

Corporate Directory

Directors	**Underwriter**	**Solicitors to the Offer**
Dr Noel White - Non-Executive Director (Chairman) Peter Hutchison - Executive Director (Interim Managing Director) Paul Keran - Non-Executive Director Zhijun Ma - Non-Executive Director Hongwei Liu - Non-Executive Director Zhaohui Wu - Non-Executive Director Dr Dianmin Chen - Non-Executive Director Bruno Bamonte - Company Secretary	Paradigm Securities Level 2 1 Alfred Street Sydney NSW 2000 Tel: (61 2) 9222 9111	Moody Legal Pty Ltd PO Box 1390 New Farm Qld 4005 Tel: 0419 719 796
Administration and Registered Office	**Share Registry**	
Unit 33, Brickworks Annex 19 Brolga Avenue Southport, Queensland 4215 Tel: (61 7) 5503 1955 Fax: (61 7) 5503 0288	Advanced Share Registry Services 110 Stirling Highway Nedlands, Western Australia 6009 Tel: (61 8) 9389 8033 Fax: (61 8) 9389 7871	

CUDECO LIMITED
THE NEW FORCE IN COPPER
ACN 000 317 251

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

SAMPLE ONLY – ELIGIBLE SHAREHOLDERS WILL BE SENT A PERSONALISED FORM

Sub-Register	
HIN / SRN	
Number of Eligible Shares held as at the Record Date, 7.00pm Perth Time 11 February 2016	
Entitlement to New Shares on 1 Share for every 4 Shares held basis	
Amount payable on full acceptance at $0.80 per New Share:	

A non-renounceable pro-rata Rights Issue of 1 new share (New Share) for every 4 Shares held on the Record Date at an issue price of 80 cents ($0.80) each to raise up to approximately $63.1 million before costs of the issue.

NON-RENOUNCEABLE ENTITLEMENT ISSUE CLOSING 5.00PM PERTH TIME ON 26 FEBRUARY 2016.

To the Directors
CUDECO LIMITED

1. I/We the above mentioned, being registered on 11February 2016 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned New Shares in accordance with the enclosed Prospectus;
2. I/We hereby authorise you to place my/our name(s) on the register of shareholders in respect of the number of New Shares allotted to me/us and;
3. I/We agree to be bound by the Constitution of the Company.

ENTITLEMENT			
(A)	**(B)**	**(C)=(A)+(B)**	**Total**
Number of New Shares applied for *(being not more than the Entitlement shown above)*	Number of additional New Shares applied for *(in excess of the entitlement shown above)*	Total New Shares applied for	Amount Payable (C) * $0.80
			$

METHOD OF ACCEPTANCE					
You can apply for New Shares and make your payment utilising either cheque/bank draft or BPAY® (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.					
☐	Please enter cheque or bank draft details	**Drawer**	**Bank**	**Branch**	**Amount**
					$
OR					
☐	BPAY		You can pay by BPAY®. If you choose to pay by BPAY®, you do not need to return this Entitlement and Acceptance Form. Please refer overleaf for details.		

CONTACT DETAILS	
Name:	
Telephone:	
Email:	

NOTE: Cheques should be made payable to **"CUDECO LIMITED"**, crossed **"NOT NEGOTIABLE"** and forwarded to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909 to arrive no later than **5.00pm Perth Time on 26 February 2016.**

PLEASE REFER OVERLEAF FOR INSTRUCTIONS

CUDEDO LIMITED

REGISTERED OFFICE: Unit 34, Brickworks Annex, 19 Brolga Avenue, Southport Queensland 4215
SHARE REGISTRY: Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, Western Australia 6009

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Shares which you are entitled to accept.
2. Your Entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. The price payable on acceptance of each New Share is $0.80
4. Please complete the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for New Shares by utilising the payment options detailed below. There is no requirement to return this Entitlement and Acceptance Form if you are paying by BPAY®. By making your payment using either BPAY® or by cheque/bank draft, you confirm that you agree to all of the terms and conditions of the Cudeco Limited Entitlement Offer as outlined on this Entitlement and Acceptance Form and within the accompanying Prospectus.

Your cheque/bank draft should be made payable to "**Cudedo Limited"** in Australian currency, crossed "**Not Negotiable**" and drawn on an Australian branch of a financial institution. Please complete cheque/bank draft details overleaf and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s)/bank draft(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your Application will be rejected. If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of New Shares you are entitled to apply for. The excess money will be considered as your payment for an Application for additional New Shares under the Top Up Facility.

Contact Details

Please enter your contact details where requested overleaf. These details will only be used in the event that the Share Registry has a query regarding this Entitlement and Acceptance Form.

Lodgement of Application

If you are applying for New Shares and your payment is being made by BPAY®, you do not need to return this Entitlement and Acceptance Form however you are encouraged to return it to the Share Registry for reconciliation purposes – in that case you can post or send by facsimile (details below). Your payment must be received by no later than 5.00pm Perth time 26 February 2016. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

If you are paying by cheque/bank draft, your Application must be received by the Share Registry by no later than 5.00pm Perth Time on 26 February 2016. You should allow sufficient time for this to occur. Please return your Entitlement and Acceptance Form with cheque/bank draft attached.

Neither the Share Registry nor the Company accepts any responsibility if you lodge the Entitlement and Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by the Share Registry, as registrar for the securities' issuer, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to the Share Registry's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by the Share Registry, or you would like to correct information that is inaccurate, incorrect or out of date, please contact the Share Registry. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the securities' issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting the Share Registry, using the details provided on this form.

If you have any enquiries concerning this Entitlement and Acceptance Form, please contact the Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723.

Telephone & Internet Banking – BPAY®

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au.

By Mail

Cudeco Limited
c/- Advanced Share Registry Ltd
PO Box 1156
Nedlands WA 6909

or

Hand Delivered

110 Stirling Highway
Nedlands WA 6009