MARKET RELEASE

ROCKLANDS COPPER PROJECT (CDU 100%)

ORE GRADES 400% HIGHER THAN ESTIMATED AFTER RESULTS OF LARGE SINGLE-BATCH ORE-SORTER TRIAL

The first continuous trial processing of 1000 tonnes of low-grade (<0.5% Cu) copper ore through the Company’s trial ore-sorter, produced ~26 tonnes of concentrate averaging ~77% Cu, and 974 tonnes of “waste” (av ~0.5% Cu), indicating head-grades of ~2.5% Cu for this apparently “low-grade” ore. After the success of the trials, plans are to incorporate a larger unit into the circuit. The purpose built main native copper processing circuit, which forms part of the Rocklands Process Plant, is currently under construction and due for completion late 2014.

LARGE NATIVE COPPER MASSES (UP TO 50Kg) RECOVERED VIA CRUSHING OF OXIDE ORE PRODUCES ~95% NATIVE COPPER CONCENTRATE PRODUCT

The Company is extremely encouraged by the highly efficient liberation of large masses of native copper metal from gangue oxide rock using only crushing and screening and no other form of separation. Native copper recovery via “scalping” through the crushing circuit is being employed as an interim measure to produce copper product and early revenue whilst the process plant, including the purpose built gravity circuit designed to recover up to 95% of all native copper fractions, is being completed.

Figure 1: Large, coarse native copper metal pieces “scalped” via screens in the crushing circuit, produced a ~95% native copper concentrate.
Figure 2: Native copper concentrate produced through the ore-sorter averaged ~77% copper metal content. The "gangue rock" recovered with the native copper nuggets also contains native copper metal and chalcocite in rock matrix.
Ore grades 400% higher than estimated after results of large single-batch, ore-sorter trial

The Company recently processed ~5,000 tonnes of low-grade native copper/chalcocite ore (<0.5% Cu) through the primary crushing circuit, to investigate the impact on mineralogical characteristics at various size fractions.

Approximately 1000 tonnes of this ore was processed continuously through the Company’s ore-sorter and produced ~26 tonnes of copper concentrate product averaging ~77% Cu, and 974 tonnes of copper-rich “waste” averaging ~0.5% Cu, that was sent back to the stockpiles for later processing through the main process plant.

The results indicate head-grades were well above 2.5% Cu for this apparently “low-grade” ore.

The ore-sorter is a bulk-test trial unit and successfully produced an end-product that contained ~50% copper by volume, which equates to ~77% Cu by weight in concentrate. Optimised recovery and concentrate output was achieved at rates of 30tph, processing the >40mm <110mm fractions. Back-calculating copper contained in the concentrate and “waste”, indicated head-grades of the feed ore were ~2.5% Cu, which was more than 5 times expectations. The Rocklands Crushing Circuit is designed to operate at a production rate of up to 550tph.
Head-grades of the trial feed-ore were estimated using a combination of laboratory analysis of samples taken from high-density (3x3m) blast-hole drilling in the pit (open-hole rotary air blast rig), and resource drilling (both RC and diamond drills)...all of which correlated well with the resource block model estimated grades.

Visual estimates of the feed ore were 30-40% higher for copper, but these were not used in calculating head-grades.

Analysis of ore-sorter output (waste & concentrate), and a thorough inspection of the feed ore, indicates significant coarse native copper is present in clay-rich infill and generally friable matrix within the mostly semi-weathered to fresh supergene rock. The native copper also occurs pervasively in rock matrix as blebs, disseminations, infill veins, agglomerates and in free crystal form in both clays and cavities.

Evidence suggests feed ore grades were underestimated, possibly due to insufficient recovery of native copper metal portion of the ore during drill sampling. When combined with results from the ore-sorter trials, clear support exists for the Company’s view that solid native copper metal within soft matrix, may not be fully accounted for during drilling and sampling. It has long been the Company’s view that coarse native copper metal was not sufficiently recovered during resource drilling and sampling processes at Rocklands and if so, is likely to be underestimated in the resource model.

Results of the latest 1,000 tonne bulk-ore trial provides the most definitive evidence yet in support of this view.

The company elected to trial the ore sorter on the basis it may upgrade oversize material scalped through the crushing circuit and if successful, to incorporate a production unit into the scalping circuit (at the end of the crusher circuit) to handle the +40mm scalped native copper which is oversized for the native copper gravity jig circuit. The goal was for the ore-sorter to upgrade scalped concentrate grades and thereby reduce transport costs to the smelters.

During the trial process, only low-grade ore was processed through the ore-sorter whilst calibration and various other settings were optimized, including testing feed rates from 10tph to as high as 80tph.

Given the success of the ore-sorter trials, the Company intends to incorporate a larger production unit, or multiple units, to achieve higher throughputs that match the output of the jaw crusher (~550 tonnes per hour). In the meantime, the current trial ore-sorter is capable of processing 30 tonnes per hour and it is anticipated will shortly process high-grade native copper ore with estimated head-grades of ~5-8% Cu.
Figure 6: Large, coarse native copper metal pieces “scalped” via screens in the crushing circuit, produced a ~95% native copper concentrate product. The Company is pleased at how cleanly the native copper metal has been liberated from the gangue material using only crushing and recovery via the crusher screens and no other form of separation. An example of large solid native copper nugget circled in main image, and held for scale in the insert.
Large native copper masses recovered via crushing of oxides produces ~95% native copper concentrate product.

In a separate programme to the ore-sorter trials, large coarse native copper metal masses are being “scalped” via screens in the crushing circuit. Native copper recovery via “scalping” over screens through the crushing circuit is an interim measure to produce copper product and early revenue.

The Rocklands main process plant incorporates a purpose built gravity circuit designed to recover up to 95% of all native copper fractions, built at a cost of some $25m and is currently under construction.

The addition of an ore-sorter into the crushing circuit is specifically designed to upgrade scalped oversize fractions of native copper into a high-grade saleable concentrate product. The process plant is designed to process only native copper nuggets up to 40mm in size, which is estimated to account for more than 75% of the total native copper.

After numerous trials and commissioning adjustments, recent crushing of oxide native-copper ore (head-grade estimate 2-3% Cu), produced a ~95% coarse native copper concentrate product (visual estimate), far exceeding the Company's expectations.

The Company is extremely encouraged by the highly efficient liberation of the large masses of native copper metal from gangue rock using only crushing and screening and no other form of separation. The product is relatively clean of gangue material, and being such high-grade and free of penalty elements is considered a premium product.

The high-grade nature of the near pure native copper concentrate also means transport costs will be significantly reduced per pound of copper transported, further adding to the value of this product.

Data has not yet been collected from the various fractions produced, including grade or tonnes of each, so determinations of head-grade versus recovered grades cannot yet be quantified...however, visual estimates suggest recovered grades are higher than feed grades, as was the case with the ore-sorter feed.

What has become apparent however is that significant quantities of very-large native copper masses are present, that were not previously identified during resource drilling due to the limitations to the size of diamond drill diameters. As a result, further modification, upgrading and strengthening of the Crushing Circuit is currently underway, including the addition of a 200mm screen to create a 3-tier deck screen (currently 2-tier), to help scalp off the large, +200mm native copper masses that pass the jaw crusher, prior to entering the rolls crushers.
Due to the considerable research and development work completed on an ongoing basis at Rocklands, particularly with respect to treating native copper ore, the Company is eligible for research and development (R&D) tax incentives. In the 2013 financial year, the Company received research and development rebates of $827,542.

Mineralisation & Processing

The Rocklands Group Copper Project is primarily a sulphide (primary ore) mining and processing operation with $275m of the ~$300m processing facility price tag attributed to recovery of primary ore.

The occurrence of native copper ore at Rocklands is unique in both extent and distribution, and was clearly formed in an unusual geological environment. The native copper ore extends from surface to depths of 180m in a continuous and pervasive ore zone up to 60m wide and over a collective strike length of some 1200m.

The native copper zone at Rocklands is fully accessible via open-pit mining, offering front-end benefits of high-grade ore early in the revenue cycle, however due to the distribution of ore at Rocklands, is able to be co-processed with other supergene copper species and primary ore concurrently, from day 1 of processing.

Processing of this style of mineralisation has simply not been undertaken in Australia before (and very rarely in the world) due to the fact coarse native copper does not normally occur at a large enough scale to justify spending $25m on a dedicated recovery circuit.

What the team at CuDeco have done is doggedly continue to invest time, money and significant effort in devising specialised processes and procedures, and construction of a crushing and process plant like no other in the country. The process plant includes one of the largest continuous gravity jigging circuits in the

![Figure 8: Long-section of Las Minerale orebody, highlighting how native copper, supergene and primary ore will be accessed concurrently as the pit grows.](image-url)
world, designed and built in Germany, and shipped to Rocklands and constructed by our EPC Contractors Sinosteel Corporation.

The gravity circuit adds the final touches to a process plant that is one of the biggest constructed in Australia in recent decades, and can co-treat various ore types and weathering profiles in a single pass, including native copper, copper oxides & various supergene copper species, primary copper ore and cobalt (via sulphide recovery), gold as a by-product and magnetite recovery (via magnetic separation) through a single-pass process.

With the successful trial scalping of coarse native copper via the crushing circuit screens and highly successful inclusion of an ore-sorger into the recovery circuit, no stones have been left unturned...literally!

On behalf of the board.

-ends
Competent Person Statement

Information in this report 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.

The information in this report insofar as it relates to Metallurgical Test Results and Recoveries, is based on information compiled by Mr Peter Hutchison, MRACI Ch Chem, MAusIMM, a full-time executive director of CuDeco Ltd. Mr Hutchison has sufficient experience in hydrometallurgical and metallurgical techniques which is relevant to the results under consideration and to the activity which he is undertaking to qualify as a competent person for the purposes of this report. Mr Hutchison consents to the inclusion in this report of the information, in the form and context in which it appears.

Rocklands style mineralisation

Dominated by dilational brecciated shear zones, throughout varying rock types, 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.

Disclaimer and Forward-looking Statements

This report contains forward-looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.