

23 May 2017

Mr Sebastian Bednarczyk
Senior Adviser, Listings Compliance
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Mr Bednarczyk,

CuDeco Limited (the “Company”): ASX Appendix 5B Query

I refer to your letter of 18 May 2017 seeking the Company’s response to a number of questions in respect of the Appendix 5B Quarterly Cash Flow Report for the period ended 31 March 2017.

The Company responds to each of the questions as follows:

- 1 The Company has taken steps and is in negotiations in respect of raising funds, both from operations and external sources, as follows:
 - (a) Since 31 March 2017, the Company has raised AU\$22.0m from the issue of Convertible Notes as announced on 21 April 2017. Proceeds from this issue have been used to settle the US\$15m loan facility repayment to Minsheng Bank (plus default interest) as included in the cash outflows notated under Item 9.6 “Other” in the Appendix 5B.
 - (b) The Company is in the initial stages of negotiating a substantive prepaid sales facility effective June 2017. Part of the proceeds from this arrangement will be used to settle the USD\$15m loan facility principle repayment to Minsheng Bank due 30 June 2017 as contained in the outflows notated under Item 9.6 “Other” in the Appendix 5B. The balance is to be used as working capital in the Company’s ramp up in production to achieve Nameplate capacity.
 - (c) Forecast production expenditure of \$29.37m is anticipated to result in operating income from the sale of copper and gold concentrate of \$35.9m, resulting in a positive net operating cash flow of \$3.1m, after development, staff and administration costs.
 - (d) The company has deferred all non-essential development and capital expenditure outflows as noted under Item 9.2 and 9.6 respectively in the Appendix 5B.
 - (e) The Company is currently in negotiations to refinance / restructure the loan facility currently held with the Minsheng Bank Corporation in order to secure a repayment schedule which is more closely aligned with estimated future net operating cash inflows.

The Company is confident that the initiatives outlined above will be successfully undertaken.

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- 2 The Company expects to be able to continue its operations and to meet its business objectives on the basis of the continued improvement in production levels as noted in earlier ASX announcements (February to May 2017), further efficiencies in operating costs, together with the funding initiatives set out in items 1 (a) (b) and (e) above.
- 3 The Company can confirm that it is in compliance with Listing Rule 3.1 and that there is no information in relation to its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
- 4 The Company confirms that the above responses have been authorised and approved by the Board in accordance with the Company's continuous disclosure policy.

Yours sincerely



Mark Gregory
Chief Executive Officer



18 May 2017

Mr Bruno Bamonte
CuDeco Limited
100 Edward Street
BRISBANE QLD 4000

By email

Dear Mr Bamonte

Cudeco Limited (“CDU”): Appendix 5B Query

I refer to CDU’s Appendix 5B quarterly report for the period ended 31 March 2017 lodged with ASX Market Announcements Platform on 1 May 2017 (the “Appendix 5B”).

ASX notes that CDU has reported:

- net operating cash flows for the quarter of \$1,112,000;
- cash at the end of the quarter of \$3,674,000; and
- estimated cash outflows for the next quarter of \$82,092,000.

It is possible to conclude, based on the information provided in the Appendix 5B that if CDU were to continue to expend cash at the rate indicated by the Appendix 5B, CDU may not have sufficient cash to continue funding its operations. In view of that, ASX asks CDU to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Has CDU taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
2. Does CDU expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
3. Please confirm that CDU is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
4. Please confirm that CDU’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CDU with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that CDU considers may be relevant to ASX forming an opinion on whether CDU is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 3:00 pm WST on Tuesday, 23 May 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CDU's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CDU's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Sebastian.b@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to CDU's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CDU's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CDU's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Sebastian Bednarczyk
Senior Adviser, Listings Compliance (Perth)