CUDECO LIMITED

A.B.N. 14 000 317 251

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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DIRECTORS' REPORT

Your directors present their report of CuDeco Limited and its consolidated entities ("CuDeco" or the "Group") for the half-year ended 31 December 2015.

Directors

The Directors of CuDeco at any time during or since the end of the half-year and up to the date of this report are:

Current Directors

Noel White (appointed 28 January 2016)
Peter Hutchison
Paul Keran
Zhijun Ma
Hongwei Liu
Zhaohui Wu
Dianmin Chen
Mupo Zhu (Alternative to Z. Ma)

Resigning Directors

Wayne McCrae (resigned 24 July 2015)
Gerald Lambert (resigned 18 September 2015)
David Taylor (resigned 20 January 2016)

Results

The result for the six months ended 31 December 2015 was a loss after tax of $25,160,000 (2014: $13,779,000).

The loss for the period includes a provision for an impairment loss of $17.594 million, representing the excess carrying amount over and above the recoverable amount of the Rocklands Group Copper Project, which was determined to be $405 million based on completion of a Definitive Feasibility Study ('DFS').

The loss for the period also includes an unrealised foreign exchange loss of $3.724 million relating to the currency movement on the Group's loan facilities which are denominated in US dollars ($US). The Group has chosen not to hedge these loans for foreign currency movements as future copper sales will also be denominated in $US and provide a natural hedge to the loan.

Review of Operations

During the six months to 31 December 2015 CuDeco continued to develop the Rocklands Group Copper project ('Rocklands") based in Cloncurry.

The Company released its Maiden Ore Reserve Estimate on 11 December 2015, reported according to the Joint Ore Reserves Committee (JORC) Code 2012 and Guidelines. 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 the Rocklands Group Copper Project prepared by Mining Associates Pty Ltd.

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.

The Reserve Estimate announced by the Company in its ASX announcement dated 11 December 2015 provided:

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)

Review of Operations (continued)

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)

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 after live feed to the process plant is underway, however the timing will be based on the recommendations of the operations team and management and dependent on process plant commissioning progress.

It is anticipated that the project will proceed through commissioning and into production by 30 June 2016.

Exploration

During the period, limited exploration work was undertaken as the main focus was on mine development.

Corporate

During the period there was a change to the Board with the resignation of Wayne McCrae and Gerry Lambert and the appointment of Dianmin Chen.

Events Subsequent To Balance Date

Subsequent to period end:

- The Company completed a feasibility study for the Rocklands Group Copper Project and released the findings to the market on 3 March 2016. The key economic parameters from the study are as follows:

Parameter	Unit	Value
Average LOM Mill feed	Mtpa	2.74
Average LOM Head Grade	Cu eq %*	0.90
Average LOM head Grade	Cu %	0.71
Average LOM Production	Cu eq tpa	25,319
Average LOM Production	Cu tpa	18,347
Mine Life	Years	10**
C1 LOM Cash Costs Cu eq	A$/lb of CuEq	1.13
Initial Capital Invested	A$M	637.4
LOM Sustaining Capital	A$M	42.2
LOM Sales revenue	A$M	1,930
Net Cash flow before tax	A$M	631
Net Profit LOM after tax and net of depreciation	A$M	112
NPV before Tax @ 8 %***	A$M	465
NPV after Tax @ 8 %***	A$M	405
LOM Exchange rate	AUD/USD	0.711

* - *copper equivalent includes cobalt, gold and magnetite*

** - *Based on resources the mine life is expected to be extended*

*** - *NPV excludes any debt repayments and/or funding revenue/payments*

- David Taylor, the interim Chairman, resigned from the board on 20 January 2016, and Noel White was appointed as the new Chairman on 28 January 2016.
- The Company has lodged a Prospectus for a non-renounceable rights issue of 1 share for every 4 shares held in the Company at 80 cents. This issue will raise approx. $63 Million. ASIC, on review of the Prospectus issued an interim stop order as it raised some concerns on the disclosures contained in the Prospectus. The Company has worked with ASIC to address these queries. The directors consider that after lodgement of these half-year financials statements, ASIC should be able to lift the interim stop order. The Company has engaged Paradigm Securities as lead manager to the Offer and Underwriter and the issue is sub-underwritten

Events Subsequent To Balance Date (continued)

by AM Capital Limited, China Oceanwide International Investment Co. Limited, New Apex Asia Investment Limited and Rich Lead Pte Limited.

- The Department of Environment and Heritage Protection has notified the Company that an additional amount of $6.54m is required to be provided as financial assurance in relation to environmental bonding.

- Application was made to China Minsheng Banking Corporation Limited ('Minsheng Bank') to change the contracted loan repayment schedule due to the delays on the Company achieving production. Minsheng Bank have agreed to the Company's application and the loan facility was varied on 31 March 2016. The amended principal repayment timeframe is now as follows:

	Original loan	Revised loan
Date	**Repayment amount**	
30 Apr 2016	US$15m	-
31 Jul 2016	US$15m	-
31 Oct 2016	US$15m	US$20m
31 Jan 2017	US$15m	US$40m
Total	**US$60m**	**US$60m**

In addition, the revised facility agreement has allowed the Company to draw-down on Facility B, providing the Company with US$3.4m after allowing for associated fees. The funds were available for draw-down from 1 April 2016.

No other matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

Rounding off

During the period the Group adopted ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the half year report and director's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Lead Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2015.

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

N. White

Chairman

Dated: 1 April 2016

KPMG

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of CuDeco Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Adam Twemlow
Partner

1 April 2016

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CUDECO LIMITED

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2015

	Notes	Consolidated Entity Half-Year Ended 31 Dec 2015 $'000	31 Dec 2014 $'000
Other income		1	1
Employee and consultancy expenses		(2,173)	(2,420)
Occupancy expenses		(487)	(413)
Travel expenses		(101)	(170)
Depreciation expense		(449)	(408)
Gain/(loss) on foreign exchange		(3,724)	(7,134)
Impairment loss	17	(17,594)	(2,914)
Interest and finance costs		(424)	-
Other expenses		(276)	(364)
Results from operating activities		(25,227)	(13,822)
Financial income		67	43
Financial expense		-	-
Net finance income/(expense)		67	43
Profit / (loss) before income tax		(25,160)	(13,779)
Income tax benefit / (expense)		-	-
Profit / (loss) after income tax		(25,160)	(13,779)
Other comprehensive income			
Total items that will not be reclassified to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the half-year		-	-
Total comprehensive income / (loss) for the half-year		(25,160)	(13,779)
		Cents	**Cents**
Earnings per share:			
Basic earnings / (loss) per share	6	(9.0)	(5.8)
Diluted earnings / (loss) per share	6	(9.0)	(5.8)

The above consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CUDECO LIMITED

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	31 Dec 2015 $'000	30 June 2015 $'000
CURRENT ASSETS			
Cash and cash equivalents		10,746	3,574
Trade and other receivables		946	636
Inventory	7	5,001	5,001
TOTAL CURRENT ASSETS		16,693	9,211
NON CURRENT ASSETS			
Inventory	7	21,260	18,344
Property, plant and equipment	8	239,579	244,808
Exploration and evaluation assets	9	9,291	9,166
Development expenditure	10	165,421	160,335
Other assets	11	7,078	3,519
TOTAL NON-CURRENT ASSETS		442,629	436,172
TOTAL ASSETS		459,322	445,383
CURRENT LIABILITIES			
Trade and other payables		39,255	40,735
Loans and borrowings	13	67,925	19,589
Provisions	12	1,115	1,375
TOTAL CURRENT LIABILITIES		108,295	61,699
NON-CURRENT LIABILITIES			
Loans and borrowings	13	20,531	58,766
Provisions	12	6,267	6,455
TOTAL NON-CURRENT LIABILITIES		26,798	65,221
TOTAL LIABILITIES		135,093	126,920
NET ASSETS		324,229	318,463
EQUITY			
Issued capital	14	508,536	478,535
Reserves		59,704	58,779
Accumulated losses		(244,011)	(218,851)
TOTAL EQUITY		324,229	318,463

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CUDECO LIMITED

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Notes	Issued Capital $'000	Accumulated Losses $'000	Option Premium Reserve $'000	Capital Realisation Reserve $'000	Capital Redemption Reserve $'000	Total Equity $'000
Balance at 1 July 2014		**424,602**	**(87,396)**	**56,238**	**95**	**432**	**393,971**
Loss for the half year		-	(13,779)	-	-	-	**(13,779)**
Other comprehensive income for the period		-	-	-	-	-	**-**
Total comprehensive loss for the half year		-	(13,779)	-	-	-	**(13,779)**
Shares issued to pay for goods and services	14	4,276	-	-	-	-	**4,276**
Share placement	14	6,153	-	-	-	-	**6,153**
Value of shares transferred to employee share plan	14	(1,420)	-	-	-	-	**(1,420)**
Share based payments	16	-	-	1,331	-	-	**1,331**
Balance at 31 December 2014		**433,611**	**(101,175)**	**57,569**	**95**	**432**	**390,532**
Balance at 1 July 2015		**478,535**	**(218,851)**	**58,252**	**95**	**432**	**318,463**
Loss for the half year		-	(25,160)	-	-	-	**(25,160)**
Other comprehensive income for the period		-	-	-	-	-	**-**
Total comprehensive loss for the half year		-	(25,160)	-	-	-	**(25,160)**
Share placement	14	30,000	-	-	-	-	**30,000**
Conversion of options	14	1	-	-	-	-	**1**
Share based payments	16	-	-	925	-	-	**925**
Balance at 31 December 2015		**508,536**	**(244,011)**	**59,177**	**95**	**432**	**324,229**

CUDECO LIMITED

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2015

	31 Dec 2015 $'000	31 Dec 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	1	1
Cash payments in the course of operations	(4,393)	(12,024)
Interest received	57	43
Net cash flows used in operating activities	(4,335)	(11,980)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(7,949)	(42,738)
Payments for exploration and evaluation	(105)	(28)
Payments for mine development	(12,674)	(15,421)
Proceeds from the sale of plant and equipment	-	140
Increase/(decrease) in deposits	(4,099)	-
Net cash flows used in investing activities	(24,827)	(58,047)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	30,001	6,152
Net proceeds from borrowings	6,333	65,988
Borrowing costs	-	(3,065)
Purchase of equity for employee incentive plan	-	(1,420)
Net cash flows provided by financing activities	36,334	67,655
Net increase / (decrease) in cash held	7,172	(2,372)
Cash at the beginning of the period	3,574	9,231
Effect of exchange rate changes	-	649
Cash at the end of the period	10,746	7,508

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

1. Reporting entity

CuDeco Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the 'Group').

The consolidated annual financial report of the Group as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at Unit 33, Brickworks Annex, 19 Brolga Avenue, Southport, QLD, 4215 or at www.cudeco.com.au.

The interim financial report was authorised for issue by the directors on 1 April 2016.

2. Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

These half-year financial statements do not include all the notes of the type normally included in full annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by CuDeco Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

3. Basis of preparation

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

Going concern

The consolidated interim 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.

At 31 December 2015 the Group had cash on hand of $10.7m, net assets of $324.2m and a net current asset deficiency of $91.6m. The Group recorded a loss of $25.2m for the six months ended 31 December 2015 including impairment of $17.6m relating to the Rocklands Project. During the period the Group raised $30m through the issue of shares and received short term loans of $8.3m, $2m of which was repaid prior to 31 December 2015. At 31 December 2015, an amount of $37.4m was included in current liabilities for construction costs in relation to the processing plant. The supplier has agreed to accept deferred settlement payments.

The Group will need to raise significant additional funding in order to continue its operations as a going concern.

Subsequent to half-year end, the Group lodged a Prospectus for a non-renounceable rights issue to raise up to $63m. There is currently a stop order from the Australian Securities and Investments Commission ('ASIC') on the Prospectus pending the release of the Group's consolidated interim financial report. The Directors consider lodgment of the interim financial report will allow for the removal of the stop order and for the Prospectus to be released. The rights issue is fully underwritten by Paradigm Securities and sub-underwritten by AM Capital Limited, China Oceanwide International Investment Co. Limited, New Apex Asia Investment Limited and Rich Lead Pte Limited.

3. Basis of preparation (continued)

Subsequent to half-year end the Group also signed an agreement with China Minsheng Banking Corporation Limited ('Minsheng Bank') to revise the original contracted principal repayment dates (which are outlined in Note 21). Under the revised agreement the first principal repayment of US$20 million will be due on 31 October 2016 with the remaining US$40 million payable 31 January 2017.

In addition, the revised facility agreement has allowed the Company to draw-down on Facility B, providing the Company with US$3.4m after allowing for associated fees. The funds were available for draw-down from 1 April 2016.

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 funds raised from the proposed rights issue.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections are critically dependent on significant additional funding being raised from the proposed rights issue and 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 June 2016 to generate positive cash flows through the sale of processed ore.

The feasibility of the Rocklands Project is dependent on the key assumptions as set out in Note 17. 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 Group successfully completing the proposed rights issue and/or the Group raising significant additional funding from shareholders or other parties; and
- Successful and timely commissioning of the Rocklands mine processing plant to generate significant cash flows from mining activities; and
- The Group meeting its repayment obligations in accordance with the revised facility agreement with Minsheng Bank, or otherwise negotiating alternative funding arrangements.

In the event the Group does not raise sufficient funding from the proposed rights issue, and/or raise additional funding from shareholders or other parties, and receive significant cash flows from mining and processing activities, and meet its debt obligations, the Group may not be able to continue as a going concern.

The conditions set out above 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 the consolidated interim financial report.

4. Statement of significant accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2015.

5. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

During the half year ended 31 December 2015 management reassessed its estimates in respect of:

- Note 3 – Going concern
- Note 7 – Inventories
- Note 8 – Property, plant and equipment
- Note 10 – Development expenditure
- Note 12 – Provisions
- Note 17 – Impairment of assets

6. Earnings per share

	31 December 2015 $'000	31 December 2014 $'000
Basic and diluted earnings per share have been calculated using:		
Net loss for the half year	**(25,160)**	(13,779)
	No.	**No.**
Weighted average number of shares used as the denominator:		
- Number for basic loss per share	**279,977,686**	235,666,356
- Number for diluted loss per share	**279,977,686**	235,666,356

7. Inventories

	31 December 2015 $'000	30 June 2015 $'000
Current		
Work in progress – ore stock	**5,001**	5,001
	5,001	5,001
Non -current		
Consumables	**3,068**	4,063
Spare parts	**4,850**	3,895
Work in progress – ore stock	**13,342**	10,386
	21,260	18,344
Total inventories	**26,261**	23,345

Inventory is carried at the lower of cost or net realisable value. High grade ore stockpiles are expected to be processed and realized within 12 months on the basis of the successful commissioning of the 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.

8. Property plant and equipment

	31 December 2015 $'000	30 June 2015 $'000
Land and buildings – cost	**15,961**	15,961
Accumulated depreciation	**(4,621)**	(3,954)
Impairment loss	**(2,541)**	(2,541)
Net book value	**8,799**	9,466
Plant and equipment – cost	**45,400**	35,232
Accumulated depreciation	**(25,181)**	(22,074)
Impairment loss	**(2,785)**	(2,785)
Net book value	**17,434**	10,373
Plant and equipment – assets under construction – cost	**284,381**	285,596
Impairment loss (Note 17)	**(71,035)**	(60,627)
Net book value	**213,346**	224,969
Total property, plant and equipment	**239,579**	244,808

9. Exploration and evaluation assets

Costs carried forward in respect of areas of interest in the exploration and evaluation phase – at cost:

Balance at the beginning of the period	**9,166**	16,627
Exploration expenditure costs incurred – additions	**125**	177
Transfer to development expenditure	**-**	(7,638)
Balance at the end of the period	**9,291**	9,166

During the June 2015 financial year exploration and evaluation costs of $7,638,000 relating to the Rocklands Group Copper Project were transferred to development expenditure (refer to Note 10).

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

10. Development expenditure

Costs carried forward in respect of areas of interest in the Development phase – at cost:

Balance at the beginning of the period	**160,335**	149,689
Development expenditure costs incurred	**8,808**	37,776
Transfer from exploration and evaluation expenditure	**-**	7,638
Transfer from property, plant and equipment	**-**	1,984
Depreciation capitalised to development	**3,464**	6,295
Provision for impairment (Note 17)	**(7,186)**	(43,047)
Balance at the end of the period	**165,421**	160,335

The ultimate recoupment of costs carried forward in relation to capitalised development expenditure is dependent on the successful development and commercial exploitation of the Rocklands Group Copper Project.

11. Other assets

	31 December 2015 $'000	30 June 2015 $'000
Non-current		
Security deposits and rental bonds paid	**6,298**	2,199
Borrowing costs	**780**	1,320
	7,078	3,519

Included in the above amounts is $6,246,196 (30 June 2015 - $1,922,464) for an environmental bond with the State of Queensland against rehabilitation attributable to mining operations at the Rocklands Group Copper Project.

12. Provisions

Current liability		
Annual leave provision	**927**	1,186
Long service leave provision	**188**	189
	1,115	1,375
Non-current liability		
Rehabilitation provision	**6,246**	6,246
Long service leave provision	**21**	209
	6,267	6,455

13. Loans and borrowings

Current liability		
Secured bank loans (**)	**61,592**	19,589
Unsecured loans from Shareholders	**6,333**	-
	67,925	19,589
Non-current liability		
Secured bank loans (**)	**20,531**	58,766
Total secured bank loans	**88,456**	78,355

** The Group has two secured bank loan facilities with the China Minsheng Banking Corporation Limited as follows:

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

As at 31 December 2015, the US$60m facility to fund construction costs has been fully drawn. This facility is due to be repaid 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); or
- Three months following the last day of the relevant month when the commissioned Process Plant achieves 9,000 tonnes of throughput per day for three consecutive days.

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.

Subsequent to half-year end the Group signed an agreement with China Minsheng Banking Corporation Limited to revise the original contracted principal repayment dates and allow the draw-down of Facility B (refer Note 21).

14. Capital and reserves

Share capital

	31 December 2015		31 December 2014	
	Number	$'000	Number	$'000
Balance at 1 July	**271,214,099**	**478,535**	229,486,354	424,602
Issue of shares to pay for goods and services	**-**	**-**	3,033,831	4,276
Issue of shares	**37,500,000**	**30,000**	4,902,410	6,153
Option conversion	**392**	**1**	-	-
Shares acquired	**-**	**-**	(1,018,662)	(1,420)
Balance at 31 December	**308,714,491**	**508,536**	236,403,933	433,611

During the half year ended 31 December 2015:

- On 18 November 2015, the Company completed a share placement, issuing 37,500,000 shares at $0.80 per share to raise $30 million.
- On 31 December 2015, 392 options in the Company were exercised raising $980.

During the half year ended 31 December 2014:

- In August 2014 the Company issued 305,883 ordinary shares at $2.00 per share for costs associated with the transportation of the process plant.
- In December 2014:
  - the Company issued 294,118 ordinary shares at $1.70 per share as part payment for costs associated with the construction of the Tailings Dam;
  - The Company completed a share placement of 4,902,410 shares at $1.255;
  - The Company issued 2,433,830 ordinary shares at $1.30 per share for costs associated with the transportation of the process plant.
- The Company acquired 1,018,662 ordinary shares at an average price of $1.39 per share pursuant to the Employee Loan Funded Share Plan for those employees eligible to participate in the Plan.

Options

The following options with an expiry date of 31 December 2015 were in place during the period: -

Grant date	Expiry date	Exercise price $	Balance at start of the half year Number	Granted during the half year Number	Exercised during the half year Number	Expired/ Cancelled during the half year Number	Balance at end of the half year Number	Exercisable at end of the half year Number
19 Dec 2014	1 Dec 2015	$2.50	2,599,423	-	392	2,599,031	-	-
6 Jan 2015	1 Dec 2015	$2.50	20,000,000	-	-	20,000,000	-	-
			22,599,423	-	392	22,599,031	-	-

Dividends

There were no dividends paid or declared during the half year ended 31 December 2015 or 31 December 2014.

15. Segment Reporting

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 geographic 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 the operating segments during the half year. Accordingly, all significant operating decisions are based upon 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.

16. Share based payments

Share based remuneration
The Company has a Loan Funded Share Plan program that entitles eligible employees to purchase shares in the entity. The Share Plan is designed to provide incentives, assist in the recruitment, reward and retention of employees and provide opportunities for employees to participate directly in the equity of the Company.

Fair value of options
The fair value of options granted is measured at grant date and recognised as an expense over the period during which the eligible employees become unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

Expenses arising from share based payment transactions

The following is a summary of the share based payments during the period:

	31 December 2015 $'000	31 December 2014 $'000
Share based payments included as an expense	436	586
Share based payments capitalised to exploration and evaluation assets	471	58
Share based payments capitalised to mine development assets	18	687
Total share based payments for the period	925	1,331

17. Impairment of assets

Property plant and equipment and development costs

In assessing the value of the assets relating to the Rocklands project, the Group has assessed the recoverable amount at 31 December 2015 based on its value in use determined by discounting the future cash flows to be generated from the project. 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 8%

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 determine key inputs.

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 externally verifiable sources when determining its forecasts, making adjustments for specific factors relating to the Group.

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 8% 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 risks specific to this project. The discount rate has changed from a previously adopted rate of 10% having regard for the stage of completion of the project and other available market evidence.

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 completed at 31 December 2015, the recoverable amount for the Rocklands Project was estimated to be $405 million which resulted in an impairment loss of $17.59 million.

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

a. Completion of a Definitive Feasibility Study ('DFS') during the six months re-affirmed the Company's view of the recoverable amount of the Rocklands Project;

b. Additional costs incurred in the six months to 31 December 2015 which had been capitalised to Property, plant and equipment or Mine Development costs are not considered recoverable as the carrying value exceeded the Project value.

The impairment loss is allocated on a pro-rata basis to the individual assets constituting the project as follows.

	Notes	31 December 2015 $'000	31 December 2014 $'000
Development costs	10	**7,186**	-
Property, plant and equipment	8	**10,408**	2,914
		17,594	2,914

Following the impairment loss, the recoverable amount of the Rocklands project CGU was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment, which may be material.

During the half-year ended 31 December 2014 the Group impaired its logistical infrastructure assets associated with the multi-load facility resulting in an impairment of approximately $2.91 million.

18. Related party transactions

Transactions with key management personnel

On 28 July 2015 a termination payment of $816,451 was made to the Company's former Executive Chairman, Wayne McCrae. The termination payment made to Wayne McCrae was paid in reference to termination clauses contained within his employment agreement.

Other than the transaction outlined above, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at 31 December 2015.

19. Commitments

The Group has entered into a number of contracts for the construction of the processing plant for its Rocklands Group Copper Project. As at 31 December 2015 the remaining contractual commitments not included within trade and other payables amounted to $18.5m.

20. Contingencies

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2015.

21. Events Subsequent To Balance Date

Subsequent to period end:

- The Company completed a feasibility study for the Rocklands Group Copper Project and released the findings to the market on 3 March 2016. The key economic parameters from the study are as follows:

Parameter	Unit	Value
Average LOM Mill feed	Mtpa	2.74
Average LOM Head Grade	Cu eq %*	0.90
Average LOM head Grade	Cu %	0.71
Average LOM Production	Cu eq tpa	25,319
Average LOM Production	Cu tpa	18,347
Mine Life	Years	10**
C1 LOM Cash Costs Cu eq	A$/lb of CuEq	1.13
Initial Capital Invested	A$M	637.4
LOM Sustaining Capital	A$M	42.2
LOM Sales revenue	A$M	1,930
Net Cash flow before tax	A$M	631
Net Profit LOM after tax and net of depreciation	A$M	112
NPV before Tax @ 8 %***	A$M	465
NPV after Tax @ 8 %***	A$M	405
LOM Exchange rate	AUD/USD	0.711

* - *copper equivalent includes cobalt, gold and magnetite*

** - *Based on resources the mine life is expected to be extended*

*** - *NPV excludes any debt repayments and/or funding revenue/payments*

- David Taylor, the interim Chairman, resigned from the board on 20 January 2016, and Noel White was appointed as the new Chairman on 28 January 2016.

21. Events Subsequent To Balance Date (continued)

- The Company has lodged a Prospectus for a non-renounceable rights issue of 1 share for every 4 shares held in the Company at 80 cents. This issue will raise approx. $63 Million. ASIC, on review of the Prospectus issued an interim stop order as it raised some concerns on the disclosures contained in the Prospectus. The Company has worked with ASIC to address these queries. The directors consider that after lodgement of these half-year financials statements, ASIC should be able to lift the interim stop order. The Company has engaged Paradigm Securities as lead manager to the Offer and Underwriter and the issue is sub-underwritten by AM Capital Limited, China Oceanwide International Investment Co. Limited, New Apex Asia Investment Limited and Rich Lead Pte Limited.

- The Department of Environment and Heritage Protection has notified the Company that an additional amount of $6.54m is required to be provided as financial assurance in relation to environmental bonding.

- Application was made to China Minsheng Banking Corporation Limited ('Minsheng Bank') to change the contracted loan repayment schedule due to the delays on the Company achieving production. Minsheng Bank have agreed to the Company's application and the loan facility was varied on 31 March 2016. The amended principal repayment timeframe is now as follows:

	Original loan	**Revised loan**
Date	**Repayment amount**	
30 Apr 2016	US$15m	-
31 Jul 2016	US$15m	-
31 Oct 2016	US$15m	US$20m
31 Jan 2017	US$15m	US$40m
Total	**US$60m**	**US$60m**

In addition, the revised facility agreement has allowed the Company to draw-down on Facility B, providing the Company with US$3.4m after allowing for associated fees. The funds were available for draw-down from 1 April 2016.

No other matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

CUDECO LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of CuDeco Limited ('the Group'):

1. the attached financial statements and notes set out on pages 5 to 18, are in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the financial position of the Group as at 31 December 2015 and of its performance for the half-year ended on that date; and

   (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. there are reasonable grounds to believe that CuDeco Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

N White
Chairman

1 April 2016

Independent auditor's review report to the members of CuDeco Limited

We have reviewed the accompanying interim financial report of CuDeco Limited, which comprises the consolidated interim statement of financial position as at 31 December 2015, consolidated interim statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As auditor of CuDeco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

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Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 3, Going concern, in the interim financial report. The conditions disclosed in Note 3, including the Group's ability to continue as a going concern being critically dependent upon raising additional funding, the successful and timely commissioning of the Rocklands mine processing plant, including the Group receiving cash flows from mining activities within forecast timeframes, and the Group meeting its debt obligations, indicate the existence of material uncertainties.

These material uncertainties may cast significant doubt about the Group's ability to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report. In particular, in the event that the key assumptions outlined in Note 17 are not achieved further material impairment may arise.

KPMG

KPMG

Adam Twemlow
Partner

Gold Coast

1 April 2016

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