

ROCKLANDS COPPER PROJECT (CDU 100%)

CUDECO MOVES TOWARDS PRODUCTION WITH ITS \$200 MILLION ROCKLANDS COPPER PROJECT

CUDECO ENTERS INTO A CONTRACT WITH ONE OF CHINA'S LARGEST STATE OWNED CORPORATIONS SINOSTEEL TO SUPPLY THE 3 MILLION TONNE PER ANNUM MINERAL PROCESSING PLANT FOR THE ROCKLANDS GROUP COPPER PROJECT NEAR CLONCURRY IN NORTH WEST QUEENSLAND.

The company is pleased to advise that the Directors of CuDeco have entered into a contract to supply all of the Process Plant components and structures with Sinosteel for the Rocklands Group Copper Project. To ensure the company's forecast timeframe for the commencement of production is met, it required a commitment from the Company to secure this supply. The Company has completed an exhausting and continuous 4 year metallurgical testwork programme from more than 5 independent metallurgical laboratories, and is now entering the final design phase. Independent consultants involved in the project include China's largest metallurgical and process group, China Nerin Engineering Co Ltd, which was awarded the final design contract for the BHP Billiton Giant Olympic Dam Copper Project in S.A., and Lycopodium Minerals (Qld) Pty Ltd which has been involved in the preliminary studies for the Rocklands project. The Company has now entered this new and exciting phase. This decision to enter the production phase was approved by the board which expeditiously advanced the Company's agreement for supply of the 3M tonnes per annum Mineral Processing Plant for the Company's World Class Rocklands Copper Project. The process plant will include circuits for the native copper metal recovery, and flotation circuits for the supergene and primary sulphide zones.



CuDeco's China and Hong Kong representative Mr Cameron McCrae consummates the Contract in China with Vice President of Sinosteel Equipment Ltd Mr Yongmin Jiang.

Sinosteel will source the equipment from all over the globe, including China and under the agreement will arrange shipping to the Port of Townsville. Although not all of the mineral process equipment is being manufactured in China, Sinosteel have been appointed the supplier including water treatment and equipment for dewatering of tailings and return process water. Sinosteel one of the world's largest suppliers of mining equipment and projects in more than 70 countries were selected as our preferred supplier. Australian companies will also be quoting on some of the components under the umbrella of Sinosteel.

The intent is that the construction management of the Project will be undertaken by Lycopodium Minerals QLD Pty Ltd.

The Rocklands Group Copper Project has a unique style of mineralisation, only common in one other location in the world. The identical style of mineralisation is a copper deposit in Michigan U.S., that produced over 6 million tonnes of copper, predominately native copper metal, during its lifetime. The Rocklands copper project is located 15 km from the regional township of Cloncurry in NW Queensland and approx. 90 km east of Mt Isa. The Cloncurry/Mt Isa region is the largest known copper belt located within Australia and one of the largest known copper mineral fields in the Southern Hemisphere.

The 3 million tonne per year process plant will be fully computerised and automated. As well as incorporating a conventional flotation plant to treat supergene and primary ores, it incorporates a simple, but highly effective circuit to treat and recover the high grade native copper zones from within the Rocklands Orebodies. The process plant for the native copper circuit includes German crushing technology, the High Pressure Grinding Rolls (HPGR) which enables clean separation of the gangue material from the native copper. HPGR technology is becoming more and more common in Australian resource processing industries and has performed outstandingly during the metallurgical testwork for the Rocklands Project.

To achieve the clean separation required, a new, but highly effective jig from German company, allmineral, is used following the HPGR and wet screening. This new type of jig is used in the South African Ferrochrome slag separation circuits and for separating iron ore from gangue material at BHP Billiton's, Whyalla, S.A. operation, and has tested and proven to provide clean and highly efficient separation of the native copper from the host rock. Recovery of native copper in the final bulk testwork for the -40, +4mm fraction size using the 'alljig' already completed, has shown a separation rate of 99% of the native copper from the host rock and ore. The manufacturer of the equipment believes they can increase the recovery through the jig process for this size fraction, (which consists of principally, the larger native copper metal nuggets) to over 99.5% due to the significant difference in SG of the native copper and the host rock. Similar results are expected from the -4mm, +1mm fraction size, based on testwork to date. (The updated process flowsheet is given in Fig 1 below).

The recoveries of the minerals including the primary ore, supergene ore and the native copper have been outstanding and to ensure thoroughness more than \$4.4m has been expended on exhaustive metallurgical testwork to ensure maximum recoveries. Three months of the total programme of 5 months of flotation of chalcopyrite, chalcocite, supergene and native copper testwork at Nagrom and Ammtech metallurgical laboratories has been completed. The testwork is also being monitored by Mr Arthur Hunt, CuDeco's Technical Manager, a qualified metallurgist and mechanical engineer formerly holding senior technical and operational positions at BHP Billiton's Olympic Dam and Oz Minerals' Prominent Hill. .



The project will produce copper/gold, cobaltic-pyrite, native copper and magnetite concentrate products.

A costings study carried out by Lycopodium and AMDAD reported a process and treatment cost of \$14.07 per tonne and a mining cost of \$3.40 per tonne respectively for the processing, treatment and the mining of the ore at Rocklands. The ore for all of the discovered orebodies at Rocklands, commences at surface and as a result has a very low waste to ore ratio of less than 2.5 to 1, estimated over a 10 year operations period.

The Company is forecast to commence commercial production in late 2012. This forecast is obviously subject to Queensland regulatory approvals.

Ongoing Exploration at Rocklands

The move to purchase the plant and equipment is the final phase of the company progressing from exploration to production; however the company continues to drill and explore within the Rocklands tenement. The company has identified numerous additional high priority targets, identified by regional exploration and results from geophysical surveys that will keep the project in exploration for the next 5 years at least and continue to build on our in-ground mineral resources.

Resource Upgrade

The company is currently completing the upgrade resource estimation for the Rocklands Project. The upgrade is the result of an additional 20,000 metres of drilling including deep and infill drilling that was not completed at the time of the August resource update.

Off-take Agreements

The Company and its Hong Kong and China representatives are currently in negotiations with various groups in relation to off-take agreements with CuDeco Ltd. CuDeco has set strict terms and conditions for the clean and high grade mineral content of the concentrates. The Rocklands concentrates do not contain significant concentrations of deleterious elements, thus ensuring there will be no penalty charges from the smelters. Copper concentrates are the most sought after concentrates in S.E. Asia at present and CuDeco directors want to ensure that the best possible outcome is achieved in relation to the off-take of the copper and associated products from Rocklands. We have time on our side to ensure our team at CuDeco achieve the best possible outcome for our shareholders.

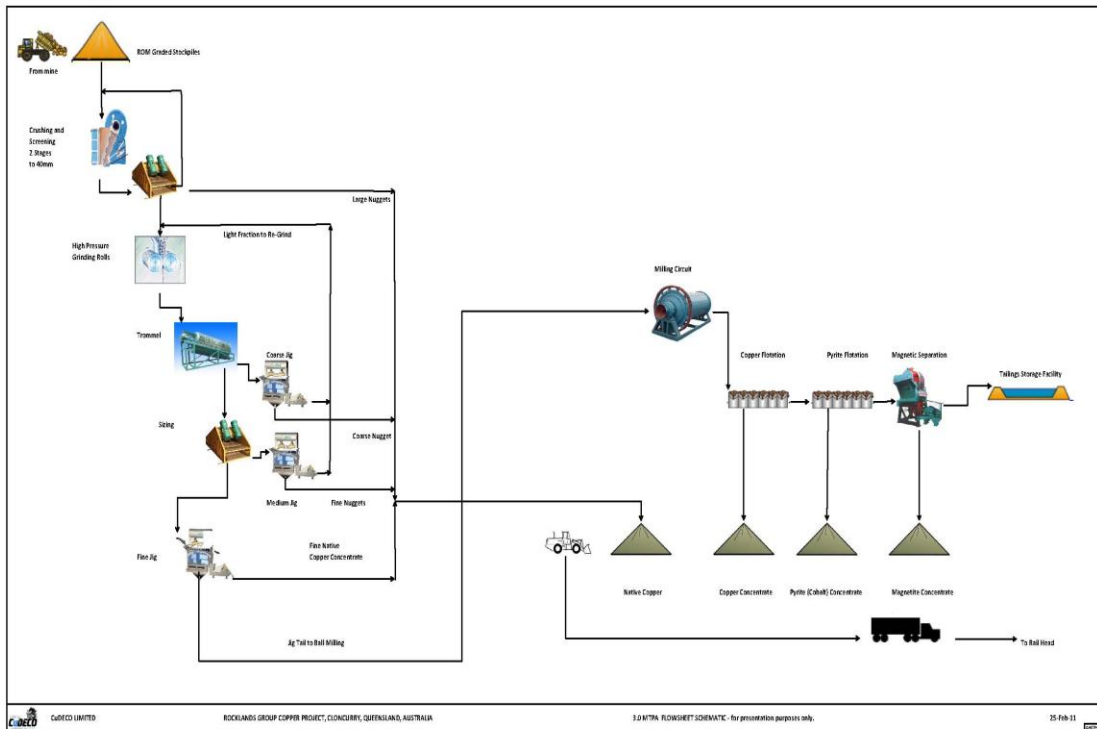


Fig 1: Updated Process Flowsheet

Yours faithfully



Wayne McCrae
Chairman

The information in this announcement insofar as it relates to metal grades and likely recoveries, is based on information compiled by Mr Peter Hutchison, ARACI 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 consented to the inclusion in the report of the information, in the form and context in which it appears.

Rocklands style mineralisation; is dominated by dilational brecciated shear zones, throughout varying rock types, hosting coarse splashy to massive primary mineralisation with high-grade supergene chalcocite enrichment and bonanza-grade coarse native copper. Polymetallic copper-cobalt-gold mineralisation persists throughout the oxidation profile and remains open at depth.

Notes on Assay Results

All analyses were carried out at internationally recognised, independent, assay laboratories. Quality assurance for the analyses is provided by continual analysis of known standards, blanks and duplicate samples.

Au = Gold
Co = Cobalt
Cu = Copper