

**QUARTERLY REPORT
FOR THE QUARTER ENDED
30 SEPTEMBER 2007**

HIGHLIGHTS

- Metallurgical test work
 - Preliminary Flotation testing results in 98.5% recovery on primary sulphide ore
 - Bond Index testing shows the main Rocklands ore type to be low to moderate hardness with respect to crushing and grinding.
- Las Minerale strike length being tested was extended from 1,250m to 1,550m between 10500E and 12050E.
- IP (Induced Polarisation) survey chargeability and conductivity results confirm the presence of sulphides at depth at several yet untested locations within the Rocklands EPM including major targets along strike in the East and West extensions of Las Minerale.
- Vertical HQ twinned with PQ (large diameter diamond core holes) confirm vertical copper grade continuity within the Las Minerale mineralised system. Grades of up to 45.5% Cu at 53m and up to 30% Cu at only 16m depth were recorded in some holes. One diamond core hole, LMDH037 intersected 121m @ 5.67% Cu from 4m depth.
- The twinned PQ diamond core holes were drilled for crushing and grinding test as part of the metallurgical test programme.
- Four major engineering companies have forwarded tenders to the Company to carry out feasibility studies for mining and processing of, initially, Las Minerale.
- Drilling continues to deliver strong results.

Drilling at Rocklands continued over the quarter with 2 x RC and 2 x Diamond Rigs drilling continuously seven days a week at Las Mineral, Le Meridian, Southern and Central Rocklands and Southern Rocklands Extensions. All prospects are located within the Rocklands Group Copper Project EPM13049 (100% CDU)

LAS MINERALE (CDU100%)

During the quarter drilling concentrated, but not exclusively, on extending Las Minerale strike length and infill drilling at 25m spacings along strike.

The assay results from the vertical holes returned very high grade copper from near surface to a vertical depth exceeding 120m. The high grades exist in primary and secondary supergene mineralisation (e.g. chalcopyrite, chalcocite and native copper)

These high grade results will contribute to the overall average grade of Las Minerale.

RESULTS FROM HQ DIAMOND CORE HOLES TWINNED WITH LARGE DIAMETER (PQ) METALLURGICAL TEST HOLES

- LMDH037 intersected 121m @ 5.67% Cu and 973ppm Co from 4 – 125m which included 8m @ 6.63% Cu, 934ppm Co from 6 – 14m and 12m @ 4.28% Cu, 828 Co from 35 – 47m including 5m @ 8.83% Cu and 453ppm Co from 39 – 44m and 13m @ 15.16% Cu and 453ppm Co from 51 – 64m including 11m @ 17.83% Cu and 432ppm Co from 52 – 63m and 54m @ 6.78% Cu and 1,142ppm Co from 71 – 125m.
- LMDH032 intersected 51m @ 2.26% Cu, 839ppm Co and 0.27g/t Au from 3 - 54m including 5m @ 5.74% Cu, 1242ppm Co and 0.34g/t Au from 8 -13m and 5m @ 6.52% Cu, 758ppm Co and 0.75g/t Au from 40 - 45m.
- LMDH034 intersected 107m @ 2.73% Cu and 686ppm Co from 3 - 110m including 33m @ 0.86% and 404ppm Co from 3 - 36m and 54m @ 4.70% Cu and 978ppm Co from 43 - 97m and 37m @ 5.22% and 1,128ppm Co from 46 - 83m.
- LMDH035 intersected 85m @ 2.27% Cu and 975ppm Co from 2m – 87m including 23m @ 4.03% Cu and 1050ppm Co from 9m – 32m and 3m @ 19.20% Cu and 4853ppm Co from 12 to 15m and 11m @ 3.12% Cu and 1695ppm Co.

Explanation – Twinned holes are holes drilled very close to holes already drilled to confirm previous results and provide selective samples of typical mineralised lode material for metallurgical testing.

INDUCED POLARIZATION SURVEY (IP SURVEY) RESULTS

The complete IP array results have been received by the Company from the survey contractors.

An internal review of the IP results by Company geologists, show the presence of anomalous sulphides along the Las Minerale structure from 11450E to 12050E. This mineralisation appears to be plunging to the south east along strike, from near surface to a vertical depth of approximately 500m.

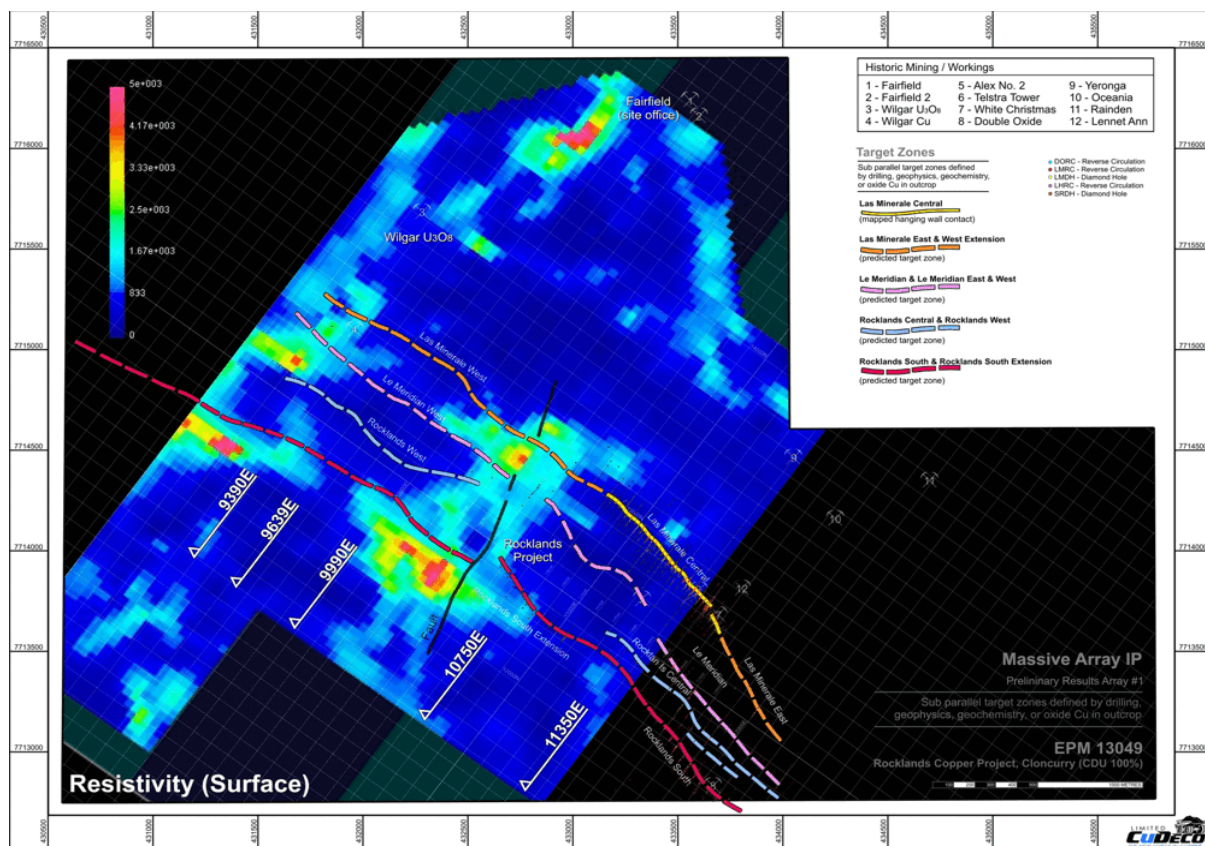
Along the Las Minerale strike, the anomalous results show strong coincidence with known zones of mineralisation near to 11450E and may also indicate the plunge of the mineralised system towards the South East (i.e. towards 12000E). The anomalous images extend the potential mineralised zone along strike to the East.

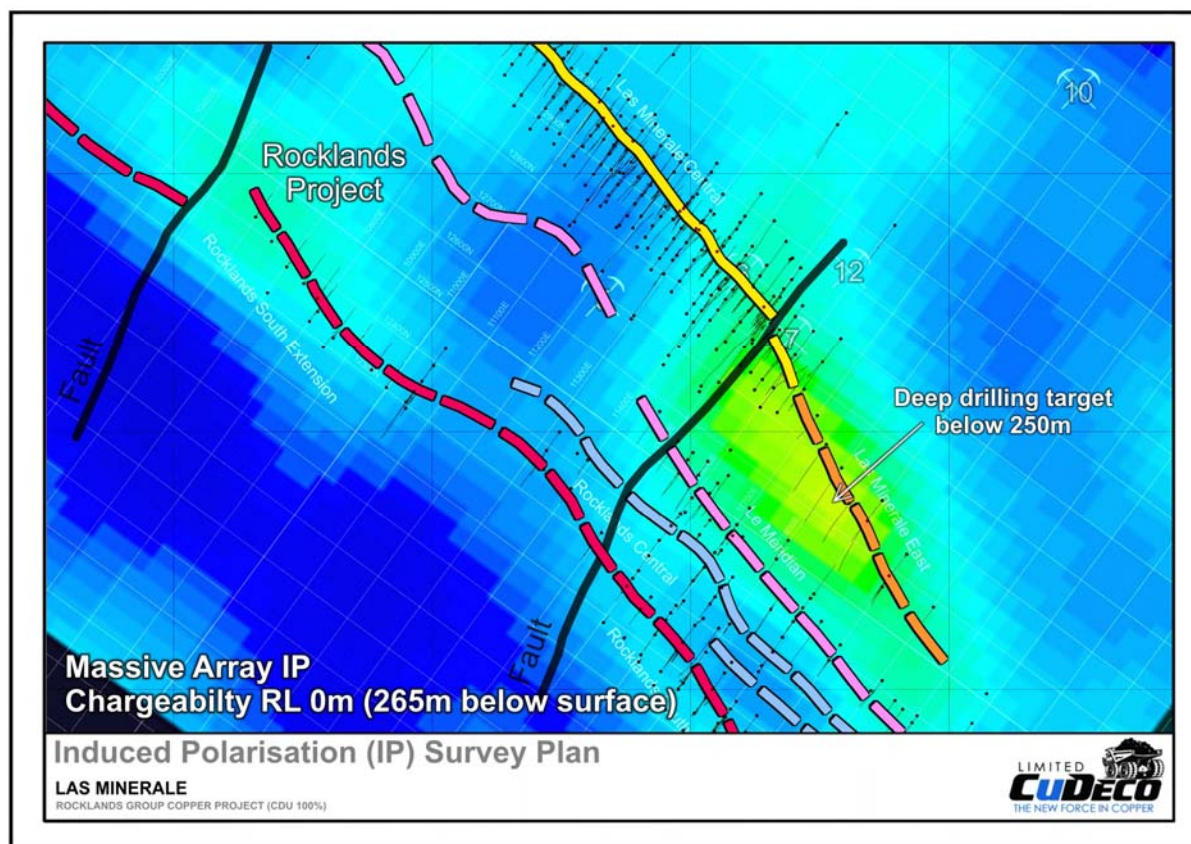
At the zero RL (-265m) the sulphide anomaly in Las Minerale appears to be 300m wide and 500m long coinciding with the area of the local grid between 12450N to 12800N and 12050E and 11450E, see figure below

Additional anomalous zones indicating sulphides appear at depth in the eastern portion of the Southern Rocklands Structure and in the south west corner of the tenement in as-yet untested areas.

An IP anomaly in the south west corner of the Rocklands EPM coincides with anomalous results from a recently completed Airborne Magnetic and Radiometric survey (previously released). This survey identified a Uranium anomaly over an area of 1km². This area has yet to be tested with soil geochemistry and drilling. It will become a priority target following the completion of Stage 1 infill drilling on Las Minerale.

A selection of IP Array images are presented below.





Drilling programmes to test the Las Minerale Eastern zone are continuing. Drilling was also extensive during the quarter testing Rocklands Central, Las Meridian and extensions of Rocklands South towards the west.

SIGNIFICANT RESULTS FROM INFILL HOLES DRILLED ALONG STRIKE – Las Minerale

Drilling along strike of Las Minerale continued to provide high grade copper mineralisation including:-

LMDH 26	Intersected two zones of mineralisation, 14m @ 3.91% Cu from 58 to 72m and 58m @ 1.68%, 0.26 g/t Au and 436ppm Co from 92-150m including 27m @ 2.55% Cu, 0.39g/t Au and 707ppm Co from 92-119m.
LMDH 32	Intersected 51m @ 1.34% Cu from 3-54m including 14m @ 2.86% Cu and 1107ppm Co from 7-21m.
LMRC 51	Intersected 61m @ 1.07% Cu, 0.11g/t Au and 409ppm Co from 74-135m including 13m @ 2.80% Cu, 0.37g/t Au and 1000ppm Co from 107-120m
LMRC 67	Intersected 19m @ 6.36% Cu, 0.20g/t Au and 729ppm Co from 86-105m including 7m @ 16.8% Cu, 0.38g/t Au and 735ppm Co from 90-97m
LMRC 45	Intersected 38m @ 1.84% Cu from 95-133m and 0.44g/t Au, including 23m @ 2.77% Cu and 0.60 g/t Au, from 102-125m.
LMRC 49	Intersected 19m @ 2.94% Cu and 0.24g/t Au from 51-70m including 14m @ 3.76% Cu, 0.26 g/t Au from 52-66m

LMRC 40	Intersected 22m @ 1.45% Cu from 96-118m and 12m @ 0.51% Cu from 126-138m
LMRC 50	Intersected two zones. The first zone intersected consisted of 20m @ 1.01% Cu and 0.37g/t Au from 79-99m including 9m @ 1.70% Cu, 0.58 g/t Au from 84-93m and a second zone (open at the end of hole), of 7m @ 0.97% Cu from 116-123m . This hole will be re-entered to test the full extent of the mineralisation in the footwall of the main Las Minerale lode.
LMRC 84	Intersected 4m @ 6.20% Cu and 4.81g/t Au from 149-153m
LMRC 82	Intersected 12m @ 3.51% Cu and 1.57g/t Au from 114-126m
LMRC 65	Intersected 39m @ 0.61% Cu, 0.21g/t Au and 111ppm Co from 73-112m of footwall mineralisation, open at the end of hole
LMRC 62	Intersected 13m @ 0.79% Cu, .13g/t Au and 1129ppm Co from 100-113m
LMRC 61	Intersected 18m @ 0.63% Cu and 624ppm Co from 69-87m
LMRC 60	Intersected 13m @ 1.52% Cu and 944ppm Co from 44-57m
LMRC 54	Intersected 19m @ 1.15% Cu, 0.20g/t au and 966ppm Co from 14-33m including 15m @ 1.30% Cu, 0.24 g/t Au and 1006ppm Co from 15-30m
LMRC 48	Intersected 23m @ 0.96% Cu, 0.14 g/t from 143-166m including 7m @ 2.50% Cu, 0.36 g/t from 158-165m
LMRC 47	Intersected 10m @ 0.81% Cu and 0.28g/t Au from 179-189m
LMRC 46	Intersected 26m @ 0.57% Cu from 135-161m including 6m @ 1.55% Cu from 153-159m.
LMRC 38	Intersected 32m @ 0.90% Cu from 24-56m including 20m @ 1.24% Cu from 29-49m.
LMRC 44	Intersected 23m @ 0.91% Cu from 55-78m including 5m @ 2.44%Cu and 0.35g/t Au from 60-65m
LMRC 43	Intersected 34m @ 0.88% Cu from 19-53m including 19m @ 1.34% Cu and 0.36g/t Au from 34-53m
LMRC 39	Intersected 12m @ 1.26% Cu from 67-79m including 5m @ 2.22% Cu from 72-77m.

ROCKLANDS PROJECT DEVELOPMENT

Site Infrastructure

Development of the office and geological complex at the Rocklands Exploration site has been significant during the quarter.

- the core shed and sample handling facilities have been expanded and improved
- additional geology and engineering offices have been added
- the purpose built laboratory building is almost ready for operation and installation of sample preparation equipment is well underway and expected to be completed prior to the Christmas break
- additional power generators to provide backup for the site and additional power for the laboratory services are now installed. The complex systems are currently being supplied with power from the State Power Grid.



New assay and preparation laboratory

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...001

Geology

Validation and interpretation of data within the Company's data base was progressed during the quarter in preparation for block modelling of the Las Minerale mineralised lode. The mineral resource model is required for the Project Feasibility Study.



Geology and Engineering Complex

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...001

Metallurgy Development

1. Comminution (Crushing and Grinding)

The majority of comminution testing has been completed with only final crush testing results to come. The results have been very encouraging, indication that the main ore types at Rocklands are in the low to moderate grinding hardness category.

2. Flotation

Flotation studies to determine the ease of recovery of the copper, gold and cobalt bearing minerals is being undertaken by Ammtec Ltd. Preliminary flotation test results have been received and whilst there is much more work to be done to refine the processes for the different ore types, the “first pass testing” on primary ore showed an encouraging recovery of 98.5%.

3. Native Copper – Gravity Separation

The Rocklands copper resource contains significant amounts of valuable native copper. Preliminary gravity work on the native copper containing supergene ore zone was undertaken by Roche Metallurgy indicating that separation of high percentages of the native copper can be achieved. This work will be quantified by further studies undertaken by Ammtec Ltd in conjunction with the flotation testing.

Project Feasibility

The Directors believe there is now sufficient quality information available to embark on a Feasibility Study of mining and processing to produce copper/gold and cobalt mineral concentrates at Rocklands. The study will be undertaken to a standard that will support the justification of financing this development and will focus on the Las Minerale ore zone as the commencing point of mining operations. This will enable drilling of other identified orebody and geophysical targets to continue, whilst not impeding the commencement of mining and processing operations.

Scoping documents were delivered to leading Australian Mining, Metallurgical and Engineering companies and at the end of the quarter assessment of submissions from four companies had commenced.

It is expected that the successful bidder will be announced by mid November and the study will commence shortly after.

Other activities that will be undertaken parallel with the Feasibility Study are the continuation of the preparation of the Environmental Impact Statement (EIS) and the preparation of the Cultural Heritage Management Plan.

KEROSENE CLAIM - MT NORMA

The Company's lawyers are now examining all historical and recent documents regarding the claim for the damages that resulted from the supply of substituted kerosene to CuDeco at Mt Norma.

Yours faithfully



Wayne McCrae
Chairman

The information in this report that relates to exploration results is based on information compiled by Mr Malcolm Carson, who is a Member of the Australian Institute of Mining and Metallurgy, Mr Carson is employed by Mineral Resource Consultants Pty Ltd. Mr Carson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Carson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



Entrance to the Rocklands Compound

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...001



Section of wide diameter PQ Diamond drill core in 7 m drill tray showing core impregnated with massive sulphides containing chalcopyrite and chalcocite (high grade copper mineral)

LAS MINERALE

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...004



Diamond core with heavy duty chalcopyrite in calcite and quartz rock.

LAS MINERALE

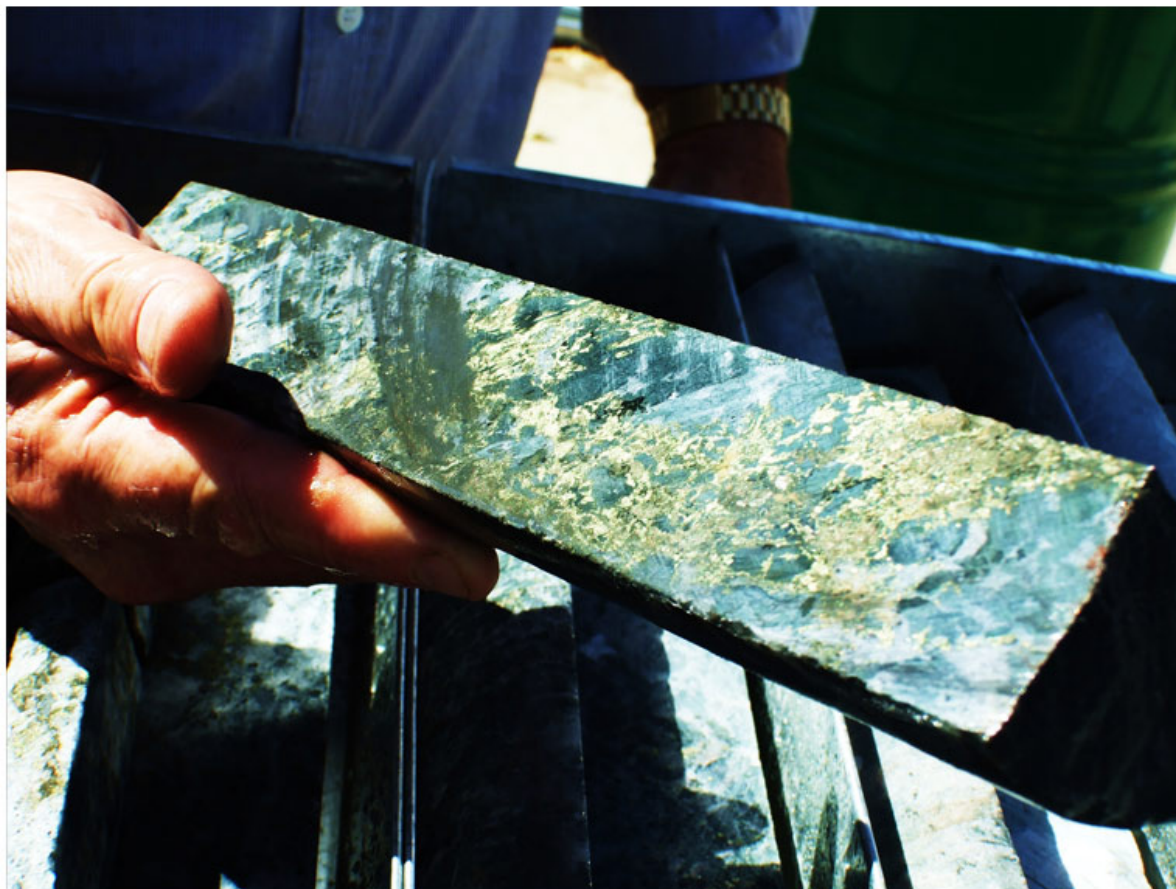
ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...005



The diamond core on the left is massive sulphides containing chalcopirite and chalcocite which was intersected at only 20m downhole depth. The core on the right is chalcopirite (copper mineral) in calcite and magnetite rocks

LAS MINERALE

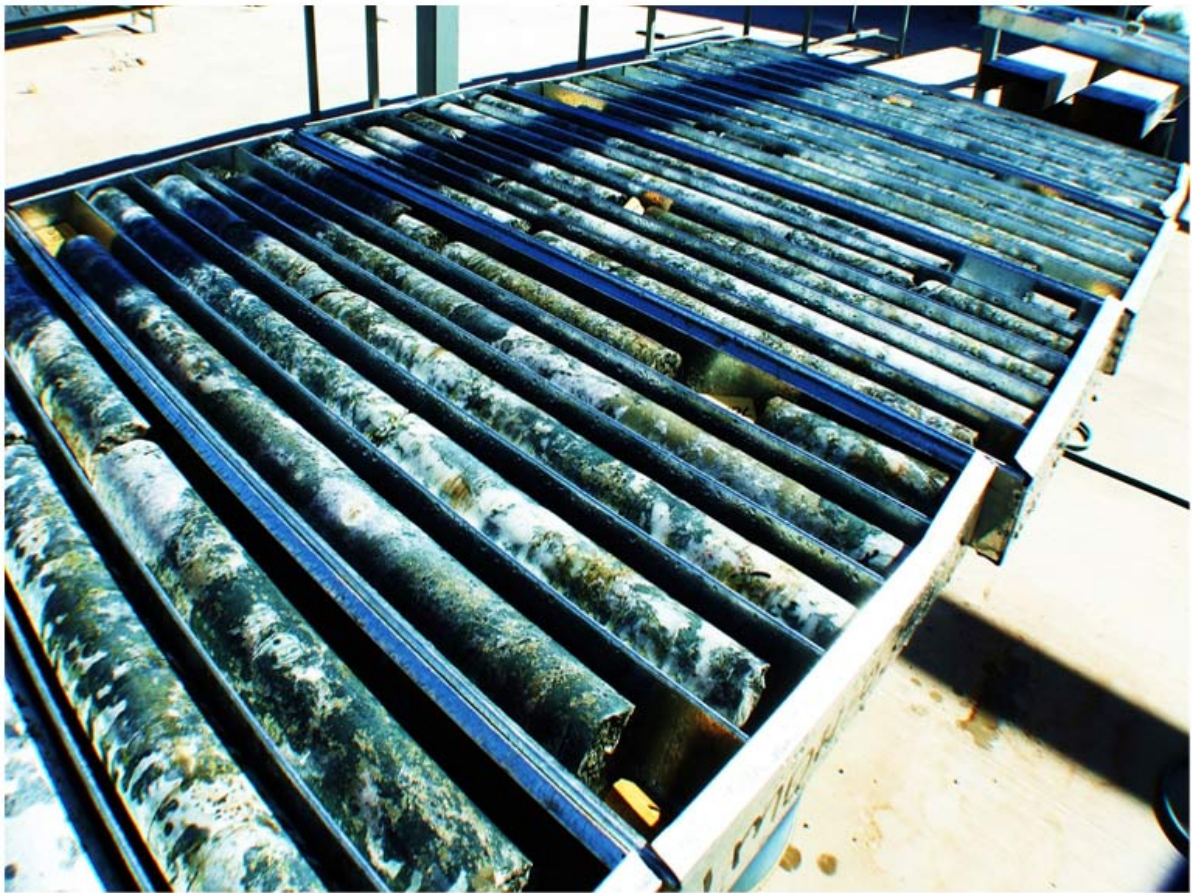
ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...006



Diamond core cut in half exposing primary copper ore

LAS MINERALE

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...008



Trays of diamond drill core heavily laden with chalcopyrite
from the S.E. end of Las Minerale

LAS MINERALE

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...010



Two large RC Drill Rigs drilling in tandem at the S.E. end of Las Minerale further extending the strike length of Las Minerale

LAS MINERALE

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...011



RC drilling at the SE section of Las Minerale .

LAS MINERALE

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...014



A 250 metre long section of resource drilling along the strike length of Las Minerale

LAS MINERALE

ROCKLANDS GROUP COPPER PROJECT (CDU 100%) ...015

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CUDECO LIMITED

ACN

000 317 251

Quarter ended ("current quarter")

30 September 2007

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	14	14
1.2	Payments for (a) exploration and evaluation	(2,574)	(2,574)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(668)	(668)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	100	100
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other - R&D tax concession received	231	231
	Other - Reimbursement of production / Mt Norma mining costs as per agreement with Queensland Mining Corporation (QMC)	487	487
	Other - Equipment hire (QMC)	423	423
Net Operating Cash Flows		(1,987)	(1,987)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2,328)	(2,328)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(2,328)	(2,328)
1.13	Total operating and investing cash flows (carried forward)	(4,315)	(4,315)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,315)	(4,315)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	26,432	26,432
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	(1,479)	(1,479)
	Net financing cash flows	24,953	24,953
	Net increase (decrease) in cash held	20,638	20,638
1.20	Cash at beginning of quarter/year to date	13,418	13,418
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	34,056	34,056

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	179
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' and their related parties remuneration \$141,667
Rent paid to director-related entity \$37,073

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	-
Total	2,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,056	8,918
5.2 Deposits at call	33,000	4,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	34,056	13,418

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed		Not applicable		
6.2 Interests in mining tenements acquired or increased		Not applicable		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities (description)	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	94,976,190	94,976,190		
7.4 Changes during quarter (a) Increases				
- conversion of options	1,210,297	1,210,297	\$0.20	\$0.20
- Issue of shares	8,235,885	8,235,885	\$3.18	\$3.18
(b) Decreases				
7.5 +Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
CDUO	20,311,543	20,311,543	\$0.20	30.06.2008
Director options	4,000,000	-	\$0.50	30.06.2008
Consultant options	250,000	-	\$4.50	01.03.07 – 01.03.08
Consultant options	250,000	-	\$5.50	01.06.07 – 01.06.08
Consultant options	200,000	-	\$5.50	26.07.07 – 30.06.08
Consultant options	100,000	-	\$3.29	15.02.08 – 15.08.10
Consultant options	250,000	-	\$6.50	01.09.07 – 01.09.08
7.8 Issued during quarter	200,000	-	\$5.50	26.07.07 – 30.06.08
	100,000	-	\$3.29	15.02.08 – 15.08.10
	250,000	-	\$6.50	01.09.07 – 01.09.08
7.9 Exercised during quarter	1,210,297	1,210,297	\$0.20	30.06.2008
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 October 2007
(Company secretary)

Print name: LISA ROWE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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