ASX/Media Announcement

26th May 2009

Significant Copper-Gold Drill Results at Gem, Cloncurry North Project, Northwest Queensland.

Key Points

- **Hole GR-003 results include 38m @ 1.25% copper and 0.20g/t gold from 33m, including 22m @ 1.96% copper and 0.29g/t gold from 45m.**
- **Drilling completed at the Gem Prospect, Cloncurry North Project with the results from the first of five holes now received.**
- **Possible commercial implications, depth and width characteristics favourable.**

China Yunnan Copper Australia Limited **(ASX:CYU)** is pleased to announce encouraging results from its first pass exploration reverse circulation (RC) drilling programme at the Gem Prospect on its Cloncurry North Project which has **not previously been drilled**.

A total of five RC drillholes (**Figure 3**) for 670 metres were completed in May 2009 (**Table 1**). Holes were drilled to test the Gem mineralised trend and geophysical-geochemical anomalies associated with surface copper mineralisation and magnetic responses. CYU considers these results very important in terms of discovering a significant iron oxide-copper-gold (IOCG) system. Mineralisation remains open down dip and along strike. Ongoing step out drilling is planned to define the scale of Gem.

To-date results have been returned for GR-003 (**Table 2 and Figure 4**) and have identified a significant near surface copper-gold intersection of **38 metres @ 1.25 % copper and 0.20 g/t gold** from 33 metres down hole depth (**Figure 4**) including a high grade interval of 22 metres @ 1.96% copper and 0.29 g/t gold.

HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
GR-001	419403	7758801	193	-60	090	150.00
GR-002	419544	7758581	193	-60	130	120.00
GR-003	419425	7758551	188	-60	060	100.00
GR-004	419368	7758445	189	-60	060	150.00
GR-006	419387	7758423	192	-60	060	150.00

Table 1: Gem Prospect RC drillcollar location. Easting and Northing UTM MGA Zone 54 – GDA94.

HOLE ID	FROM (m)	TO (m)	WIDTH (m)	Cu (%)	Au (g/t)
GR-001				**Pending**	
GR-002				**Pending**	
GR-003	**33**	**71**	**38**	**1.25**	**0.20**
including	**45**	**67**	**22**	**1.96**	**0.29**
GR-001				**Pending**	
GR-002				**Pending**	

Table 2: Gem Prospect Significant Drill Results. Geological intercepts only - no lower cut. Results 'pending' indicate not yet returned from the laboratory.

Mineralisation remains open at depth and in the case of the central geochemical anomaly, remains open both to the northwest and southeast. The majority of the prospect is dominated by alluvial cover with minimal outcrop observed. Detailed prospect scale mapping has been undertaken on the Gem Prospect. Early indication is mineralisation is consisting of a series of sub-parallel mineralised lenses trending northwest.

Several prominent aeromagnetic features which are considered prospective for IOCG similar to that of the Ernest Henry deposit have been identified in the Cloncurry North and Mount Isa projects. Following review and compilation of historical fieldwork, reconnaissance mapping, prospect scale surface geophysical and geochemical sampling, CYU defined the prospective area of Gem in the western area of EPM 12205.

The Gem Prospect contains old workings that have been sunk on a series of sub-parallel north-west trending zone of copper mineralisation. No modern day exploration is evident

within the prospect area. This is the case for many CYU prospects. A target list of other untested prospects has been ranked in the CYU portfolio and will be tested in parallel to extensional drilling at Gem.

Mineralisation at Gem appears to be confined to structural corridors **(Figure 3)** within the granite country rock defined as the Naraku Granite. These corridors consist of a series of sub-parallel quartz-pyrite-chalcopyrite-haematite breccias. The overall strike length of the previous workings is greater than 650 metres.

The Naraku Granite is believed to be responsible for IOCG mineralisation in the district. CYU's 2009 ground magnetic survey has identified that the main workings and surface geochemical anomalies are located adjacent to moderate magnetic responses within the large granite body.

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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Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Richard Hatcher, who is a Member of the Australian Institute of Geologists and is a Senior Geologist of China Yunnan Copper Australia Ltd. Mr Hatcher has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results and Mineral Resources. ". Mr Hatcher consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

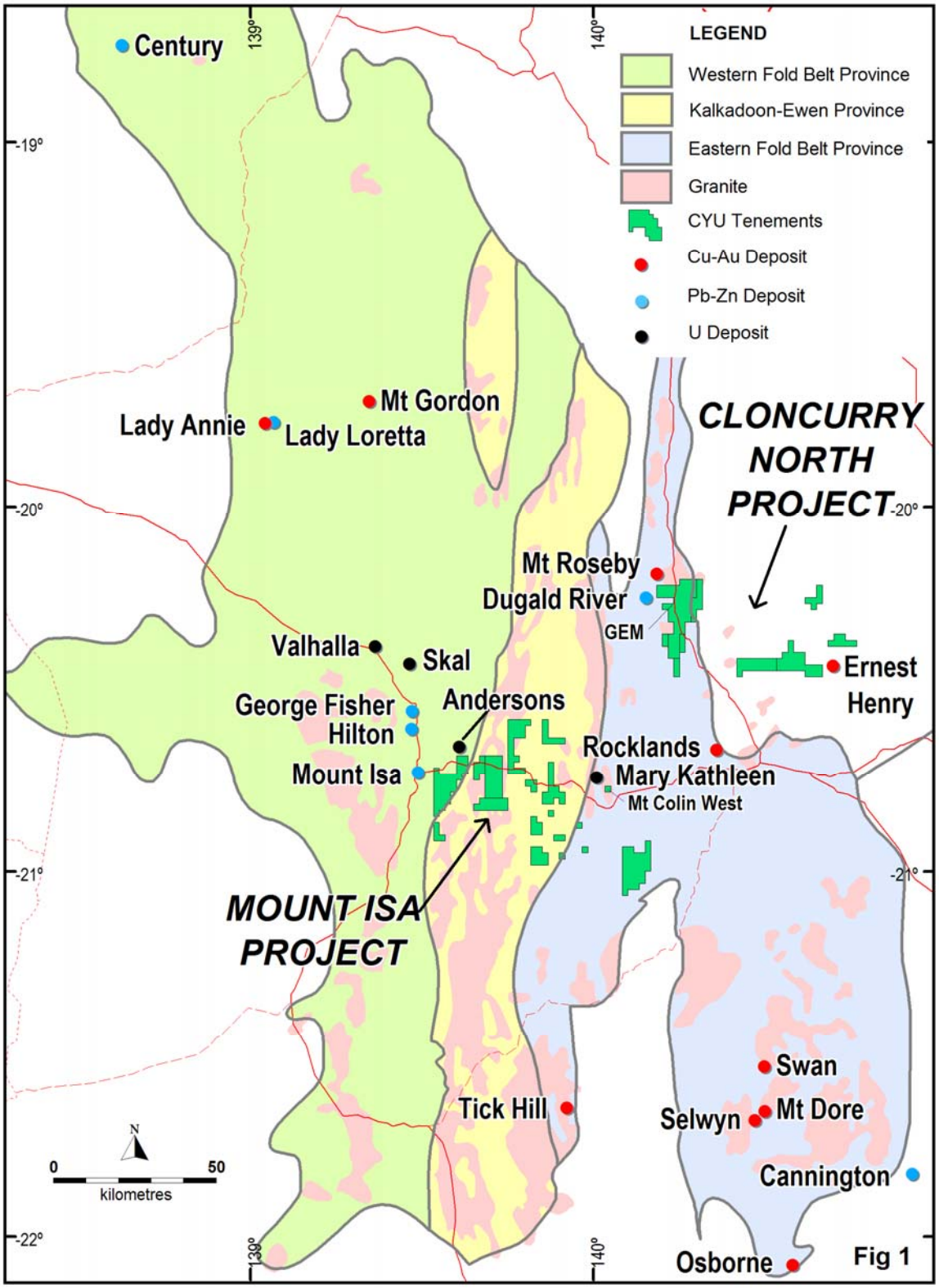

Figure 1. CYU project locations - Mt Isa and Cloncurry.

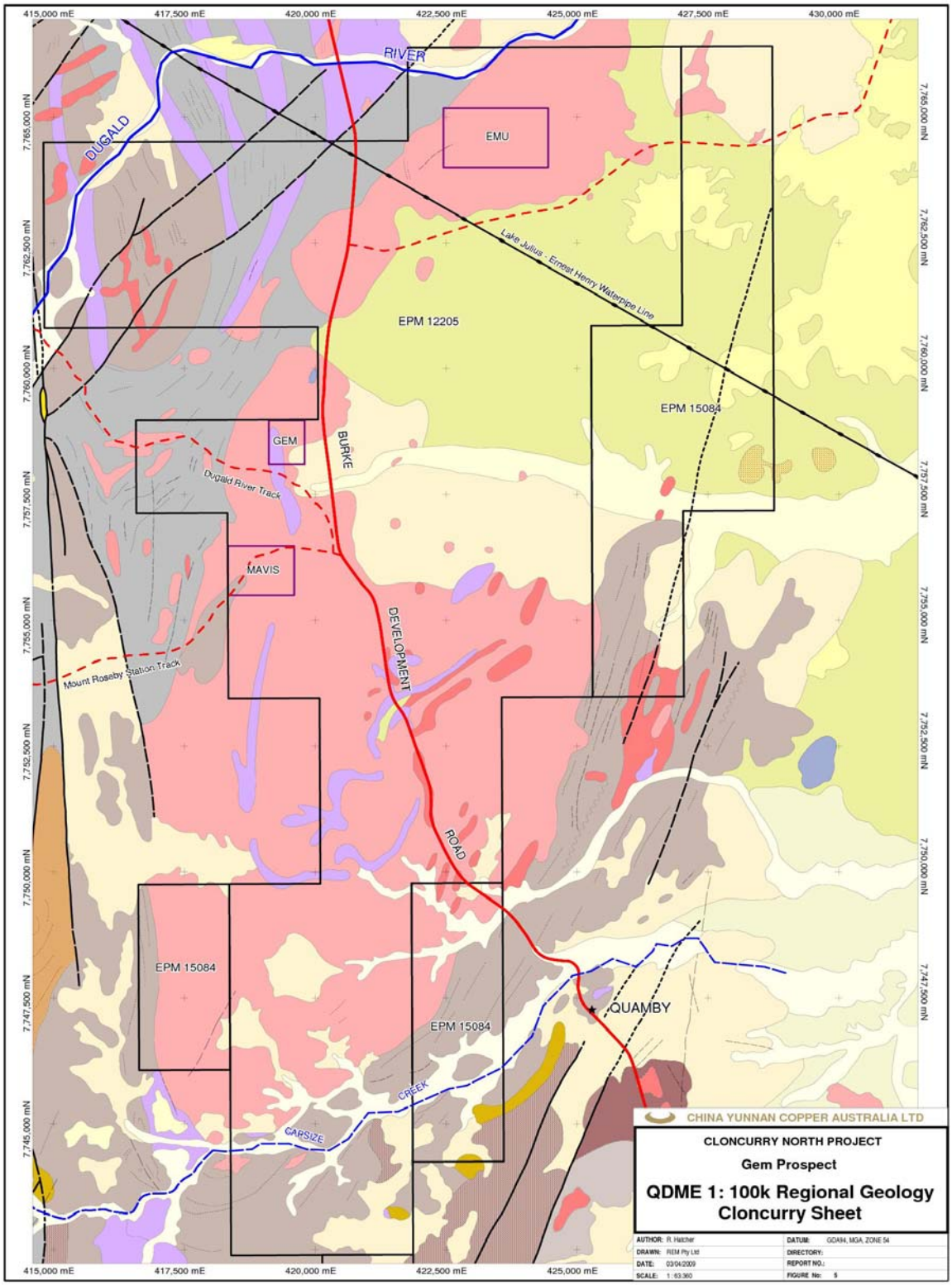

Figure 2. Cloncurry North project scale geology.

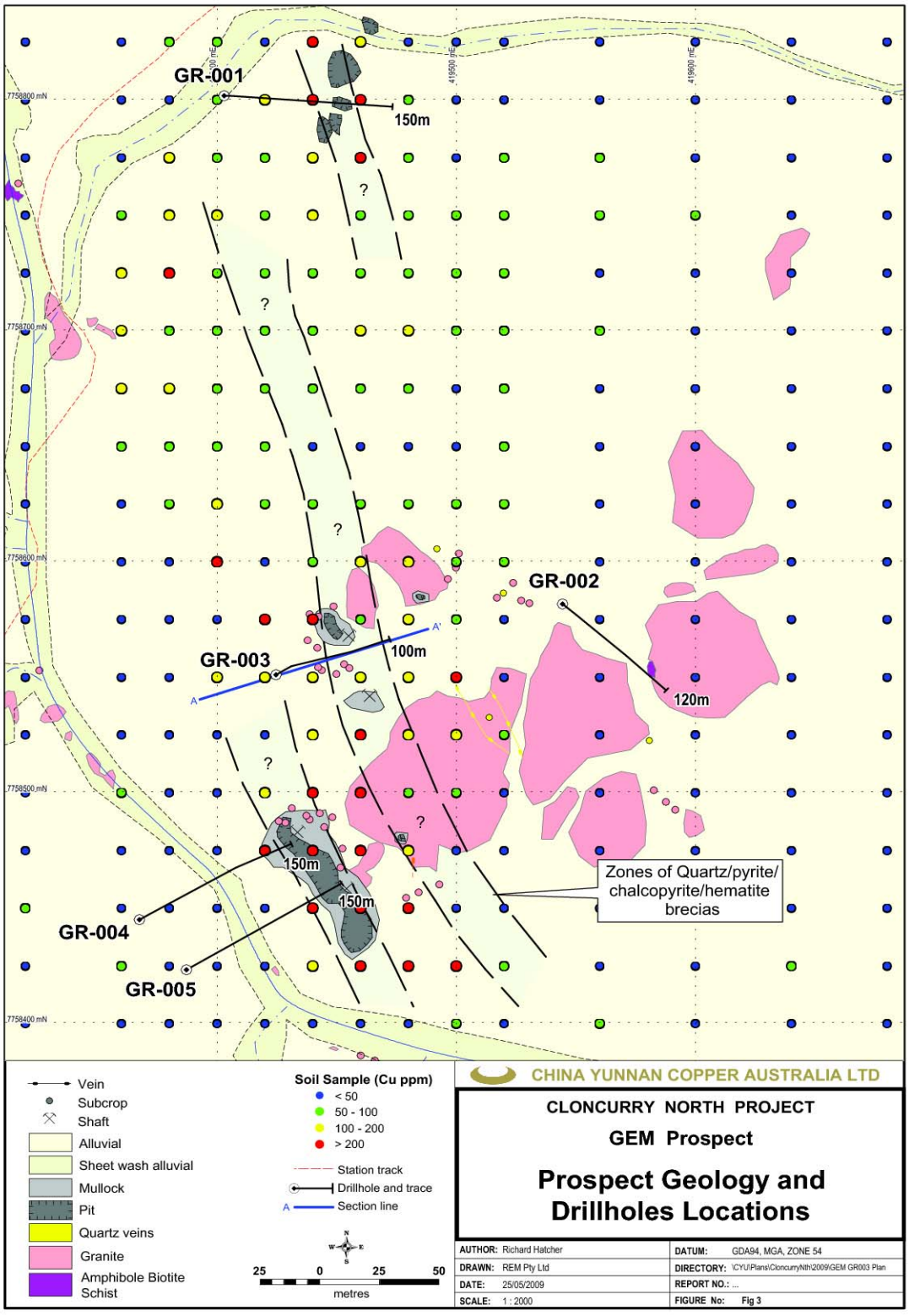

Figure 3. Gem interpretive prospect scale map.

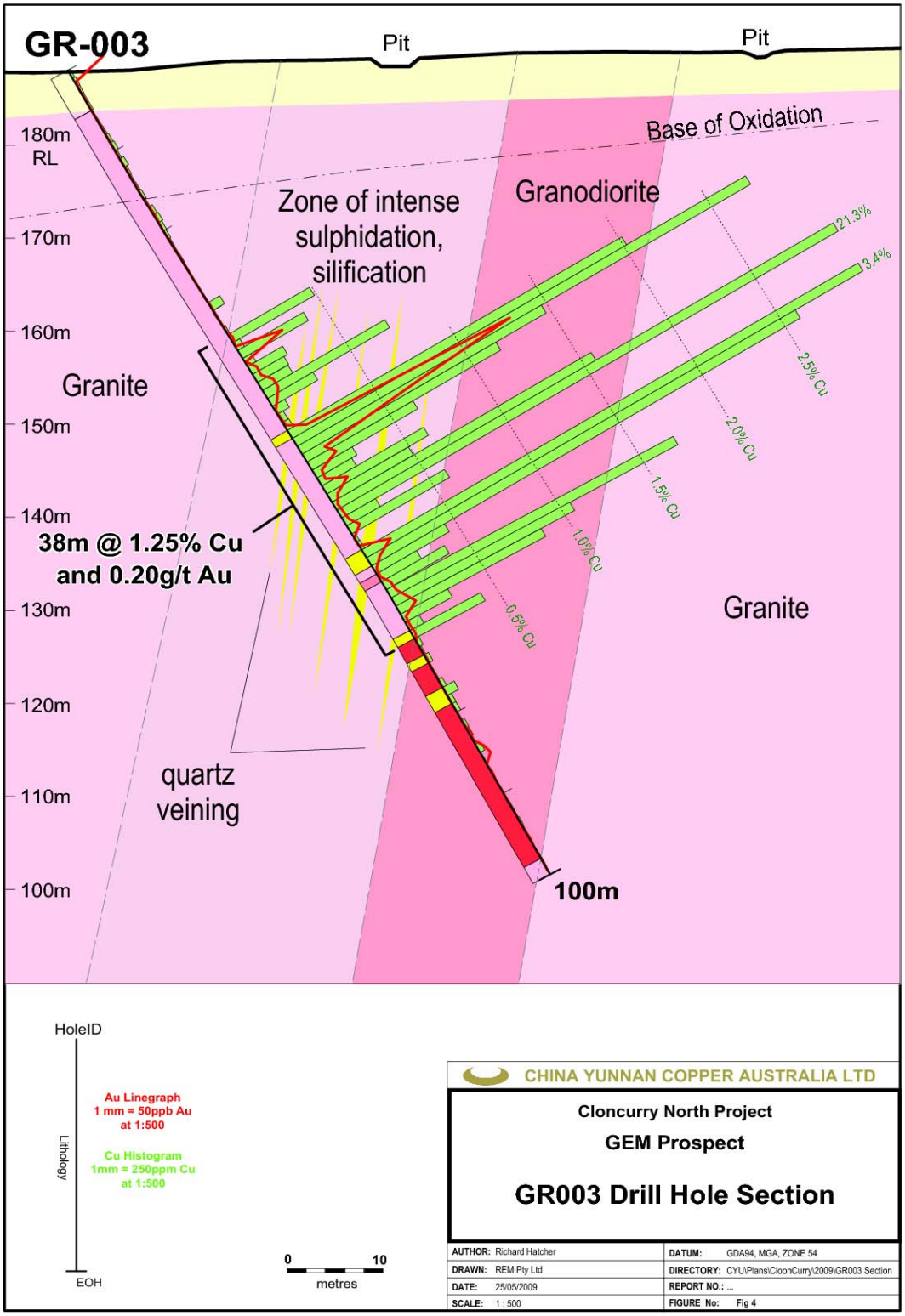

Figure 4. GR-003 cross section - Gem.