

MARKET RELEASE

20 February 2017

OPERATIONAL UPDATE

Rocklands Health and Safety review

Queensland copper producer CuDeco Limited (ASX:CDU) has reaffirmed its commitment to health and safety after receiving a directive from the Department of Natural Resources & Mines (DNRM) to suspend operations at its flagship Rocklands Copper Mine, pending the submission of an updated safety and health management system relevant to current operations. .

This follows a desktop audit on CuDeco's Safety and Health Management System which DNRM concluded did not support current activities, personnel and processes associated with the site, and therefore did not meet the requirements of a Safety & Health Management System under the Mining and Quarrying Safety and Health Act 1999 (MQSHA).

The inspectors also reviewed the site's risk assessment and determined that the site had not reviewed sufficiently nor comprehensively the current risks associated with the activities being undertaken, and that the site-wide risk assessment was out of date with the last review undertaken in late 2015.

As a result of this directive, the Company has stopped its Rocklands operations until such time as it completes a review and update of its Safety & Health Management System, including the Site Risk Register.

The Board will ensure all efforts are made to complete this review as soon as practicable. The Company reaffirms its commitment to holding health and safety as the highest value.

While working to address the issues raised by DNRM, CuDeco is able to mitigate the impact of this event for the following reasons:

- a. Under the DNRM Directive, the Company is permitted to continue loading concentrate that is currently at site, and to operate plant and equipment to keep the site safe;
- b. The Crushing Plant is currently shut for scheduled maintenance and this activity has been allowed to continue over this time; and
- c. With the signing of the mining contract imminent, the mobilization of the mining fleet may also commence during the suspension period, with mining anticipated to commence after the directive is satisfied to the DNRM's requirements"

CuDeco's newly appointed Interim Chairman, Mr Peter Hutchison said: "The health and safety of our workforce is our number one priority. We will endeavour to address this issue as quickly as possible for the benefit of all our employees and contractors, and ultimately, shareholders."

The Company will keep the market fully updated on this matter.

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