

MARKET RELEASE

2 June 2016

CUDECO – LETTER TO SHAREHOLDERS FROM MANAGING DIRECTOR

Dear Shareholders

Firstly, thank you for your valuable investment in CuDeco Limited and your continued support for our company.

I am writing to introduce myself as your new Managing Director, following my appointment by the Board to this important position on 20 May 2016.

As noted by our Chairman, Dr Noel White, I have had extensive experience in the Australian mining industry. This experience spans more than two decades, including both educational and industry experience.

The latter has included posts with Barrick Gold, Sino Jinfeng Mining and CITIC Pacific Mining, and more recently as managing director of Norton Gold Fields from 2012, during which time I helped bring the company's Paddington operation in Western Australia into profitable production.

It is this experience which I intend to draw upon as we take CuDeco to the next, vital stage: the transformation from developer to miner as we complete the construction and commissioning of our flagship Rocklands Group Copper Project at Cloncurry.

With this target in mind, it is pleasing to note our recent progress towards generating sustainable revenues from our wholly owned project.

On 31 May, we announced the start of ore feed commissioning at Rocklands, another important milestone as we ramp up towards full production. Over the next few weeks, we will increase the amount of ore to be processed through the plant, and further optimise performance ahead of the first targeted shipment of product prior to the end of June. See photo below that shows ore feed going from the HPGR to the scrubber.



Ore feed going from the HPGR to the scrubber

Management, operators and contractors are currently working hard to ensure the commissioning is completed safely and smoothly as quickly as possible, so we can commence generating cash flow for shareholders' benefit. This will be a major event in CuDeco's short history.

Importantly for the Cloncurry region, the Rocklands project will generate around 180 jobs at full production, creating around 400 new jobs in North Queensland due to the economic spin-offs. We have consistently stated our commitment to recruiting locally to the fullest extent possible, including providing employment opportunities and scholarships to the Indigenous community, and this is crucial in ensuring our "social licence" to operate as a responsible corporate citizen.

CuDeco has already injected millions of dollars into the regional economy, and Rocklands will contribute significant royalties to the state of Queensland during its operational life, providing further benefits to the whole community.

Thanks to the support of our shareholders and investors, we are well positioned from a funding perspective to take us through to commissioning following the successful completion of our recent \$63 million Rights Issue. Once Rocklands starts generating revenue on a sustainable basis and completes the transition from developer to miner, we would anticipate a re-rating of the Company to reflect our new status as a mid-sized producer.

Achieving this status also requires a high standard of disclosure and commitment to corporate governance, which the new leadership team has pledged to uphold.

As we advance towards the final stages of our journey at Rocklands, I hope you will stay with us to enjoy the benefits, which should extend for many more years to come.

Thank you.

Yours sincerely

Dr Dianmin Chen
Managing Director, CuDeco Limited