



## **ASX/Media Announcement**

**7<sup>th</sup> February 2011**

**CHINA YUNNAN COPPER AUSTRALIA LIMITED (CYU)** provides the opportunity to listen to an audio broadcast with **Jason Beckton, Managing Director** in a presentation titled "**Laos Acquisition and Cloncurry Farmout – Building on the Relationship with Yunnan Copper**".

To listen copy the following link into your web browser: [brr.com.au/event/73718](http://brr.com.au/event/73718)

The presentation details are as follows:

- **Laos Acquisition and Cloncurry Farmout – Building on the Relationship with Yunnan Copper**
- **Friday, 4<sup>th</sup> February 2011**
- **A transcript of the broadcast is included below**

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**RADIO INTERVIEW WITH JASON BECKTON, MANAGING DIRECTOR, CHINA YUNNAN COPPER AUSTRALIA CONDUCTED ON FRIDAY, 4 FEBRUARY 2011**

**Q1** Good morning and welcome to Boardroomradio. I'm joined by Jason Beckton who's the Managing Director of China Yunnan Copper Australia. Jason, good morning and thank you for joining us today.

**A1** Oh, good morning, James.

**Q2** Now, on 3 February, Jason, the Company made a couple of announcements about an acquisition of a Chinese copper silver Resources Company and also a farmout of your Cloncurry North Projects to Yunnan Copper. Jason, can you give me a quick high-level overview on the meaning of these two announcements?

**A2** Well, they're both asset-level transactions, if you like, so it doesn't involved any shares, etcetera, although we are purchasing a controlling stake in a – I'll go through the Laos transaction first. The controlling stake is in what is a development – a copper silver development company in northern Laos adjacent to the border with China where the Yunnan Group, or the Chinalco Yunnan Group has a number of processing facilities, the closest being Mohan and effectively, like a lot of large companies, they're unable to service all of their projects and so, after three years' partnership with this Group, them still being our largest shareholder, they've offered us the opportunity to develop and get into production, far more rapidly than would be possible in Australia or other countries, a number of assets. So what the process there is – these are non-JORC resources so first things first. We'll drill them to JORC to allow reserve calculations and a mine plan that protects our shareholders and, hopefully, ultimately results in cash flow. So it's pretty straightforward what we're doing there. These resources are Zambian-style copper silver and what we need to do is to get them to a confidence level, within 12 months, to allow a Chinese-style feasibility study – and I emphasise that because we don't have to go to a normal bankable feasibility study like enterprises do here in Australia that's very costly in not only money but in time. And so what we're doing is we are exploiting, if you like, our relationship with the Chinalco Yunnan people, and they are also aware of the fact that they want their exploration arm, which is us, to get cash flow positive and independent, if you like, so that we can pursue our other parallel strategy, which is company-maker style exploration which we're doing in Australia and Chile. So I guess the farmout that you saw addressing that at Cloncurry, that was effectively a series of prospects that we've tested over the last three years, some of which still remain open such as the Gem Resource and Emu. However, they had slipped down the internally-competitive list so that they were down to four and five priorities, and the Yunnan guys, or Chinalco Yunnan guys, were keen to get involved in Australian-style exploration and expose their professionals here, and it also means that CYU shareholders are exposed to possible exploration upside on these what are peripheral Projects.

**Q3** Now, Jason, in terms of the project mix that you now have within China Yunnan, is it too much for you to manage or how are you managing the number of Projects that you've got within the Company?

- A3** That's a good question. The point is we have less ground now than when we floated in 2007 and, as our shareholders know, we're fairly brutal when it comes to disposing of properties that are not meeting our criteria. So we have a 66 per cent ground position that we had when we floated. It's all very high quality. It's just a little bit more geographically diverse in Laos and Chile now. Effectively, the important thing to remember about the Laos deal is that it will be operated by the Yunnan geologists and engineers under our supervision, so it's not people-intensive for us. It's the ideal situation of they're doing the hard grind, if you like, under our expert supervision to push that through quickly to being basically a construction decision after we get it to JORC. However, our people obviously are running the exploration effort in Australia and Chile and so, operationally, we're not stretched at all because we do – like all exploration companies that investors look at, we do have internally a lot of competition between projects, and sometimes that means that projects are disposed of. So rest assured that we are only servicing our best projects and maintaining a pipeline of earlier-stage projects behind them.
- Q4** **And, Jason, you've made note of the fact that you're looking to advance some of your potentially company-making exploration projects, namely, Mount Isa and also Chile. What's the current status of these two Projects and is there some near-term work activity going on there?**
- A4** Mount Isa we were fortunate enough to complete a drill hole at Elaine Dorothy in the sulphide zone that we alerted to some weeks ago that we'd started that work. We've finished that hole and that's being processed and, basically, we'll look at commencing Mount Dorothy as soon as weather conditions allow for – significant Cyclone Yasi over the top of Isa right now, although the rig is on site at Mount Dorothy and we've started the hole about 12 metres down. So, when time permits, we'll get back and finish the two holes in the Heavy Rare Earth Element copper zone at Mount Dorothy, which is very exciting. And what will happen in the next few weeks is we will start to see results come in from the Elaine Dorothy hole. So there's news flow on actual drilling results during the wet season which is very unusual for a North Queensland exploration company. Most companies shut down under the Easter, traditionally. But we were able to sneak in and get some work done. Chile, we've complete the RC at Humitos and we'll soon – I'd say in the next week or so – be releasing – or it might be a few weeks actually – all the assay results from Chile, which is the first round of testing the geophysical targets with RC there. So, basically, February will be pregnant, if you like, with drill results. Also, we'll have further initiatives in Chile. I'll be going over there in a week or so to progress things there. Chile does represent large-scale mega-style exploration. We're purposely avoiding drilling smaller IOCG targets over there, and it takes time – it's taken a few years – but we're getting into a situation where we'll have a suite of porphyry copper-style targets to drill there, again greenfields. So shareholders should be aware that the Laos transaction is very important potentially for cash flow in the near term, but that we are also, in parallel, running non-manning intensive effort in Chile and Australia. And finally on that operational point is wet season in Mount Isa occurs from, say, December to March where there's not much work done, and wet season in Laos occurs from May to September. So there's a bit of a snug fit there, if you like, of our people who can service both Projects. When one of them is down, the one's up. So it works out quite well. Chile, of course, is all year round.

**Q5**      **Okay, Jason. Well, it certainly sounds like a couple of interesting transactions for the business, and obviously the opportunity of some near-term cash flow is quite attractive for an exploration and development company. So we appreciate you taking the time to talk us through these transactions and we look forward to following the progress they're able to make throughout the year.**

**A5**      Thank you, James, and thanks for the opportunity to summarise yesterday's announcements.

**INTERVIEW CONCLUDED**