

**MARKET RELEASE**

**7<sup>th</sup> July 2010**

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**ROCKLANDS GROUP COPPER PROJECT  
Resource Estimate Update**

Dear Shareholders

Due to the possible significant increase in the Cobalt grades as a result of the underestimation by the previous method of assay, your Board of Directors have elected to wait until the re-assaying of more Cobalt pulp samples has been completed by SGS Minerals Townsville laboratories.

The Company has been advised by the Independent Geological Consultants that due to workload and timetable commitments for their various clients they are unable to recommence the resource estimation and completion of other unfinished calculations until a time between 19<sup>th</sup> and 27<sup>th</sup> July. They estimate the timeframe to complete all of the outstanding work to be within up to 4 weeks from the commencement date.

At this stage over 1300 re-assays and re-analysis of the Cobalt results have been completed confirming the possible underestimation; however in order to be precise, a further 6000 (approx.) samples are being retrieved, some of which are already enroute to the SGS Laboratories for assaying. Due to the underestimation, the difference in grade may have a significant upside impact on the resource estimate.

Although this extension of time is unfortunate it is the duty of the Directors to ensure that the new upgraded resource estimate is in its complete, transparent and compliant form and not open to interpretation.

**What has happened?**

Since commencement of the Rocklands project in late 2005 our Company has been assaying its drill samples at the SGS Minerals, laboratories in Townsville. SGS is a global company, and the largest mineral analytical company in the world. The Company had selected Atomic Absorption Spectrophotometer (AAS) as the quantification method for Copper and Cobalt on the samples from the drill holes at Rocklands because of its cost effectiveness for small element numbers, and on the

basis of early samples was deemed by SGS and CuDeco the most appropriate method to use. In order to obtain additional information from assays (more metals analyzed for similar cost), and the improved cost effectiveness generally of the newer Inductively Coupled Plasma Atomic Emission Spectrometer (ICP-AES) method of assaying, the Company agreed with SGS Laboratories in mid 2009 to change all Copper and Cobalt assays to ICP-AES. As part of our ongoing Quality Assurance-Quality Control (QA/QC) and assay audit procedures, it was recently found that there appeared to be a bias in the Cobalt assays when comparing results using ICP-AES with those using AAS assay techniques, and the Company decided to embark on a re-assay program to compare the results of the two assay techniques over a large number of samples.

What SGS Laboratories found, was an increase in the values of the Cobalt assays when comparing the new (ICP-AES) with the old (AAS) method. Because of the \$ value of Cobalt which has ranged from \$US20/lb (\$US44,000 tonne) to \$US50/lb (\$US110,000 tonne), any change in Cobalt will have a significant impact on the Cobalt resource and the Copper Equivalent calculations used for the resource estimate. The Geological Consultants have been advised that due to the size of the anticipated Mineral Resource at Rocklands it is imperative for shareholders that we deliver a complete resource knowing all of the facts we have at the time.

#### **What actions are being taken?**

To be sure of the extent of the Cobalt underestimation the Company is requesting SGS Laboratories to carry out a re-assay of samples previously assayed by the old method (AAS), by the new method (ICP-AES). Once complete we will confirm the full extent of the Cobalt underestimation and add this into the new calculations for the resource estimate that was originally due around 7<sup>th</sup> July.

To shareholders I can only apologize, but having said that, we have waited 3½ years for the new resource, so a little longer is what we have. I can't do much more than apologize, but these things happen. It is better to find out now rather than later. I must say that it is good news and I am pleased to advise that the entire Board was unanimous in this decision to wait for completion of the work required to ensure that the resource estimate is complete and in its final form as originally requested by the CuDeco Board.

Yours faithfully



Wayne McCrae  
Chairman



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Directors of CuDeco  
Attention Wayne McCrae  
6<sup>th</sup> July, 2010

**Cobalt Assay Methods used for CuDeco Samples**

Historically the selected quantification method for Copper and Cobalt on drilling samples was AAS (Atomic Absorption Spectrophotometer) because of cost effectiveness for the analysis of two elements. More recently multi-element analyses were quantified by ICP-AES (Inductively Coupled Plasma Atomic Emission Spectrometer). Comparison of the AAS and ICP-AES data on the same samples and certified standards showed that the ICP-AES was more accurate in the quantification of the cobalt than the AAS which displayed a low bias in the data.

For these samples the AAS has displayed a low bias which potentially underestimated the Cobalt grade.

Subsequent to this finding, all analyses for Cobalt have been performed using the ICP-AES as the quantifying step because of the improved accuracy.

The overall trend where samples have been re-analysed by ICP-AES is high compared to the data originally reported using AAS. While there cannot be absolute certainty that this trend would be followed for all samples, the low bias in the cobalt results would potentially result in an underestimation of the cobalt grade.

Russell Larsen

A handwritten signature in blue ink, appearing to read 'R. Larsen', with a long, sweeping underline.

Manager  
SGS Townsville Laboratory