



## **ASX/Media Announcement**

**29 October 2009**

### **CHINA YUNNAN COPPER AUSTRALIA LIMITED BROADCAST.**

**CHINA YUNNAN COPPER AUSTRALIA LIMITED (CYU) provides the opportunity to view to a live broadcast between Sky TV Business host Peter Switzer with the Company's Managing Director, Mr Jason Beckton on October 14<sup>th</sup> 2009.**

**This interview covered**

- **Renewed CYU – Yunnan Copper – Chinalco Acquisition Strategy**
- **Discussion of the Gem Discovery.**
- **Investment by Foreign entities onto the ASX.**
- **Future growth strategy for CYU**

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**A transcript of the interview is attached.**

**Paul Marshall  
Company Secretary**

#### **About CYU**

CYU is an Australian company formed to explore for and develop minerals in Australia and overseas. Cornerstone investor, Yunnan Copper Industry (Group) Co Ltd, is one of China's largest copper producers. CYU is targeting high quality copper, gold and uranium projects with eleven wholly owned Exploration Permit for Minerals (EPM's) in the Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier in Queensland.

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## Transcript:

**Peter Switzer:** Welcome back, time now to take a look at a junior mineral explorer that is poised to ride to global pickup and demand. Don't be fooled by the name China Yunnan Copper; it is an Aussie company that has been around about fifteen years, with exploration sites in Queensland. It also has a significant relationship with Chinalco the Chinese aluminium giant which is set for a billion dollar tie-up before the deal collapsed earlier this year. To tell us more we are joined by CYU's managing director Jason Beckton. Thanks for joining us on the programme mate. So tell us about the actual history of CYU.

**Jason Beckton:** Well CYU originally was a gold company in Northern Queensland called Mt. Stewart Gold. We listed the company in late 2007, October 29, just before what Sol talked about – the brown stuff hit the fan. We listed off the back of some good quality copper, gold and uranium exploration assets and into that pre-float came a group called Yunnan Copper Industries. Now these guys are the third largest copper producers in China. A week after our float they in turn were purchased or 49% of their equities were purchased by Chinalco. This was an effort by the Chinese government to rationalise copper business, because every province used to have their own copper company.

**Peter Switzer:** They are very individualistic for a collective country aren't they?

**Jason Beckton:** That's right, and so, if you can imagine a New South Wales, Victorian copper company that was government owned and so correctly it's been a drive by the Chinese government to rationalize that and Yunnan Copper is effectively the Chinese copper company now if you like. And their cornerstone investment in us is a drive to involve more foreign listed vehicles and to look for copper assets.

**Peter Switzer:** Ok so the major shareholder takes about 22% of the company, is that right?

**Jason Beckton:** That's right

**Peter Switzer:** Ok, so how does Chinalco fit into this equation as well

**Jason Beckton:** Well Chinalco in turn owns 49% of that major shareholder, so indirectly they hold 11% in us. So that is the basic equation.

**Peter Switzer:** So what is the significance of the recent exploration in terms of results?

**Jason Beckton:** Well what we've done is we've floated on the back, as a lot of people have done in 2007, on a Greenfield's package. And now we've gone from 0 to effectively resource drill outs at one of our projects called Gem, north of Cloncurry. As mining investors in particular know the best way to add value is through discovery, not necessarily acquisition. So we think we've done that at Gem and we've got some more test work to do, it's not a resource yet it remains a prospect. And also we've signed a new JV with Goldsearch Limited for the Mary-Kathleen joint venture, and we'll be drilling at a small uranium resource there. But the main drive, the strategic drive, is the copper business. The reason for that is, at the moment China is only self-sufficient to 18% of its domestic copper needs. It all makes a lot of sense, very simple. They need more materials, but they recognise the best way to do that is through locally listed entities.

**Peter Switzer:** I guess I'm thinking from the point of view of someone watching this at home and they say, "Well copper has a good outlook, when the global economy recovers, copper is on top of the metals you use". But I feel a bit exposed because there is a Chinese company that's got 22% of the company. I'm sure you there's something you have to respond to on road shows or whatever. What is your view, what do you say when people say, "Well I'm just worried about China having this share of the company".

**Jason Beckton:** Well I think knowledge is the best medicine for fear. So it's best to work with the guys' together, one on one. Our board is 50% Chinese – Australian. Obviously the technical side, my geological background in Australia and principally Latin America brings something to the table as well. The Chinese guys', nationality aside, are mainly processing and metallurgy guys'. So there's a good mix there. The reason that they did get into us is because, one point a lot of people miss, is that global company's like

Chinalco normally have a global exploration outfit like BHP, Rio and Vale. They all have global exploration outfits. Chinalco don't yet have that, and so the point is our concept are very similar to Vale who did this to get from number 8 to number 2 in the world. You mitigate risk by starting with small investments, whether it's exploration or bringing in assets, which we plan to do in the future. And you grow your business not really organically, but you grow it through foreign corporations, run by foreigners as well, which is our case.

**Peter Switzer:** Ok, but China would like to see this asset grow in value because they have interest in the asset. They wouldn't want to make decisions that would undermine the value of the asset of something that is listed on the Australian Stock Exchange.

**Jason Beckton:** No, the good thing about this is that the discipline and the transparency of the Australian Stock Exchange is actually attractive to these state owned enterprises, because we are accountable, everyone can see quarterly accounts it's a normal Australian company with a cornerstone investor. Which is not unique there are groups like Yunnan Tin, Kagara and Pan Aust; they are on the same boat. So I think the key point that Australian investors should take heart from is that their exchange is respected globally and is attracting foreign capital, which it should do. Brazilian, Russian, Chinese capital – we like to see that coming into our country and focusing on Australian assets.

**Peter Switzer:** And in a sense it's like a new era, we got used to the Brits, the Americans, and the French investing in our companies. Like Axa is a French company, it used to be a National Mutual; we got used to that. It's going to take some time for us to get used to China as a major investor in our resources.

**Jason Beckton:** That's right, and sticking with the mining and resources industry, it was British capital that built Bendigo and Ballarat. The Japanese investment in the 70's at the time meant that there were iron ore assets in North West Australia through Mitsui, that in turn also generated some short term concerns. So I think the best way to address those concerns is to work in parallel together, not a sort of a "them and us" attitude, and so we've been running now for two solid years. Operationally, we operated through the crisis, which in some ways helped us because we generated the results we did from 0 to where we are now. And that the key message I keep putting to people is that, of course there are cultural differences between countries. I've worked in most of the Latin American countries and I can guarantee you there are some big differences.

**Peter Switzer:** Yeah, I've noticed it.

**Jason Beckton:** But when it comes to the Chinese, basically they are the same as us. It has to be a quality project; it has to be in a good jurisdiction i.e. Australia and you have to respect the law of the land, which is the way it's going to work.

**Peter Switzer:** There's also a Gem play in this as well, tell me about that.

**Jason Beckton:** Ah the Gem play, No I think what's happening there is that the name of our copper prospect is called Gem.

**Peter Switzer:** Ok, so that is the actual name of the prospect?

**Jason Beckton:** Yes, that's right. Like all prospectors they name those things, but basically it is copper deposit that we're drilling out at the moment. Just to clarify we're focused on copper and also there's some peripheral effort on gold and uranium. But I think the key thing investors need to look for in a junior company like ours despite our backing, is focus. Because you see some junior companies involved in long drill outs with no resource estimates in play; my background has always been in tuning prospects over, they either make it or they don't, if they continue to pass tests eventually they get to resource, that's what we do.

**Peter Switzer:** You've had a rights issue, so tell us about what you tried to achieve and what happened.

**Jason Beckton:** Well everything went to plan eventually.

**Peter Switzer:** When did the rights issue first start?

**Jason Beckton:** We announced it on the first of September. And so today actually the money is in the bank and people have their shares. There's obviously a great opportunity for us to bring in a lot of new people into our register. It was underwritten by BBY – went reasonably smoothly and that will allow us to focus on our Australian discoveries that we've brought on-stream. So in the end that process also involved foreign investors to some extent, the ones that had Australian nominees, and that has been a healthy process as well.

**Peter Switzer:** Well the chart's on screen, so talk us through the price movements' mate.

**Jason Beckton:** Well the price movements, which is similar to a lot of juniors up until July onwards we saw an increase in equity price and some softening, we got official news from Chinalco Yunnan in-between August and September that we are being used as their acquisition vehicle for the right sized assets, and there'll be different processes where we add value for CYU shareholders. So that resulted in that sharp jump. It was resulted from some media speculation, which was right on the money.

**Peter Switzer:** So you've gone from an average price around 16, you hit a peak around 32, and you're sitting at about 25, 26.

**Jason Beckton:** Yes, that's today's trading based on the new shares being out there, there's obviously some short term profit taking, which is fine.

**Peter Switzer:** Ok, so what's going to be the big thing that's going to make the share price take off? And talk us through how long you think it is going to be, and of course it's guess work, but reality is if someone is going to take a punt on your company they'd like to know what you're hoping might happen over the next say – year or so.

**Jason Beckton:** Well what we work on is the two pronged effort. So there is the exploration, the discovery work which we are doing now and we've done at Gem and that's being drilled out. So that's the first thing, that's straight forward, that's a normal standard thing an exploration company does. But in parallel, and this is where we're differentiated from most companies; we have been mandated by the Chinalco Yunnan Group to bring in copper assets, in the right framework, in due course, that are high quality. Because one thing we saw with both the boom and the burst is that there's panic at both ends of the market. And at the moment the market is at a pretty stable price regime in terms of metals, so high quality assets still stand up and we look at those. So to answer your question, the most value you'll see with our share price taking off, is bringing in an asset with short (term) balance sheets.

**Peter Switzer:** Ok, so in a sense you're on the prowl for something that you think has good value.

**Jason Beckton:** Exactly.

**Peter Switzer:** It comes in house, the global recovery kicks in, the demand of copper and the price goes up, and you're off to the races in a sense.

**Jason Beckton:** We are but in the right jurisdiction, so Australia, obviously. I've got experience in other jurisdiction but this is a good place to invest.

**Peter Switzer:** So in a sense people are going to be investing on the future of prospect, and that turns into a real production. But also the calibre of your selection and the people that advise you on assets that are out there.

**Jason Beckton:** That's right and we keep it simple as well. There's obviously a lot of tempting assets out there that are complex, or need too much work, or too much drilling. It has to be something that is commercially viable. Every day we are submitted new opportunities and not all of them are appropriate.

END INTERVIEW