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ROCKLANDS GROUP COPPER PROJECT (CDU 100%)

Rocklands Mineralogy Indicates a Potential Low-cost Process

The Directors of Cudeco Limited are pleased to advise that the first stage of metallurgical assessment for the Rocklands Copper Project has been completed by J K Tech Pty Ltd (JKT). This work comprises a Mineral Liberation Analysis (MLA) of representative sections of drill samples of the major types of host geological material containing mineralisation. The sections analysed were:

Hole_ID	From Depth (m)	To Depth (m)
DORC079	84	86
DORC079	91	93
DORC079	107	109
DORC111	67	70
DORC111	196	198
DORC100	172	177
LMDH004	145	147
LMDH007	49	50
LMDH007	50	51
LMDH007	82	83

JKT is recognised throughout the world for its expertise in this type of analysis and the MLA results have shown that the principal copper mineral in the primary zones is chalcopyrite (34.6% Cu), and the principal copper minerals in the supergene zones are chalcocite (79.9% Cu) and native copper metal.

The results show the mineral grain sizes to be large compared with the industry norm, which is around 100µm. Due to the positive nature of these results the company is progressing its assessment and development programme as discussed below.

Investigations into gravity separation of native copper metal are also being undertaken by Roche Mineral Technologies.

Executive Summary - MLA Analysis of Ore Samples from CuDeco Ltd's Rocklands Project

Nine CuDeco Rocklands Project ore samples were analysed using the MLA to quantify modal mineralogy, elemental department, grain size and mineral association.

Significant copper minerals identified are chalcopyrite, chalcocite and native copper. Chalcopyrite is a major source of copper in samples 04_145-147, 79_84-86, 79_91-93 and 79_172-1732. Chalcocite is an important source of copper in samples 07_50-51, 07_82-83, and 111_67_70. Native copper is a significant source of copper for samples 07_50-51, 07_82-83, 111_67-70 and 111_196-198.

Linnaeite was the only cobalt-bearing mineral found (samples 04_145-147, 79_91-93 and 79_107-109). The linnaeite is locked in pyrite mainly.

Pyrite occurs in significant quantities in samples 04_145-147, 79_84-86, 79_91-93, 79_107-109 and 100_172-173. The major NSG minerals are quartz, amphiboles and carbonates. Sample 79_84-86 had a significant amount of iron oxide while sample 07_83-83 had significant clay content. Carbonate content was high in samples 04_145-147 and 07_50-51.

The grain size distribution data revealed moderately coarse-grained chalcopyrite with eighty percent passing data > 140 microns. Some samples have chalcopyrite with twenty percent passing data > 400 microns.

Chalcocite grains have a P80 of >130µm in samples 07_50-51 and 07_82-83.

In the two samples containing significant native copper the P80 of the metal is >180µm.

Chalcopyrite was consistently associated with carbonates, amphiboles, quartz and silicates across all samples. Chalcocite has a consistent association with chalcopyrite across all samples. Native copper displayed a strong association with chalcopyrite in sample 04_145-147 and with chalcocite in sample 07_91-93. Rimming of native copper by copper-oxides/carbonates is reflected in the strong association between the two minerals in sample 111_67-70. Consistently strong associations with native copper were with carbonates and quartz.

The few gold particles found in sample 79_91-93 showed a strong association with sulphides (chalcopyrite and pyrite). The gold grains are <math><10\mu\text{m}</math> in size.

What the results mean (a layman's perspective)

The most expensive cycle in the treatment of metalliferous ores for recovery of valuable minerals results from the power consumption for crushing and grinding of the ore (rock).

The minerals are liberated from the ore by grinding the ore to specific sizes. The ore needs to be ground down to the particle size that liberates for copper metal or mineral from the rock associated with it. In a majority of cases the ore is ground down to around 80 – 100 microns (talcum powder particle size) and will require two or more grinding mills.

The tests at this stage, indicate the Las Minerale ore will only require a simple grinding circuit with fewer grinding cycles that many grinding circuits require for the efficient liberation of the copper metal or mineral. The company has had advice that possibly one SAG mill would be capable of processing this ore.

Apart from potentially significant savings in capital and maintenance costs, the potential for savings in power consumption is the most significant.

Although the gold grain sizes are shown to be much smaller, it is possible that this can be recovered in conjunction with the copper concentrates. Similar investigations are planned for recovery of the cobalt fractions.

The final stage of the metallurgical study is still to be completed. Grinding and crushing tests such as Bond index tests are currently in hand, and flotation studies will commence shortly to determine the probable process and the potential recoveries.

What's next?

Over the next 3 months the company will deliver a resource statement, a scoping study and an announcement of the engineering group who will complete a bankable feasibility study on the Rocklands Group Copper Project.

A civil engineer has been employed to identify and progress infrastructure requirements including access roads, electrical supplies water, storm water diversions, plant siting and layout; tailings dam siting and waste rock disposal areas.

Drilling will continue into the foreseeable future with a 150,000m drill program underway which will drill targets already identified by geophysical, geochemical and bedrock drilling. The program will continue over the next 12-18 months.

Drill Availability

1 x RC Drill Rig is on site drilling with a second RC Rig due this week.
2 x Diamond Rigs are operating
1 x RAB Drill Rig is currently completing 10,000 hole bedrock drill program
1 x RC Drill Rig has been contracted to commence June 07

The company also purchased its own Schramm Drill which is currently being converted from RAB to reverse circulation (RC)

The company is also in the process of purchasing for itself a second RC Drill Rig. By the end of June we envisage 4-5 Rigs and 2-3 Diamond core rigs on site to continue to drill targets and allow continuous upgrading of the mineral resource.

Yours faithfully



Wayne McCrae
Chairman