China Yunnan Copper Australia Limited

ABN 29 070 859 522

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

CORPORATE DIRECTORY

Board of Directors

Norm Zillman (Co Chairman)
Mr Chao Yang (Co Chairman)
Jason Beckton (Managing Director)
Zewen (Robert) Yang (Executive Director)
Mr Liang Zhong (Non-Executive Director)
Dr Mark Elliott (Non Executive Director)

Company Secretary

Paul Marshall

Registered Office Level 5 Santos House, 60 Edward Street, Brisbane QLD 4000 Telephone: 07 3303 0653 Facsimile: 07 3303 0601 Email: admin@cycal.com.au Website: www.cycal.com.au	**Solicitors** Hopgood Ganim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Brisbane QLD 4000 Telephone: (07) 3024 0000 Facsimile: (07) 3024 0300 Website: www.hopgoodganim.com.au
Auditors WHK Horwath Level 16 120 Edward Street Brisbane QLD 4000 Telephone: 07 3233 3555 Fax: 07 3210 6183 Website: www.whkhorwath.com.au	**Share Registry** Link Market Services Limited Level 19 324 Queen Street Brisbane QLD 4000 Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au

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DIRECTORS' REPORT

Your directors present their report on China Yunnan Copper Australia Limited for the year ended 30 June 2009.

DIRECTORS

The following persons were directors of China Yunnan Copper Australia Limited during the whole of the financial year and up to the date of this report, unless stated:

Norm Zillman – Non-Executive Co-Chairman
BSc, BSc(Hons), MAusIMM, MPESA

Mr Zillman is a professional geologist with over 40 years experience in exploration and production in the petroleum, coal and mineral industries in Australia and internationally. His initial training was as a petroleum geologist with international companies Aquitaine Petroleum in Papua New Guinea and Union Oil Company of California (UNOCAL) in Indonesia and Australia. Mr Zillman has held the positions of Exploration Manager and subsequently Deputy General Manager of Crusader Limited, General Manager Exploration and Production with Claremont Petroleum NL and Beach Petroleum NL. From 1994 to early 1998, Mr Zillman was Regional Manager of Northern Queensland for the Queensland Department of Mines and Energy, based in Charters Towers, where he supervised all aspects of mineral exploration and mining activities in that region including among others, the Ravenswood, Pajingo, Mt Leyshon and Thalanga mines.

More recently Mr Zillman has filled the positions of Managing Director responsible for the initial public offering and listing of Queensland Gas Company Limited on the ASX, Chairman of Great Artesian Oil and Gas Limited and a Director of Planet Gas Limited.

Mr Zillman holds a Bachelor of Science degree in Geology and a Bachelor of Science (with Honours) in Botany from the University of Queensland and is a Member of the Australasian Institute of Mining and Metallurgy and the Petroleum Exploration Society of Australia.

Mr Zillman is currently a director of the following other ASX listed companies:

Hot Rock Limited	Chairman (appointed August 2006)
Burleson Energy	Chairman (appointed March 2008)

In the past three years Mr Zillman has been a director of the following other ASX listed companies:
Blue Energy Limited (appointed October 2006, resigned October 2007)
Bandanna Energy Ltd (formerly Enterprise Energy NL) (appointed May 2007, resigned October 2008)
Planet Gas Limited (appointed August 2002, resigned February 2007)

Mr Chao Yang – Non-Executive Co-Chairman
Dip Cert Admin Management, Dip Admin Management

Mr Chao Yang is Director and General Manager of Yunnan Copper Industry (Group) Co. Limited responsible for the overall management and administration of the group.

Mr Yang has 36 years experience in the mining and metallurgical industries in China. He worked for major companies including Yunnan Tin Corporation Limited and Gejiu Xidu Industrial Co. Limited. He began his resources career as a Secretary-General of a smelting division of Yunnan Tin Corporation and was then appointed General Manager and Director of the company. His experience with Yunnan Tin Corporation ranged from daily management and administration of a division to strategy making and implementation for the entire group. Under his management, Yunnan Tin Corporation became one the most profitable state-owned companies in China and it remains the world's leading tin producer.

Mr Yang holds Diploma Certificate of Administrative Management and a Post Graduate Diploma in Administrative Management from Yunnan Normal University, China.

Mr Jason Beckton – Managing Director
BSc(Hons), MEconGeol, MAusIMM, MSEG, MAICD, MAIG

Mr Beckton is a professional geologist with over 16 years experience in exploration, project development, production and management both in Australia and internationally.

Mr Beckton commenced his career with Pancontinental and Goldfields Limited throughout Australia from the early 1990s before moving to a senior role with Gympie Gold in 2001. Subsequently he was Project Manager for the Palmarejo silver gold project in Mexico and managed the program that grew the resource base from zero to 3.1 million ounces gold equivalent during 2004. More recently Mr Beckton was Country Manager – Chile for Exeter Resource Corporation, and led the team responsible for the commercial discovery of the Caspiche porphyry prospect in the Maricunga Gold Copper Belt of Chile.

Mr Beckton holds a Bachelor of Science (Honours) in Geology from Melbourne University, and a Masters in Economic Geology from the ARC Centre of Excellence in Ore Deposits at the University of Tasmania, and is a member of the Australian Institute of Geoscientists, a Competent Person for resource estimates for ASX-JORC codes and Qualified Person under Canadian Securities Administrators National Instrument 43-101.

Mr Zewen Yang – Executive Director
BA, MComm, MAICD

Mr Yang is the General Manger of China Yunnan Copper (Australia) Investment and Development Co. Limited based in Sydney

Mr Yang has 17 years experience in mineral resources trading and project investment areas in China and Australia. He has previously worked for China Non-Ferrous Metals Import and Export Company and has been with the Yunnan Copper Industry (Group) Co. Limited. since March 2004.

He has a Bachelor of Arts degree majoring in Economics and specialising in International Business from Sichuan University, China and a Masters degree of Commerce majoring in International Business from University of New South Wales.

Mr Liang Zhong – Non Executive Director
BA, M Economics, Chinese CPA

Mr Liang Zhong is Vice General Manager of Yunnan Copper Industry (Group) Co. Limited. His responsibilities include financial control and investment activities of Yunnan Copper Industry (Group) Co. Limited.

Mr Zhong has 27 years experience in the mining and metallurgical industry in China. He worked for major companies including Yunnan Tin Corporation Limited. and Shenzen Tianyi Industry Co., Limited. before being appointed to his current position with Yunnan Copper Industry (Group) Co. Limited in 1996. He has extensive knowledge and experience in corporate financing, equity raisings, management accounting, and investment.

Mr Zhong has a BA of Economics from Yunnan University, China and a Master degree in Economics from Xiamen University, China. He is a qualified Chinese Chartered Public Accountant and Chinese Senior Accountant.

Dr Mark Elliott – Non Executive Director
Dip App Geol., PhD, FAICD, FAusIMM (CPGeo), FSEG, FAIG

Dr Elliott is a chartered professional geologist with over 30 years experience in economic geology, exploration, mining, project development and corporate management. Dr Elliott commenced his career with Anaconda Inc in eastern Australia before founding his own geological consulting firm in the early 1980s. He has extensive experience in managing companies and exploration/mining operations in a wide range of commodities including base metals and gold.

He has a diploma in Applied Geology from the Ballarat School of Mines and a Doctor of Philosophy degree from the University of New South Wales. He is a Fellow of the Australian Institute of Company Directors, Australasian Institute of Mining and Metallurgy, Society of Economic Geologists and Australian Institute of Geoscientists.

Dr Elliott is currently a director of the following other ASX listed companies:

Hot Rock Limited	Managing Director (appointed August 2006)
Hemisphere Resources Limited	Non-executive Director (appointed October 2006)

In the past three years Dr Elliott has been a director of the following other ASX listed companies:
Bandanna Energy Ltd (formerly Enterprise Energy NL) (appointed May 2007, resigned October 2008)
Hawk Resources Limited (appointed May 2007, resigned July 2008)

Interests in the shares and options of the company

As at the date of this report, the interests of the Directors in the shares and options of China Yunnan Copper Australia Limited are shown in the table below:

Director	Ordinary Shares	Executive Options	Options
Mr Norm Zillman	8,105,639	-	-
Mr Chao Yang #	16,428,571	-	16,428,571
Dr Mark Elliott	7,000,000	-	-
Mr Jason Beckton	329,000	150,000	-
Mr Liang Zhong #	16,428,571	-	16,428,571
Mr Zewen Yang #	16,428,571	150,000	16,428,571

Shares and options are held by China Yunnan Copper (Australia) Investment and Development Co Limited. Mr Yang, Mr Zhong and Mr Yang are executives in companies within the Yunnan Copper Industries Limited group who are the ultimate parent company of China Yunnan Copper (Australia) Investment and Development Co Limited who hold the 16,428,571 ordinary shares and options.

SECRETARY

Mr Paul Marshall was the Secretary of China Yunnan Copper Australia Limited throughout the year and until the date of this report.

Paul Marshall - Company Secretary and Chief Financial Officer
LLB, ACA

Paul Marshall is a Chartered Accountant. He holds a Bachelor of Law degree, and a post Graduate Diploma in Accounting and Finance. He has 25 years in the accountancy profession having worked for Ernst and Young for ten years, and subsequently fifteen years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies mainly in the resources sector. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial period was mineral exploration. There were no significant changes in the nature of the company's principal activity during the financial period.

OPERATING RESULTS

For the year ended 30 June 2009, the loss from ordinary activities for the company after providing for income tax was $781,333 (2008: $424,926).

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial period (2008 - $nil).

REVIEW OF OPERATIONS

Since listing in late 2007, CYU has continued on a two pronged strategy of project generation and operating current projects that comprise high quality copper, gold and uranium projects in eleven wholly owned Exploration Permit for Minerals (EPM's) in the highly mineralised Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier of Queensland, Australia.

<u>Projects</u>

CYU has continued with its field program on the five operational projects of Cloncurry, Mt Isa, Pentland, Clermont and Ravenswood during the year. This strategy remains unchanged from previous reporting periods and has been justified with the recent exploration success at the company's Gem prospect. Significant results have been generated from greenfields prospects, with field programs conducted on the Cloncurry, Mt Isa, Clermont and Pentland projects.

At the same time senior management time have continued to evaluate multiple acquisition opportunities in Australia and offshore with the support of Yunnan Copper Industries. Advanced near-production projects are sought and a number of opportunities have been reviewed and remain under consideration. Although market conditions over the past year have reduced the premium required to enter into advanced projects, CYU will be prudent in any acquisition in terms of long term viability in the prevailing metals pricing regime.

During the second half of the year the company undertook an initial exploratory drilling program at the Gem prospect near to Cloncurry. Two phases of drilling including reverse circulation and core drilling during the last quarter of the year have resulted in a new copper discovery at the Gem prospect with results including 38m @ 1.25% copper and 0.20 g/t gold from 33m.. The Gem mineralisation is hosted in granite which is unique in the region.

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. CYU is going forward with a program of geophysical and geological evaluation and drilling to continue to grow the known extents of the mineralisation with the aim of completing an initial JORC resource for the project during the 2010 financial year.

The Mt Isa Project has highly prospective drill targets 50km across strike from Mt Isa. Most prospects as highlighted have not been previously drilled despite significant copper and gold surface results. CYU will systematically drill test these targets with the first program at Mt Colin West program being completed in early May. Little Isa and Huggins Lookout are the next prospects for mapping and further geological pre drilling work programs.

At Pentland drilling at the Toomba Prospect was undertaken during the period. The Toomba prospect has extensive historic workings and traces of mineralisation over an area of 1.5 kilometres by 1 kilometre. Results of drilling in the year included 4 metres at 13.9 g/t gold from 43m (including 1 meter at 50.59g/t gold, 0.5% copper, 1.5% lead and 3.3 % zinc). These early drill results will be extended at depth to test a link between structural mineralisation intercepted to date and potential high tonnage intrusive mineralisation at depth with a track mounted diamond drill rig to be contracted for follow up drilling in 2009.

The Clermont region contains the most significant deep lead gold deposits in Queensland. Mapping found the area to be largely covered by reworked alluvial material and very little outcrop of bedrock. Much of the area has been disturbed by alluvial miners, historically using hand methods and in modern times using bulldozers and loaders. Mining of Permian alluvials by underground methods has also occurred within the project. A ground magnetic survey was completed in the year. A total of 416 line km were covered during the collection of the ground magnetic data. This information will be analysed for potential follow up targets during 2010.

The Ravenswood Project was subject to the Starathalbyn JV which was terminated during the year with 100% ownership reverting to CYU. A review of the data generated by the previous JV operators has been conducted and as a result CYU will advance the exploration on numerous untested intrusive related gold targets.

Competent Persons Statement
The information in this report that relates to Exploration Results is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and a Member of the Australasian Institute of Mining and Metallurgy, and is the Managing Director of China Yunnan Copper Australia Ltd. Mr Beckton has sufficient experience relevant to the styles of mineralisation and type of deposits 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 Beckton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

<u>Project Generation</u>

China Yunnan Copper Australia Limited has a five year strategy for CYU and its cornerstone investor, Yunnan Copper Industry (Group) Co. Ltd. As in the case of all Chinese supported enterprises we have a long term vision - to own profitable copper gold operations in Australia and overseas. CYU is continuing to search and identify opportunities with Yunnan Copper Industries (YCI) providing additional expertise and funding. To date CYU has reviewed over 50 projects for YCI, but none met the company’s investment criteria at the prices requested. The global financial crisis has resulted in generally lower commodity and project prices and an increasing number of investment opportunities exist.

Discussions are underway on projects in Australia, Chile and China as well as in other business-friendly jurisdictions. In general our growth strategy will be achieved by;

- Careful management of the CYU treasury.
- Focus on high quality copper and gold exploration targets.
- Increased value for CYU shareholders in future advanced project acquisitions. CYU has prudently not acted on over priced assets since an advanced project evaluation program commenced in October 2007.
- Maintenance of the world class exploration and evaluation team that has been carefully recruited. CYU is maintaining its technical team to grow the business in this period of opportunity.
- Utilisation of our financial strength within our partnership structure with Yunnan Copper Industries. The aim is to acquire quality mining assets with the assistance of our cornerstone investor.

<u>Capital Raising</u>

Subsequent to the end of the financial year the company announced a $4.6 million underwritten rights issue capital raising. The issue is scheduled to close on 6 October 2009. The funds raised will be applied to the costs of the Issue, to provide working capital and to progress the Queensland copper gold projects, including the recent Gem discovery. In addition funds will be used to evaluate and potentially acquire further assets that will add value for CYU shareholders. Importantly, Yunnan Copper Industries has recently invited CYU to assess possible joint ventures in three copper gold properties in the Yangla Copper Belt of Southern China.

REVIEW OF FINANCIAL CONDITION

Capital structure

During the 2009 financial year no ordinary shares were issued. Following the end of the financial year the company announced an underwritten rights issue to raise $4.6 million by the issue of approximately 31,046,457 ordinary shares on a 2 for 5 basis. The rights issue offer closes on 6 October 2009. At 30 June 2009 the company had 77,616,073 ordinary shares and 19,478,571 unlisted options on issue.

Financial position

The net assets of the company have decreased by $754,146 from $6,447,425 at 30 June 2008 to $5,693,279 at 30 June 2009. This change has largely resulted from the following factors:

- Operational expenses
- No capital raising being undertaken in the year

During the year the company has invested in the advancement of its exploration permits held. The company's working capital, being current assets less current liabilities has decreased from $4,466,245 in 2008 to $1,280,073 at 30 June 2009 with $2,386,189 of the net expenditure being capitalised as exploration expenditure in the year.

Treasury policy

The company does not have a formally established treasury function. The Board is responsible for managing the company's currency risks and finance facilities. The company does not currently undertake hedging of any kind.

Liquidity and funding

The company has sufficient funds to finance its operations and exploration activities, and to allow the company to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the 2009 financial year the company

- continued with exploration work on its tenements and also undertook review procedures on projects available for acquisition.

There were no significant changes in the state of affairs of the company that occurred in the financial period.

AFTER BALANCE DATE EVENTS

After the end of the financial year the Company announced (on 1 September) an underwritten rights issue on a 2 for 5 basis to raise approximately $4.6 million before the costs of the issue. The rights issue is due to close on 6 October 2009. There have been no other events since 30 June 2009 that impact upon the financial report as at 30 June 2009.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely developments in the operations of the company and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Review of Operations.

There are no further developments of which the Directors are aware which could be expected to affect the results of the company's operations in subsequent financial years other than information which the Directors believe comment on or disclosure of, would prejudice the interests of the company.

ENVIRONMENTAL ISSUES

The company is subject to environmental regulation in relation to its exploration activities. There are no matters that have arisen in relation to environmental issues up to the date of this report.

REMUNERATION REPORT

This report details the nature and amount of remuneration for Directors and Key Management Personnel of the company.

Remuneration Policy

The performance of the company depends upon the quality of its Directors and Executives. To prosper, the company must attract, motivate and retain highly skilled Directors and Executives.

Remuneration Committee

The Board does not have a Remuneration and Nomination Committee. The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the company.

Remuneration structure

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the company's financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the company and performance incentives which allow Executives to share the rewards of the success of the company.

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration and Chief Executive Officer and Senior Management remuneration is separate and distinct.

Non-Executive Director Remuneration
The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution of China Yunnan Copper Australia Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the company in General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for non-executive Directors' fees is for a total of $250,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Director's or General Meetings of the company or otherwise in connection with the business of the company.

The remuneration of Non-Executive Directors for the year ending 30 June 2009 is detailed in this Remuneration Report.

Managing Director and Senior Management remuneration
The company aims to reward the Managing Director and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Managing Director and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, and the process consists of a review of company wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the company and the performance of the individual during the year.

The remuneration of the Executive Director and Senior Management for the period ending 30 June 2009 is detailed in this Remuneration Report.

Employment contracts
It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees. The current employment agreements with the Managing Director and with the CFO have a three month notice period. All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have contracts of employment. No retirement allowances for non executive directors are paid.

The Managing Director, Mr Jason Beckton is employed under an executive services contract entered into in August 2007. The initial contract is for a three year period that can be renewed if both parties agree to do so. Under the terms of the current contract Mr Becktons's current remuneration package includes the following:

The Managing Director's base salary totals $239,800. Mr Beckton is also able to earn a bonus as determined by the Board. The Bonus will be determined by the Board of the Company at the end of each financial year after the Commencement Date. Payment of any or all of the Bonus will be at the sole discretion of the Company acting reasonably. In exercising its discretion and in determining whether, acting reasonably, all or part of the Bonus is to be paid, the Board of the Company must consider matters including, but not limited to:-

- Whether the Executive has met performance objectives to be agreed to by the Board of the Company and the Executive from time to time;
- The performance of the Company's share price on ASX that may be attributed to the Executive's performance ;
- The Company's ability to secure relevant acquisitions to be made by the Company; and
- The Company's financial performance for the preceding twelve (12) month period and specifically, whether the Company has successfully grown revenue;

The Company Secretary and CFO Mr Paul Marshall is engaged on an on-going consultancy style agreement for the provision of services as company secretary and chief financial officer. Services are invoiced monthly based on services provided. The contract provides for a three month notice period.

(a) Details of Directors and other Key Management Personnel

(i) Directors

Norm Zillman – Co-Chairman

Mr Chao Yang – Co-Chairman

Jason Beckton - Managing Director from 10/03/08

Robert Yang - Executive Director from 1/7/08

Mr Liang Zhong - Non-Executive Director

Dr Mark Elliott Non Executive Director (Non-executive director from 1 September 2008)

(ii) Key Management Personnel

Paul Marshall - Company Secretary and CFO
Richard Hatcher - Exploration Manger.

(b) Remuneration of Directors and other Key Management Personnel

The Key Management Personnel are also the five most highly paid Executive Officers of the company for the year ended 30 June 2009.

2009	Short Term			Post-Employment		Share-based Payment#	Total	Performance Related %	% consisting of options
	Salary & Fees	Cash Bonus	Non-cash benefits	Superannuation	Retirement benefits	Options			
Specified Directors									
Mr Norm Zillman	36,000	-	-	-	-	-	36,000	-	-
Mr Chao Yang	36,000	-	-	-	-	-	36,000	-	-
Dr Mark Elliott (3)	35,050	-	-	-	-	-	35,050	-	-
Mr Jason Beckton	239,796	-	-	-	-	3,884	243,680	-	1.6%
Mr Liang Zhong	24,000	-	-	-	-	-	24,000	-	-
Mr Zewen Yang (1)	155,520	-	-	-	-	3,884	159,404	-	2.4%
Key Management Personnel									
Richard Hatcher (2)	146,253	-	-	13,163	-	3,884	163,300	-	2.4%
Paul Marshall	47,500	-	-	-	-	3,884	51,384	-	7.6%
	720,119	-	-	13,163	-	15,536	748,818		

(1) Mr Yang was appointed as an executive director on 1 July 2008

(2) Mr Hatcher was appointed as Exploration Manager during the 2008/09 financial year

(3) Dr Elliott retired as an executive director on 31 August 2008. He remained as a non-executive director.

- The value of options granted in the year is the fair value of the options calculated at grant date using a binominal option-pricing model.

2008	Short Term			Post-Employment		Share-based Payment#	Total	Performance Related %	% consisting of options
	Salary & Fees	Cash Bonus	Non-cash benefits	Superannuation	Retirement benefits	Options			
Specified Directors									
Norm Zillman	24,000	-	-	-	-	-	24,000	-	-
Chao Yang (appointed 30/1/08)	15,000	-	-	-	-	-	15,000	-	-
Mark Elliott	106,225	-	-	-	-	-	106,225	-	-
Jason Beckton (appointed 31/7/07)	161,682	-	-	-	-	-	161,682	-	-
Liang Zhong (appointed 30/1/08)	10,000	-	-	-	-	-	10,000	-	-
Zewen Yang (appointed 1/8/07)	16,000	-	-	-	-	-	16,000	-	-
Shaolu Zou (appointed 1/8/07, resigned 30/1/08)	9,000	-	-	-	-	-	9,000	-	-
Weiping Yu (appointed 1/8/07, resigned 30/1/08)	6,000	-	-	-	-	-	6,000	-	-
Richard Haren (resigned 30/7/07)	-	-	-	-	-	-	-	-	-
Bruce Wood (resigned 30/7/07)	-	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-	-	-	-
Paul Marshall (appointed 1/7/07)	39,600	-	-	-	-	-	39,600	-	-
	387,507	-	-	-	-	-	387,507	-	-

(c) Options issued as part of remuneration for the year ended 30 June 2009

Details on options over ordinary shares in the company that were granted as compensation to directors and key management personnel during the reporting period and details on options that vested during the reporting period are as follows:

Director/Key Management Personnel	Grant date	Grant nos	Option Fair value at grant date (A) $	Exercise price per option $	Total Value of Options# $	Expiry date	First exercise date	% of options vested
Directors								
Mr Jason Beckton	19/12/2008	50,000	0.0380	0.40	1,900	19/12/2009	19/12/2008	100%
	19/12/2008	50,000	0.0550	0.40	2,750	19/12/2010	19/12/2009	-
	19/12/2008	50,000	0.0660	0.40	3,300	19/12/2011	19/12/2010	-
Mr Zewen Yang	19/12/2008	50,000	0.0380	0.40	1,900	19/12/2009	19/12/2008	100%
	19/12/2008	50,000	0.0550	0.40	2,750	19/12/2010	19/12/2009	-
	19/12/2008	50,000	0.0660	0.40	3,300	19/12/2011	19/12/2010	-
Key Management Personnel								
Mr Richard Hatcher	19/12/2008	50,000	0.0380	0.40	1,900	19/12/2009	19/12/2008	100%
	19/12/2008	50,000	0.0550	0.40	2,750	19/12/2010	19/12/2009	-
	19/12/2008	50,000	0.0660	0.40	3,300	19/12/2011	19/12/2010	-
Mr Paul Marshall	19/12/2008	50,000	0.0380	0.40	1,900	19/12/2009	19/12/2008	100%
	19/12/2008	50,000	0.0550	0.40	2,750	19/12/2010	19/12/2009	-
	19/12/2008	50,000	0.0660	0.40	3,300	19/12/2011	19/12/2010	-

- The value of options granted in the year is the fair value of the options calculated at grant date using a binominal option-pricing model.

(A) The value of options granted in the year is the fair value of the options calculated at grant date using a binominal option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period. The following table lists the inputs to the model.

Inputs	13/12/09 Options	13/12/09 Options	13/12/11 Options
Underlying Share Price	0.1	0.1	0.1
Option Strike Prices (cents)	40	40	40
Time to Maturity (Yrs)	1	2	3
Risk Free Rate (%)	4.43	5.08	5.08
Volatility (%)	128	128	128

(d) Analysis of movement of options granted as part of remuneration

The movement during the reporting period for each director or key management person is as follows:

2009	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Total value of options granted, exercised and lapsed during the year
Director	$	$	$	$
Mr Jason Beckton	7,950	-	-	7,950
Mr Zewen Yang	7,950	-	-	7,950
Key Management Personnel				
Mr Richard Hatcher	7,950	-	-	7,950
Mr Paul Marshall	7,950	-	-	7,950

(e) Shares issued on exercise of remuneration options

There were no shares issued on the exercise of compensation options in the 2008 or 2009 financial years

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors' Meetings	
	A	**B**
Norm Zillman	4	4
Chao Yang	1	4
Mark Elliott	4	4
Jason Beckton	4	4
Liang Zhong	4	4
Zewen Yang	4	4
A – Number of meetings attended **B** – Number of meetings held during the time the director held office during the year		

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each Director and the Secretary of the company has the right of access to all relevant information.

The company has insured all of the Directors of China Yunnan Copper Australia Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

The company has not indemnified its auditor.

OPTIONS

As at the date of this report (and at the balance date) there were 19,378,571 unissued ordinary shares under options as follows:

2009

Terms	01-Jul-08	additions	exercised	expired/ forfeited	30-Jun-09
YCI options $0.40 29/10/10	16,428,571	-	-	-	16,428,571
Broker options $0.40 29/10/10	2,000,000	-	-	-	2,000,000
Director/Executive options $0.40 19/12/09	-	350,000	-	-	350,000
Director/Executive options $0.40 19/12/10	-	350,000	-	50,000	300,000
Director/Executive options $0.40 19/12/11	-	350,000	-	50,000	300,000
	18,428,571	1,050,000	-	100,000	19,378,571

During the year ended 30 June 2009 no shares were issued following the exercise of options.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purposes of taking responsibility on behalf if the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The following non-audit services were provided by WHK Horwath during the year. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. WHK Horwath received the following amounts for the provision of non-audit services:

Taxation services $13,800

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 17.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of China Yunnan Copper Australia Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement can be found on pages 20-23.

Signed in accordance with a resolution of the directors.

Jason Beckton
Director
Brisbane 29 September 2009

WHK Horwath

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of China Yunnan Copper Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH

DON. W. LANGDON
PRINCIPAL

Dated: 29 September 2009

Liability Limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licences

Total Financial Solutions

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A WHK Group firm

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 11 September 2009.

(a) Distribution of equity securities

CYU – Ordinary Fully Paid Shares

Number of Securities Held	No's of holders
1 to 1,000	47
1,001 to 5,000	175
5,001 to 10,000	276
10,001 to 100,000	238
100,001 and over	50
	786

Number of shareholders holding less than a marketable parcel of shares	**69**

(b) Twenty largest holders

CYU – Ordinary Fully Paid Shares

No.	Name of Shareholder	Holding	% Held
1	CHINA YUNNAN COPPER (AUSTRALIA) INVESTMENT AND DEVELOPMENT CO	16,428,571	21.17%
2	MR NORMAN JOSEPH ZILLMAN	8,000,000	10.31%
3	ELLIOTT NOMINEES PTY LTD <ELLIOTT EXPLORATION CO S/F A/C>	7,000,000	9.02%
4	FLATOAK PTY LTD	5,000,000	6.44%
5	MR BRUCE JAMES WOOD	3,000,000	3.87%
6	HIPETE PTY LTD <PJ THOMSON S/F A/C>	2,473,042	3.19%
7	MS MARIA ANTOINETTE GREER	2,454,202	3.16%
8	YUNNAN & HONG KONG METAL CO. LTD	2,400,000	3.09%
9	RICHARD HAREN & SUSAN HAREN <ATF R & S HAREN SUPER FUND A/C>	2,000,000	2.58%
10	KING FAITH GROUP LIMITED	1,600,000	2.06%
11	MS JULIE HEATH MCCONAGHY	1,340,000	1.73%
12	PACIFIC CAPITAL SECURITIES PTY LTD	1,232,855	1.59%
13	BISCAY INVESTMENTS LIMITED	1,000,000	1.29%
14	HIPETE PTY LIMITED	1,000,000	1.29%
15	MR ROSS THOMAS	1,000,000	1.29%
16	TIMING TECHNOLOGY CO LTD	800,000	1.03%
17	MR ROGER GARY HUTH & MRS JENNIFER ANN HUTH	700,000	0.90%
18	CLEAR STAR HOLDINGS PTY LTD	608,000	0.78%
19	CLYDE DOXFORD	600,000	0.77%
20	TIMING TECHNOLOGY COMPANY LIMITED	600,000	0.77%
		59,236,670	**76.32%**

(c) Restricted Securities

The following securities are subject to ASX escrow periods following the listing of the company on the ASX.

	Date securities cease to be restricted	Number of restricted securities
Ordinary Shares	29 October 2009	45,754,571
Options - 20/10/10 $0.40	29 October 2009	18,428,571

(d) Business objectives

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

(e) Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

(f) Interests In Exploration Tenements

China Yunnan Copper Australia Limited held the following interests in mining and exploration tenements as at 15 September 2009:

QUEENSLAND

Type	Location	Grant / Application Date	Expiry Date	CYU Interest
EPM 11487	Pentland	31/08/2004	30/08/2009	100%#
EPM 11602	Ravenswood	14/03/2005	13/03/2010	100%
EPM 11982	Ravenswood	30/03/2005	29/03/2010	100%
EPM 12205	Cloncurry	6/09/2004	5/09/2009	100%#
EPM 12900	Pentland	2/09/2004	1/09/2009	100%#
EPM 12901	Pentland	2/09/2004	1/09/2009	100%#
EPM 12928	Clermont	19/05/2006	18/05/2010	100%
EPM 15057	Ravenswood	20/10/2006	19/10/2011	100%
EPM 15084	Cloncurry	11/08/2006	10/08/2011	100%
EPM 15095	Cloncurry	11/08/2006	10/08/2011	100%
EPM 15248	Mt Isa	25/09/2008	24/09/2012	100%

A renewal application has been lodged for this tenement and it is Pending Renewal with the relevant Government Department.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of China Yunnan Copper Australia Limited is responsible for the corporate governance of the company. The Board guides and monitors the business and affairs of China Yunnan Copper Australia Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

China Yunnan Copper Australia Limited's Corporate Governance Statement is structured with reference to the Australian Stock Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

Principle 1. Lay solid foundations for management and oversight
Principle 2. Structure the Board to add value
Principle 3. Promote ethical and responsible decision making
Principle 4. Safeguard integrity in financial reporting
Principle 5. Make timely and balanced disclosure
Principle 6. Respect the rights of shareholders
Principle 7. Recognise and manage risk
Principle 8. Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website at www.asx.com.au.

The board endorses the 2007 ASX Principles of Good Corporate Governance and Best Practice Recommendations, and has adopted corporate governance charters and policies reflecting those recommendations to the extent appropriate having regard to the size and circumstances of the Company.

The Company is committed to ensuring that its corporate governance systems maintain the Company's focus on transparency, responsibility and accountability. For further information on corporate governance policies adopted by China Yunnan Copper Australia Limited, refer to our website: www.cycal.com.au.

ASX Principles and Recommendations not followed by the Company and the reasons for non-compliance are as follows.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.1	A majority of the board is not independent	The current board does not have any independent directors. The position of each director and as to whether or not they are considered to be independent is set out below. The board believe that the individuals on the board can and do make quality and independent judgements in the best interest of the company and other stakeholders notwithstanding that they are not independent directors in accordance with the criteria set out in the recommendations.
2.2	There is no independent director that can act as chair	The Company presently does not have any directors who are classified as independent. The company operates with co-chairmen to facilitate the alliance with Yunnan Copper.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee has not been formed	The board considers that the Company is not currently of a size to justify the formation of a separate nomination committee. The board as a whole will undertake the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants may be engaged to identify possible new candidates for the board.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed	The board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify the formation of an audit committee. The board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
7.2	Management has not reported to the board as to the effectiveness of the company's management of its material business risks.	While the design and implementation of a basic risk management and internal control system is in place, a formal report as to the effectiveness of the management of the Company's material business risks has not been provided to the board, and is not considered necessary at this stage for the size and nature of the Company's current activities. The Company is currently reviewing and updating its risk management systems and procedures and adherence to providing formal reports is under review.
8.1	There is no separate Remuneration committee	The board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation for the remuneration committee. The board as a whole is responsible for the remuneration arrangements for directors and any executives of the Company.

Structure of the Board

The Board has adopted a formal board charter that outlines the roles and responsibilities of directors and senior executives. The Board Charter has been made publicly available on the Company's website.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines and independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a director's independence are considered each time the Board meets. In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are considered not to be independent:

Name	Position	Reason for not being Independent
Norm Zillman	Co Chairman	Mr Zillman is a substantial shareholder in the company
Chao Yang	Co Chairman	Mr Yang is an executive within the Yunnan Copper Industies Group which is a substantial shareholder of the company.
Mark Elliott	Non-Executive Director	Dr Elliott is a substantial shareholder of the company
Jason Beckton	Managing Director	Mr Beckton is employed in an executive capacity
Liang Zhong	Non-Executive Director	Mr Zhong is an executive within the Yunnan Copper Industies Group which is a substantial shareholder of the company.
Zewen Yang	Executive Director	Mr Yang is employed in an executive capacity

China Yunnan Copper Australia Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of China Yunnan Copper Australia Limited due to their considerable industry and corporate experience.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Mr Norm Zillman	11 years 9 months
Mr Chao Yang	1 year 8 months
Dr Mark Elliott	3 years 4 months
Mr Jason Beckton	2 years 2 months
Mr Liang Zhong	1 year 8 months
Mr Zewen Yang	2 year 2 months

Trading Policy
The Board has adopted a policy and procedure on dealing in the company's securities by Directors, officers and employees which prohibits dealing in the company's securities when those persons possess inside information and during certain pre-determined windows.

Board committees
The board's charter allows it to establish committees if and when required to assist in the execution of the duties of the board. As at the date of this report, no committees have been established as the structure of the board, the size of the Company and the scale of its activities, allows all directors to participate fully in all decision making. When the circumstances require it, the committees will be instituted with each having its own charter approved by the board that will set the standards for the operation of the committees. All matters that would be considered by committee are dealt with by the board.

Remuneration and Nomination
The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Board assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Audit and Risk Management

The responsibilities of Audit and Risk Management Committee are undertaken by the full Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's Risk Management policies can be found within the Audit and Risk Management Committee Charter available on the Company's website.

Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management.

While the design and implementation of a basic risk management and internal control system is in place a formal report as to the effectiveness of the management of the Company's material business risks has not been provided to the Board. As previously noted, the Company is currently reviewing and updating its risk management system and procedures, and adherence to providing formal reports is under review.

As required by Recommendation 7.3, the Board has received written assurances from the Managing Director and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that they system is operating effectively in all material respects in relation to financial reporting risks.

Performance

The Board considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board. The performance of the individual members of the Board is reviewed on an on-going basis as required in conjunction with the regular meetings of the Board. No formal performance evaluation of the directors was undertaken during the year ended 30 June 2009.

Remuneration

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Director's and Officer's emoluments to the company's financial and operations performance.

The expected outcomes of the remuneration structure are:

- retention and motivation of Key Management Personnel
- attraction of quality management to the company
- performance incentives which allow Executives to share the rewards of the success of China Yunnan Copper Australia Limited

For details on the amount of remuneration and all monetary and non-monetary components for each of the highest paid (Non-Director) Executives during the year, and for all Directors, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of China Yunnan Copper Australia Limited and the performance of the individual during the year.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, subject to the company's constitution and prior shareholder approvals, and the Executive team.

Continuous Disclosure Policy

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. A copy of the Continuous Disclosure Policy can be found within the Company's Corporate Governance Statement on the Company's website.

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at www.cycal.com.au.

Income Statements
For the year ended 30 June 2009

	Note	Consolidated entity 2009 $	Consolidated entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Revenue	2	158,966	269,484	158,966	269,484
Employment and consultancy expenses		(495,649)	(258,122)	(495,649)	(258,122)
Depreciation expense		(37,162)	(7,496)	(37,162)	(7,496)
Finance costs		(161)	(1,453)	(161)	(1,453)
Other expenses from ordinary activities		(407,327)	(427,339)	(407,327)	(427,339)
Profit/(loss) before income tax	3	**(781,333)**	**(424,926)**	**(781,333)**	**(424,926)**
Income tax expense	4	-	-	-	-
Profit/(loss) after income tax expense		**(781,333)**	**(424,926)**	**(781,333)**	**(424,926)**
		Cents	**Cents**		
Earnings per share					
Basic loss per share	7	(1.01)	(0.60)		
Diluted loss per share	7	(1.01)	(0.60)		

The Income Statements should be read in conjunction with the Notes to the Financial Statements.

Balance Sheets
As at 30 June 2009

	Note	Consolidated entity 2009 $	Consolidated entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT ASSETS					
Cash and cash equivalents	8	1,617,277	4,694,977	1,617,277	4,694,977
Trade and other receivables	9	205,845	35,336	205,845	35,336
Financial assets	10	1,091	1,091	1,091	1,091
Other current assets	10	8,994	10,231	8,994	10,231
TOTAL CURRENT ASSETS		1,833,208	4,741,635	1,833,208	4,741,635
NON-CURRENT ASSETS					
Trade and other receivables	9	44,618	47,292	44,618	47,292
Financial assets	11	-	-	23,450	-
Plant and equipment	13	178,914	130,404	178,914	130,404
Exploration expenditure	14	4,189,673	1,803,484	4,189,673	1,803,484
TOTAL NON-CURRENT ASSETS		4,413,206	1,981,179	4,436,656	1,981,179
TOTAL ASSETS		6,246,414	6,722,814	6,269,864	6,722,814
CURRENT LIABILITIES					
Trade and other payables	15	532,582	268,267	532,582	268,267
Short-term provisions	16	20,553	7,123	20,553	7,123
TOTAL CURRENT LIABILITIES		553,135	275,389	553,135	275,389
NON-CURRENT LIABILITIES					
Trade and other payables	15	-	-	23,450	-
TOTAL NON-CURRENT LIABILITIES		-	-	23,450	0-
TOTAL LIABILITIES		553,135	275,389	576,585	275,389
NET ASSETS		5,693,279	6,447,425	5,693,279	6,447,425
EQUITY					
Issued capital	17	6,934,322	6,934,322	6,934,322	6,934,322
Reserves	18	27,187	-	27,187	-
Accumulated losses	18	(1,268,231)	(486,898)	(1,268,231)	(486,898)
TOTAL EQUITY		5,693,279	6,447,425	5,693,279	6,447,425

The Balance Sheets should be read in conjunction with the Notes to the Financial Statements.

Statements of Changes in Equity
For the year ended 30 June 2009

Consolidated Entity	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2007	505,402	(61,972)	-	443,430
Issue of share capital	6,913,000	-	-	6,913,000
Share issue costs	(484,080)	-	-	(484,080)
Profit / (loss) for the year	-	(424,926)	-	(424,926)
Balance at 30 June 2008	**6,934,322**	**(486,898)**	**-**	**6,447,425**
Issue of share capital	-	-	-	-
Share options issued	-	-	27,187	27,187
Profit / (loss) for the year	-	(781,333)	-	(781,333)
Balance at 30 June 2009	**6,934,322**	**(1,268,231)**	**27,187**	**5,693,279**

Parent Entity	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2007	295,402	(25,824)	-	269,578
Issue of share capital	210,000	-	-	210,000
Profit / (loss) for the year	-	(36,148)	-	(36,148)
Balance at 30 June 2008	**505,402**	**(61,972)**	**-**	**443,430**
Issue of share capital	6,913,000	-	-	6,913,000
Share issue costs	(484,080)	-	-	(484,080)
Profit / (loss) for the year	-	(424,926)	-	(424,926)
Balance at 30 June 2009	**6,934,322**	**(486,898)**	**-**	**6,447,425**

The Statements of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statements
For the year ended 30 June 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(992,125)	(488,338)	(992,125)	(488,338)
Interest received		180,348	248,103	180,348	248,103
Interest paid		(161)	(1,453)	(161)	(1,453)
Net cash used in operating activities	22	(811,938)	(241,688)	(811,938)	(241,688)
CASH FLOWS FROM INVESTING ACTIVITIES					
Security deposit payments		2,673	(17,292)	2,673	(17,292)
Payments for property, plant & equipment		(85,673)	(137,900)	(85,673)	(137,900)
Payments for exploration and evaluation		(2,182,762)	(1,342,002)	(2,182,762)	(1,342,002)
Net cash used in investing activities		(2,265,762)	(1,497,193)	(2,265,762)	(1,497,193)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	6,853,000	-	6,853,000
Capital raising expenses		-	(484,080)	-	(484,080)
Net cash provided by financing activities		-	6,368,920	-	6,368,920
Net increase/(decrease) in cash and cash equivalents		(3,077,700)	4,630,039	(3,077,700)	4,630,039
Cash and cash equivalents at the beginning of the financial year		4,694,977	64,938	4,694,977	64,938
Cash and cash equivalents at the end of the financial year	8	1,617,277	4,694,977	1,617,277	4,694,977

The Cash Flow Statements should be read in conjunction with the Notes to the Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

This financial report covers the consolidated entity of China Yunnan Copper Australia Limited and its controlled entities, and China Yunnan Copper Australia Limited as an individual parent entity. China Yunnan Copper Australia Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Operations and principal activities
Principal activities comprise of mineral exploration.

Currency
The financial report is presented in Australian dollars and rounded to the nearest one dollar.

Authorisation of financial report
The financial report was authorised for issue on 29 September 2009.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, and the Corporations Act 2001.

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of China Yunnan Copper Australia Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the consolidated entity. These estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required estimates and/or judgements.

Key estimates – impairment
The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – exploration & evaluation expenditure
The consolidated entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
Accounting policies

(a) Principles of consolidation

A controlled entity is any entity China Yunnan Copper Australia Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a June financial year-end. The financial statements of controlled entities are included in the consolidated financial statements from the date that control exists to the date that control ceases. The accounting policies of controlled entities have been changed when necessary to align them with the policies adopted by the consolidated entity. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Income Tax

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Plant and equipment is measured at cost less accumulated depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets is depreciated over their useful life to the consolidated entity on a straight line basis commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	14 – 33%
Motor Vehicles	13%
Computers and Office Equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the asset at the time of disposal. These gains or losses are included in the income statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest and where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Accumulated cost in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration and rehabilitation

Costs of site restoration and environmental clean up costs, are provided for in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but the legal ownership is not transferred to the consolidated entity, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

(f) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition trade and other receivables and trade and other payables are measured at amortised cost. The consolidated entity's financial instruments consist mainly of deposits with banks, and accounts receivable and payable.

(g) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments
Transactions with employees and other providing similar service are measured by reference to the fair value at grant date of the equity instrument granted.

(i) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of consolidated benefits will result and that outflow can be reliably measured.

(j) Cash and cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

(m) Joint Ventures

Joint ventures are those entities over whose activities the consolidated entity has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Joint ventures are accounted for using the equity method. The consolidated financial statements include the consolidated entity's share of the income and expenses of joint ventures from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the consolidated entity's share of losses exceeds its interest in a joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the consolidated entity has an obligation or has made payments on behalf of the joint venture. In the Consolidated entity's financial statements, investments in joint venture entities are carried at cost.

(n) Foreign currency

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions.

(o) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the consolidated entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Earnings per share

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Payables and Accruals

A liability is recorded for goods and services received prior to balance date, whether invoiced to the consolidated entity or not. Trade payables are normally settled within 30 days.

(r) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures have also been changed where classifications of income and expenditure items have been altered from the prior year as a result of a review by directors. The new classifications have been made to reflect a more accurate view of the consolidated entity's operations.

(s) Changes in Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group has decided against early adoption of these standards. The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 introduces a new "management approach" to segment reporting. The changes require identification of operating segments on the basis of internal management reports that are regularly reviewed by the Group's key decision makers for the purposes of assessing performance and the allocation of resources to each segment. While the impact of this standard has not been assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, the allocation of goodwill to reportable segments and impairment calculations may be affected by the change in approach. Management does not presently believe that this will result in any additional impairment of goodwill.

(ii) Revised AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB123 Borrowing costs removes the option to expense borrowing costs related to qualifying assets. The standard now requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised standard is not expected to have any impact on the group's financial report.

(iii) Revised AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and:

- redefines the composition of financial statements by requiring the details of all non-owner changes in equity to be presented in a statement of comprehensive income with corresponding changes to the statement of changes in equity. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by AASBs. The Total Comprehensive Income may be presented as a single statement of income or in an Income Statement and separate Statement of Comprehensive Income.
- requires disclosure of income tax relating to each component of other comprehensive income
- requires inclusion of an additional statement of financial position (balance sheet) when an entity applies an accounting standard retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements.
- requires disclosure of reclassification adjustments relating to components of other comprehensive income
- requires dividends to owners and related amounts per share to be presented in the Statement of Changes in Equity or the Notes to the financial statements, and not in the Statement of Comprehensive Income.

The revised standard is expected to have a significant impact on the presentation of the consolidated financial statements. The group has not yet determined whether a single Statement of Comprehensive Income or separate Income Statement and Statement of Comprehensive Income will be presented. Other changes to the standard will be prospectively applied to the financial statements of the Group.

(iv) AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2:

- clarifies the definition of vesting conditions, and the concept of non-vesting conditions taken to account in determining the fair value at grant date;
- clarifies that vesting conditions are those conditions that determine whether an entity receives the services that result in the counterparty's entitlement
- restricts the definition of vesting conditions to include service conditions and performance conditions only.
- amends the definition of performance conditions to require the completion of a service period in addition to specified performance targets.
- specifies that cancellations should receive the same accounting treatment whether cancelled by the entity or by another party.

The group has not yet determined the potential effect of the amendment to the financial statements.

(v) Revised AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements and AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (applicable for annual reporting periods commencing from 1 July 2009). The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes:

- all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.
- there is a choice on an acquisition-by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.
- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities.

The revised AASB 127 requires that:

- the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. These transactions will no longer result in goodwill or gains and losses.
- when control is lost, any remaining interest in the entity is remeasured to fair value and any resulting gain or loss is recognised in profit and loss.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009

(vi) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009). The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in a loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met.

The group will apply the amendments prospectively to all partial disposals from 1 July 2009.

(vii) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009). In July 2008, the AASB approved amendments to AASB 1 First-Time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. The revised rules apply prospectively from 1 July 2009 so that:

- all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue including dividends declared out of pre-acquisition profits i.e. these dividends will no longer be deducted from the cost of the investment. As a result, investments in subsidiaries, jointly controlled entities and associates may need to be tested for impairment when a dividend is paid.
- where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure its investments at the carrying amount of the net assets of the subsidiary rather than the subsidiary's fair value at the date of reorganisation.

(viii) AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). The Interpretation applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. Interpretation 16 clarifies which foreign currency risks qualify as hedged risk with respect to the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The interpretation is not expected to impact the Group.

(ix) AASB 2008-8: Amendment to IAS 39 Financial Instruments: Recognition and Measurement (applicable for annual reporting periods commencing from 1 July 2009). AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. This amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of fixed rate debt and prohibits including time value i the one-sided hedged risk when designating options as hedges. The amendments are not expected to materially affect the Group.

(x) AASB Interpretation 17: Distributions of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 (applicable for annual reporting periods commencing from 1 July 2009). This interpretation applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. The interpretation which applies prospectively, clarifies that non-cash dividends paid or payable should be measured at the fair value of the net assets distributed or to be distributed. Any difference between the fair value and carrying value of the assets is recognised in profit or loss on distribution. The interpretation also clarifies when a liability for a dividend must be recognised and measured at fair value. The Group will apply the interpretation prospectively from 1 July 2009. The group has not yet determined the potential effect of the interpretation.

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NOTE 2 REVENUE					
Operating activities					
- bank interest received		158,966	269,484	158,966	269,484
NOTE 3 PROFIT/(LOSS) FROM CONTINUING ACTIVITIES					
Expenses					
Interest - non related parties		161	1,453	161	1,453
Depreciation		37,162	7,496	37,162	7,496
Employee benefits expense					
- Salaries and consultancy fees		468,462	527,402	468,462	527,402
- Employee share option expense		27,187	-	27,187	-
		495,649	527,402	495,649	527,402
Operating lease payments		98,463	44,525	98,463	44,525

NOTE 4 INCOME TAX EXPENSE

Major components of income tax expense for the years ended 30 June 2009 and 2008 are:

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Income statement					
A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the consolidated entity's effective income tax rate for the years ended 30 June 2009 and 2008 is as follows:					
Accounting profit (loss) before income tax		(781,333)	(424,926)	(781,333)	(424,926)
At the statutory income tax rate of 30% (2008: 30%)		(234,400)	(127,478)	(234,400)	(127,478)
Non-deductible expenses		8,974	1,399	8,974	1,399
Deferred tax assets not bought to account		225,426	126,079	225,426	126,079
Income tax expense		-	-	-	-
Effective income tax rate		0%	0%	0%	0%

NOTE 4 INCOME TAX EXPENSE

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
Unrecognised temporary differences and tax losses					
Temporary differences		(1,247,659)	(541,188)	(1,247,659)	(541,188)
Tax losses		1,624,330	683,459	1,624,330	683,459
		376,671	142,271	376,671	142,271

The deductable temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise these benefits.

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
NOTE 5 AUDITORS' REMUNERATION					
Remuneration paid to WHK Horwarth for:					
- auditing and reviewing the financial report		20,000	20,500	20,000	20,500
- taxation services		13,800	2,500	13,800	2,500
- prospectus due diligence		-	20,000	-	20,000
		33,800	43,000	33,800	43,000
Remuneration paid to Ian Young for:					
- auditing and reviewing the financial report		-	750	-	750

WHK Horwath were appointed as auditors at the 2007 AGM following the retirement of Mr Ian Young as the auditor of the company.

NOTE 6 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the company

	Consolidated Entity	
	2009	2008
	$	$
NOTE 7 EARNINGS PER SHARE		
(a) Reconciliation of Earnings to Profit or Loss		
Earnings used to calculate basic and dilutive EPS	(781,333)	(424,926)
	2009 Number	**2008 Number**
(b) Weighted average number of ordinary shares outstanding during the year	77,616,073	70,422,669
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating EPS and dilutive EPS	77,616,073	70,422,669

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NOTE 8 CASH & CASH EQUIVALENTS					
Cash on hand and at bank		1,585,741	491,552	1,585,741	491,552
Cash on deposit		31,536	4,203,425	31,536	4,203,425
		1,617,277	4,694,977	1,617,277	4,694,977
Reconciliation of cash					
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the balance sheet as follows:					
Cash and cash equivalents		1,617,277	4,694,977	1,617,277	4,694,977

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NOTE 9 TRADE & OTHER RECEIVABLES				
CURRENT				
Other receivables	205,845	35,336	205,845	35,336
NON-CURRENT				
Other receivables				
- security bonds	44,618	47,292	44,618	47,292

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NOTE 10 FINANCIAL AND OTHER CURRENT ASSETS				
Financial Assets				
Gold nugget	1,091	1,091	1,091	1,091
Other Current Assets				
Prepayments	8,994	10,231	8,994	10,231

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NOTE 11 OTHER FINANCIAL ASSETS				
Investments at Cost				
- shares in controlled entities	-	-	23,450	-

NOTE 12 CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)* 2009	2008
Controlled entities consolidated			
Parent entity:			
China Yunnan Copper Australia Ltd	**Australia**		
Subsidiaries of China Yunnan Copper:			
China Yunnan Copper Australia Limitada	**Chile**	**100%**	**-**

* percentage of voting power is in proportion to ownership

NOTE 13 PROPERTY, PLANT & EQUIPMENT

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Plant and equipment				
At cost	8,226	6,810	8,226	6,810
Accumulated depreciation	(2,455)	(322)	(2,455)	(322)
	5,771	6,488	5,771	6,488
Motor Vehicles				
At cost	78,125	69,756	78,125	69,756
Accumulated depreciation	(10,469)	(703)	(10,469)	(703)
	67,657	69,053	67,657	69,053
Computers, and office equipment				
At cost	137,221	61,334	137,221	61,334
Accumulated depreciation	(31,735)	(6,471)	(31,735)	(6,471)
	105,487	54,863	105,487	54,863
Total plant and equipment	178,914	130,404	178,914	130,404

(a) Movements in carrying amounts

Consolidated and Parent Entity	Plant and equipment $	Motor Vehicles $	Computers and office equipment $	Total $
Balance at 1 July 2007	-	-	-	-
Additions	6,810	69,756	61,334	137,900
Depreciation expense	(322)	(703)	(6,471)	(7,496)
Balance at 30 June 2008	6,488	69,053	54,863	130,404
Balance at 1 July 2008	6,488	69,053	54,863	130,404
Additions	1,416	8,370	75,887	85,673
Depreciation expense	(2,133)	(9,766)	(25,264)	(37,162)
Balance at 30 June 2009	5,771	67,657	105,487	178,914

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 14 EXPLORATION EXPENDITURE				
NON-CURRENT				
Exploration expenditure capitalised				
- Opening balance	1,803,484	313,777	1,803,484	313,777
- Net current year expenditure	2,386,190	1,489,707	2,386,190	1,489,707
	4,189,673	1,803,484	4,189,673	1,803,484

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 15 TRADE & OTHER PAYABLES				
CURRENT				
Trade payables	253,652	48,254	253,652	48,254
Other payables & accrued expenses	278,930	220,013	278,930	220,013
	532,582	268,267	532,582	268,267
NON-CURRENT				
Amounts payable to:				
- wholly-owned subsidiaries	-	-	23,450	-

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 16 PROVISIONS				
CURRENT				
Employee benefits	20,553	7,123	20,553	7,123

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NOTE 17 CONTRIBUTED EQUITY				
77,616,073 fully paid ordinary shares (2008: 77,616,073)	6,934,322	6,934,322	6,934,322	6,934,322

NOTE 17 CONTRIBUTED EQUITY

(a) Ordinary shares

	Consolidated Entity		Consolidated Entity	
	2009 No.	**2009 $**	**2008 No.**	**2008 $**
At the beginning of the year	77,616,073	6,934,322	35,887,502	505,402
Increases				
- share placements (1)	-	-	8,500,000	553,000
- subscription received for shares allotted post year end	-	-	200,000	-
- shares issued re acquisition of tenement	-	-	600,000	60,000
- placement to Yunnan Copper (2)	-	-	16,428,571	2,300,000
- shares issued re IPO (3)	-	-	16,000,000	4,000,000
- costs of shares issued	-	-	-	(484,080)
At reporting date	77,616,073	6,934,322	77,616,073	6,934,322

1) A total of 8,500,000 shares were issued during the prior year to seed capital investors at prices ranging from $0.001 to $0.10.
2) Placement of 16,428,571 shares and 16,428,571 $0.40 29/10/10 options to Yunnan Copper
3) A total of 16,000,000 shares were issued in relation to the IPO in October 2007

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 18 ACCUMULATED LOSSES and RESERVES

	Consolidated Entity		Parent Entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
(a) Accumulated losses				
Balance at the beginning of the year	(486,898)	(61,972)	(486,898)	(61,972)
Net profit/(loss) attributable to members of China Yunnan Copper Australia Limited	(781,333)	(424,926)	(781,333)	(424,926)
Balance at end of year	(1,268,231)	(486,898)	(1,268,231)	(486,898)
(b) Reserves				
Share based payments reserve	27,187	-	27,187	-
Movements				
Share based payment reserve				
Balance 1 July	-	-	-	-
Options issued	27,187	-	27,187	-
Balance 30 June	27,187	-	27,187	-

(c) Nature and purpose of reserves

The share based payments reserve is used to record the value of share options issued and unexercised.

NOTE 19 COMMITMENTS

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(a) Operating leases				
Minimum lease payments				
- payable within one year	21,498	20,118	21,498	20,118
Total contracted at balance date	21,498	20,118	21,498	20,118

The Parent Entity has entered into a lease for an office in Brisbane. It is for a period of less than one year and it has no renewal option. The minimum future payments under this non-cancellable operating lease is shown above.

(b) Future Exploration
The company has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the company.

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
The exploration obligations to be undertaken are as follows:				
Payable				
- not later than 12 months	835,000	770,000	835,000	770,000
- between 12 months and 5 years	820,000	1,655,000	820,000	1,655,000
	1,655,000	2,425,000	1,655,000	2,425,000

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the company has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2009 that require disclosure in the financial report.

NOTE 21 SEGMENT REPORTING

The company operates predominantly in one business and geographical segment being in the mineral exploration industry in Australia.

NOTE 22 CASH FLOW INFORMATION

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(a) Reconciliation of cash flow used in operations with (loss) after income tax				
Profit/(loss) after income tax	(781,333)	(424,926)	(781,333)	(424,926)
Non-cash flows in loss after income tax:				
Depreciation	37,162	7,496	37,162	7,496
Share option expense	27,187	-	27,187	-
Changes in assets and liabilities				
- (Increase)/Decrease in receivables	(170,509)	(32,179)	(170,509)	(32,179)
- (Increase)/Decrease in other assets	1,237	24,229	1,237	24,229
- Increase/(Decrease) in trade payables and accruals	60,888	176,569	60,888	176,569
- Increase/(Decrease) in provisions	13,430	7,123	13,430	7,123
Cash flow from operations	(811,938)	(241,688)	(811,938)	(241,688)

NOTE 23 SHARE BASED PAYMENTS

As at 30 June 2009 in relation to share based payments there are 950,000 unlisted options to take up one ordinary share in China Yunnan Copper Australia Ltd at issue price of 40 cents. The options expire between 19 December 2009 and 19 December 2011. The options were issued in the 2008/09 financial year to 2 directors and 7 employees as part of their remuneration.

	Consolidated entity				Parent entity			
	2009		2008		2009		2008	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		$		$		$		$
Outstanding at beginning of year	-	-	-	-	-	-	-	-
Granted	1,050,000	0.40	-	-	1,050,000	0.40	-	-
Forfeited	(100,000)	-	-	-	(100,000)	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-
Outstanding at year-end	950,000	0.40	-	-	950,000	0.40	-	-
Exercisable at year-end	350,000	0.40	-	-	350,000	0.40	-	-

The following options were issued during the year ended 30 June 2009.

Type	Entitlement Date	Vest Date	Expiry Date	Exercise Price	Number
Director	19/12/2008	19/12/2008	19/12/2009	0.40	100,000
Director	19/12/2008	19/12/2009	19/12/2010	0.40	100,000
Director	19/12/2008	19/12/2010	19/12/2011	0.40	100,000
Employee	19/12/2008	19/12/2008	19/12/2009	0.40	250,000
Employee	19/12/2008	19/12/2009	19/12/2010	0.40	250,000
Employee	19/12/2008	19/12/2010	19/12/2011	0.40	250,000
					1,050,000

No options were exercised during the year ended 30 June 2009.

The options outstanding at 30 June 2009 have an average exercise price of $0.40 and average remaining life of 1.47 years. Included under Employee Benefits Expense in the Income Statement is $27,187 (2008: $nil), and relates, in full, to equity-settled share-based payment transactions. The value of options granted in the year is the fair value of the options calculated at grant date using a binominal option-pricing model. The following table lists the inputs to the model.

Inputs	13/12/09 Options	13/12/09 Options	13/12/11 Options
Underlying Share Price	0.1	0.1	0.1
Option Strike Prices (cents)	40	40	40
Time to Maturity (Yrs)	1	2	3
Risk Free Rate (%)	4.43	5.08	5.08
Volatility (%)	128	128	128

NOTE 24 EVENTS AFTER BALANCE SHEET DATE

After the end of the financial year the Company announced (on 1 September) an underwritten rights issue on a 2 for 5 basis to raise approximately $4.6 million before the costs of the issue. The rights issue is due to close on 6 October 2009. There have been no other events since 30 June 2009 that impact upon the financial report as at 30 June 2009.

NOTE 25 RELATED PARTY and KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Parent and ultimate controlling party
The parent entity and ultimate controlling entity is China Yunnan Copper Australia Limited which is incorporated in Australia.

Key management personnel compensation
Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of company.

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Summary				
Short-term employee benefits	720,119	387,507	720,119	387,507
Post-employment benefits	13,163	-	13,163	-
Share-based payments	15,536	-	15,536	-
Total	748,818	387,507	748,818	387,507

Director/Key Management Personnel share holdings 2009	Balance 1 July 2008 Nos	Granted as Remuneration Nos	On Exercise of Options Nos	Net Change Other Nos	Balance 30 June 2009 Nos
Directors					
Norm Zillman	8,105,639	-	-	-	8,105,639
Chao Yang	-	-	-	-	-
Mark Elliott	7,000,000	-	-	-	7,000,000
Jason Beckton	210,000	-	-	119,000	329,000
Liang Zhong	-	-	-	-	-
Zewen Yang	-	-	-	-	-
Key Management Personnel					
Richard Hatcher	-	-	-	-	-
Paul Marshall	400,000	-	-	-	400,000
Total	**15,715,639**	**-**	**-**	**119,000**	**15,834,639**

Director/Key Management Personnel share holdings 2008	Balance 1 July 2007 Nos	Granted as Remuneration Nos	On Exercise of Options Nos	Net Change Other Nos	Balance 30 June 2008 Nos
Directors					
Norm Zillman	8,000,000	-	-	105,639	8,105,639
Chao Yang (appointed 30/1/08)	-	-	-	-	-
Mark Elliott	7,000,000	-	-	-	7,000,000
Jason Beckton (appointed 31/7/07)	-	-	-	210,000	210,000
Liang Zhong (appointed 30/1/08)	-	-	-	-	-
Zewen Yang (appointed 1/8/07)	-	-	-	-	-
Shaolu Zou (appointed 1/8/07, resigned 30/1/08)	-	-	-	-	-
Weiping Yu (appointed 1/8/07, resigned 30/1/08)	-	-	-	-	-
Richard Haren (resigned 30/7/07)	7,000,000	-	-	(7,000,000)	-
Bruce Wood (resigned 30/7/07)	3,000,000	-	-	(3,000,000)	-
Key Management Personnel					
Paul Marshall	-	-	-	400,000	400,000
Total	**25,000,000**	**-**	**-**	**(9,284,361)**	**15,715,639**

Options holdings

Director/Key Management Personnel option holdings	Balance 1 July 2008	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2009
Directors					
Norm Zillman	-	-	-	-	0
Chao Yang	-	-	-	-	0
Mark Elliott	-	-	-	-	0
Jason Beckton	-	150,000	-	-	150,000
Liang Zhong	-	-	-	-	0
Zewen Yang	-	150,000	-	-	150,000
Key Management Personnel					
Richard Hatcher	-	150,000	-	-	150,000
Paul Marshall	-	150,000	-	-	150,000
Total	**-**	**600,000**	**-**	**-**	**600,000**

No options were held by directors or key management personnel in the 2008 financial year

Loans to Key Management Personnel
There were no loans to Directors or other Key Management Personnel during the period.

NOTE 26 JOINT VENTURE

The Company had entered into a farm-in with Sipa Gold Ltd, Sipa Resources Ltd and Newmont Exploration Pty Ltd which afforded Sipa Gold Ltd (Sipa) with a right to farm into EPM's 11602 and 11982 and EPA 15057 (Tenements) held by the Company. Sipa withdrew from the farm-in during the 2008/09 financial year. No interest in the tenements had been earned and the full ownership reverted to China Yunnan Copper Australia Limited.

NOTE 27 FINANCIAL RISK MANAGEMENT

The Company's and Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is cash flow interest rate risk.

There have been no substantive changes in the Company's and Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company's and Consolidated Entity's risk management objectives and polices and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Managing Director and the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's and Consolidated Entity's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) Credit Risk
Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2009.

Credit risk is reviewed regularly by the Board. It arises from exposure to customers as well as through deposits with financial institutions.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity.

NOTE 27 FINANCIAL RISK MANAGEMENT

The ageing of the Company's and Consolidated Entity's receivables at the reporting date was:

	2009		2008	
	Total	Amount Impaired	Total	Amount Impaired
	$	$	$	$
Not past due	205,845	-	34,336	-
Past due [0-90] days	-	-	-	-
Past due [>90] days	-	-	1,000	-
Total	205,845	-	35,336	-

None of the past due receivables at 30 June 2009 were impaired because it is expected that these amounts will be received in full in the normal course of business.

(b) Liquidity risk
Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board.

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. The Consolidated Entity did not have any financing facilities available at balance date. The company is not exposed to any significant liquidity risk.

The following shows the contracted maturities of financial liabilities as well as management's expectations of the settlement period for all other financial instruments.

Maturity Analysis – 2009

Consolidated Entity and Company	Carrying Amount	Contractual Cash flows	<1 year	1 - 5 years	> 5 years
Financial Assets					
Trade debtors and other receivables	205,845	205,845	205,845	-	-
Financial Liabilities					
Trade and other payables	532,582	532,582	532,582	-	-

Maturity Analysis – 2008

Consolidated Entity and Company	Carrying Amount	Contractual Cash flows	<1 year	1 - 5 years	> 5 years
Financial Assets					
Trade debtors and other receivables	35,336	35,336	35,336	-	-
Financial Liabilities					
Trade and other payables	268,267	268,267	268,267	-	-

(c) Market Risk
Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk
Interest rate risk is managed by constant monitoring of interest rates. The Consolidated Entity 's interest rate exposure under financial instruments is minimal as it does not currently have any interest bearing financial liabilities. The only risk arises due to interest income on financial assets held. For further details on interest rate risk refer to the tables below:

NOTE 27 FINANCIAL RISK MANAGEMENT

2009 Consolidated Entity and Company	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total carrying amount as per the balance sheet**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	1,571,479	31,536	14,262	1,617,277	2.95%

2008 Consolidated Entity and Company	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total carrying amount as per the balance sheet**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	489,485	4,203,425	2,067	4,694,977	7.24%

The company has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results which could result from a change in these risks.

At 30 June 2009 the effect on profit and equity as a result of changes in the interest rate would be as follows:

Consolidated Entity and Company	**2009**	**2008**
	$	**$**
Change in profit		
- Increase in interest rate by 1%	16,173	46,950
- Decrease in interest rate by 1%	16,173	(46,950)

The above analysis assumes all other variables remain constant.

(ii) Currency Risk
The company does not have any material currency risk exposure under financial instruments.

(iii) Other Price Risk
The company does not have any material other price risk exposures under financial instruments.

(d) Capital Risk Management
When managing capital, the director’s objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the Company may seek to issue new shares.

Consistent with other exploration companies, the Company monitors capital on the basis of forecast exploration and development expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve.

(e) Net Fair Values
The net fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and in the notes to the financial statements

DIRECTORS' DECLARATION

In the directors opinion:

(a) the attached financial statements and notes as set out on pages 25 to 47 are in accordance with the Corporations Act 2001and other mandatory professional reporting requirements, including:

  (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of directors.

Jason Beckton
Director

Brisbane
29 September 2009

China Yunnan Copper Australia Limited

To the members of China Yunnan Copper Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of China Yunnan Copper Australia Limited (the Company), which comprises the balance sheet as at 30 June 2009, and the income statement, statements of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability Limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licences

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion the financial report of China Yunnan Copper Australia Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 10 - 15 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of China Yunnan Copper Australia Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

WHK HORWATH

DON. LANGDON
PRINCIPAL

Dated: 29 September 2009