



ASX/Media Announcement

1st May 2009

Drilling program commences on Cloncurry and Mount Isa projects

Key Points

- ➔ 1,700 metres reverse circulation drilling program over two prospects on untested geochemical, geophysical and geological copper anomalies within the Cloncurry North and Mount Isa projects.
- ➔ Two high priority targets (Gem and Mount Colin West).
- ➔ Ground magnetic surveys completed focusing on granite - sediment contacts and known magnetic and soil copper anomalies.
- ➔ Exploration is targeting iron oxide-copper-gold and shear-hosted copper deposits.

China Yunnan Copper Australia Limited, (**ASX:CYU**) has commenced a reverse circulation (RC) drilling program on untested geochemical, geophysical, geobotanical and geological copper anomalies at its northwest Queensland project areas of Cloncurry North and Mount Isa located in the highly prospective Mount Isa Inlier (**Figure 1**).

A 1,700m RC drilling program in 10 holes is being undertaken to test combined geophysical, geochemical, geobotanical and geological targets in two areas, the Gem prospect located in EPM 12205 of the Cloncurry North Project (**Figure 2**) and the Mount Colin West prospect located in EPM 15248 of the Mount Isa Project (**Figure 3**).

Gem Prospect – Cloncurry Project

Situated in the central west of EPM 12205, the Gem Prospect contains numerous old workings that have been sunk on a northwest trending zone of copper mineralisation. Additional prospecting pits have been located to the south of Cattle Creek and to the north of the main line of workings. No modern day exploration is evident within the prospect area. Mineralisation appears to be confined to structural corridors (shear zones) within the granite country rock.

These corridors consist of a series of sub-parallel quartz veins and vary in thickness from less than 1m to more than 10m in width. The overall strike length of these workings is greater than 650 metres.

In late 2008 CYU conducted a soil geochemistry survey on a 400m by 700m area on 50m line spacing at 40m sample centres. Broad areas of spot anomalies were defined and an infill survey on 25m line spacing at 20m sample centres was completed to tighten up the anomalies. The main soil geochemical anomaly (more than 200ppm copper) trends northwest for over 100m and returned peaked values of 10700ppm copper (1.07% copper) and 2520ppb gold (2.52g/t gold) associated with the old workings.

A ground magnetic survey was undertaken to follow the north western contact of Naraku Granite with the prospective Corella and Soldiers Cap metasedimentary formations through the prospect. The Naraku Granite, is believed to be responsible for iron oxide-copper-gold (IOCG) mineralisation in the district. The survey identified the main workings and surface geochemical anomalies are located adjacent to moderate magnetic responses within the large granite body. A magnetic low response delineates the interpreted contact with the metasedimentary unit (biotite schist) units. A total of five reverse circulation drillholes are being drilled to test the mineralised trend and geophysical anomalies associated with surface copper mineralisation and magnetic responses.

Mount Colin West Prospect – Mount Isa Project

Situated to the west of the Exco Resources Mount Colin deposit open cut (Mining Lease 2640), the Mount Colin West prospect lies in the northeast portion of EPM 15248 of the Mount Isa Project (**Figure 3 and 4**). The Mount Colin deposit currently has a JORC compliant resource (measured, indicated and inferred) of 667,200 tonnes at 3.43% copper.

The Mount Colin deposit is a mineralised shear zone ranging from 5m to more 20m that has reported yielded 122 tons of copper with an average grade of 9.4% Cu from historic shafts and shallow pits. The mineralised shear zone strikes approximately east - west with an overall steep northerly dip of about 75°.

In early 2009 CYU undertook a ground magnetic survey and surface geochemistry soil sampling program over the area to the west of the Mt Colin mining lease. Soil sampling results are still pending. The ground magnetic survey delineated a strong magnetic anomaly that is trending with the same orientation of the known workings with an associated magnetic low. This trend is postulated as the trend of mineralisation. A total of five RC drill holes are being drilled to test a possible strike extension of the Mount Colin deposit.

About CYU

CYU listed on the ASX on 29 October 2007. CYU is an Australian company formed to explore for and develop minerals in Australia and overseas. Cornerstone investor, Yunnan Copper Industry (Group) Co Ltd, is one of China's largest copper producers. CYU is targeting high quality copper, gold and uranium projects with eleven wholly owned Exploration Permits for Minerals (EPM's) in the Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier in Queensland.



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

Figures Below.

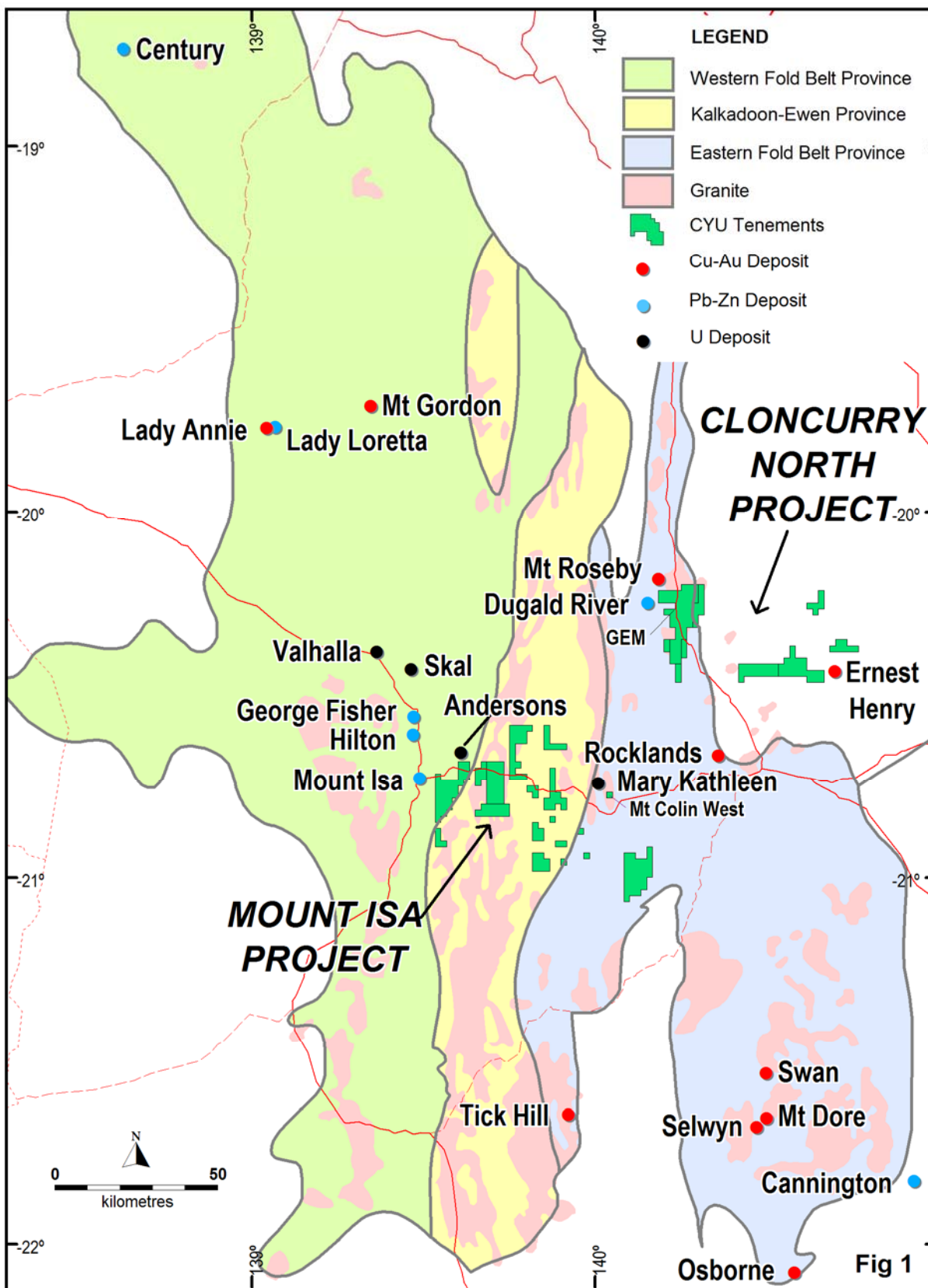


Figure 1. The CYU North West Queensland Projects of Mount Isa and Cloncurry are subject to drilling during the first two weeks of May in a continuing program of prospect evaluation.

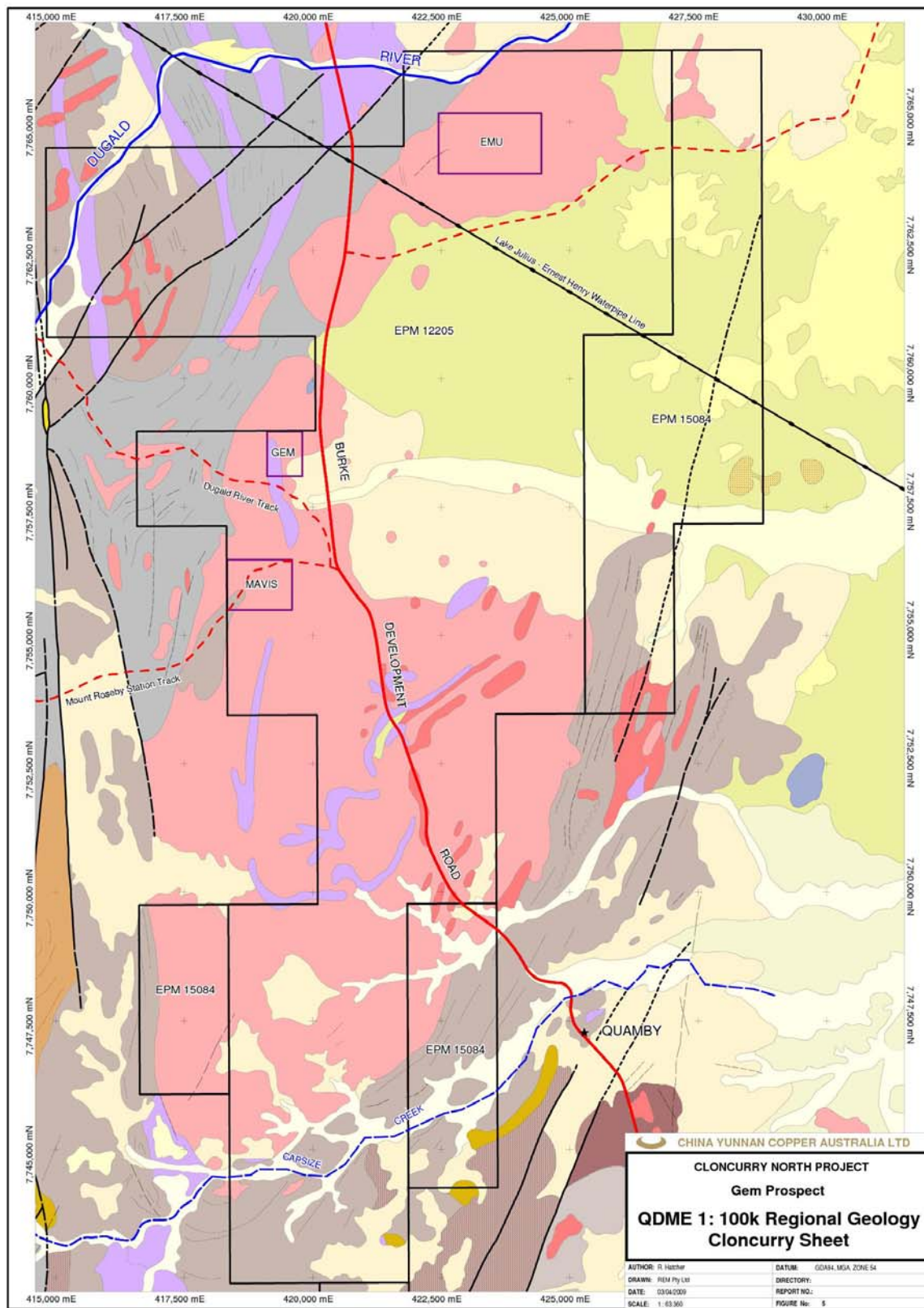


Figure 2. The Gem prospect is located on a granite margin. As per many prospects in the region a series of historical workings with significant copper showings have not been drilled.

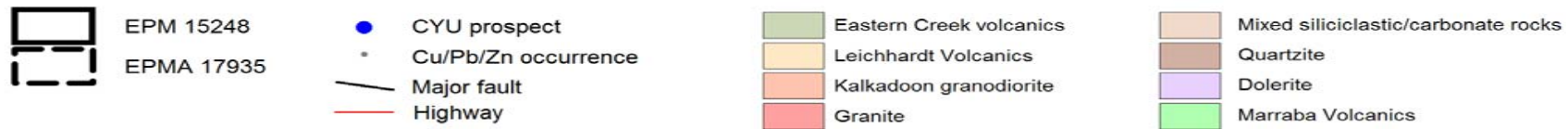
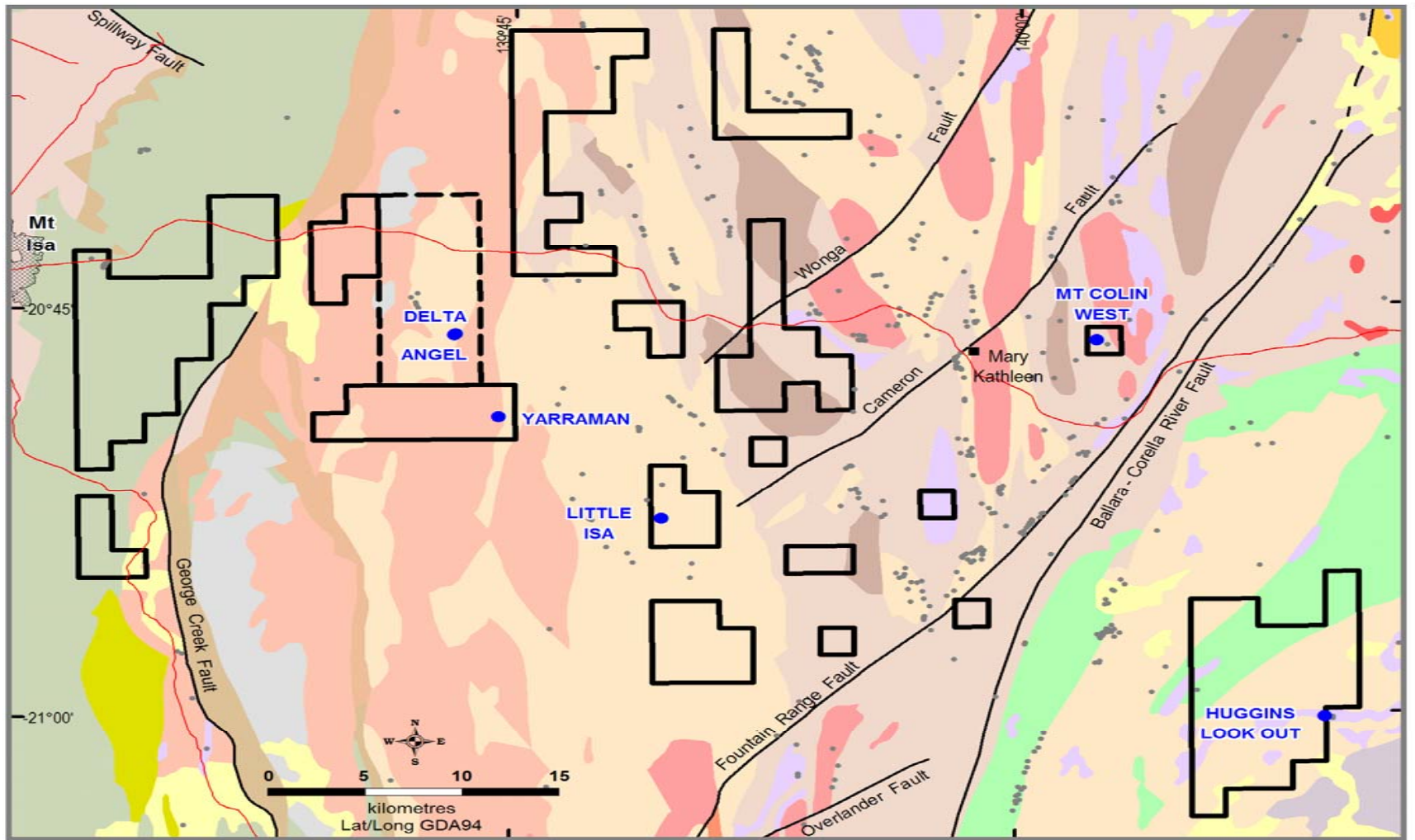


Figure 3. Location of Mt Colin West prospect. The drilling program underway is the first time the CYU Mt Isa project has been drilled and as per the project map. Many copper gold drill targets remain on CYU tenure, all undrilled by previous companies.

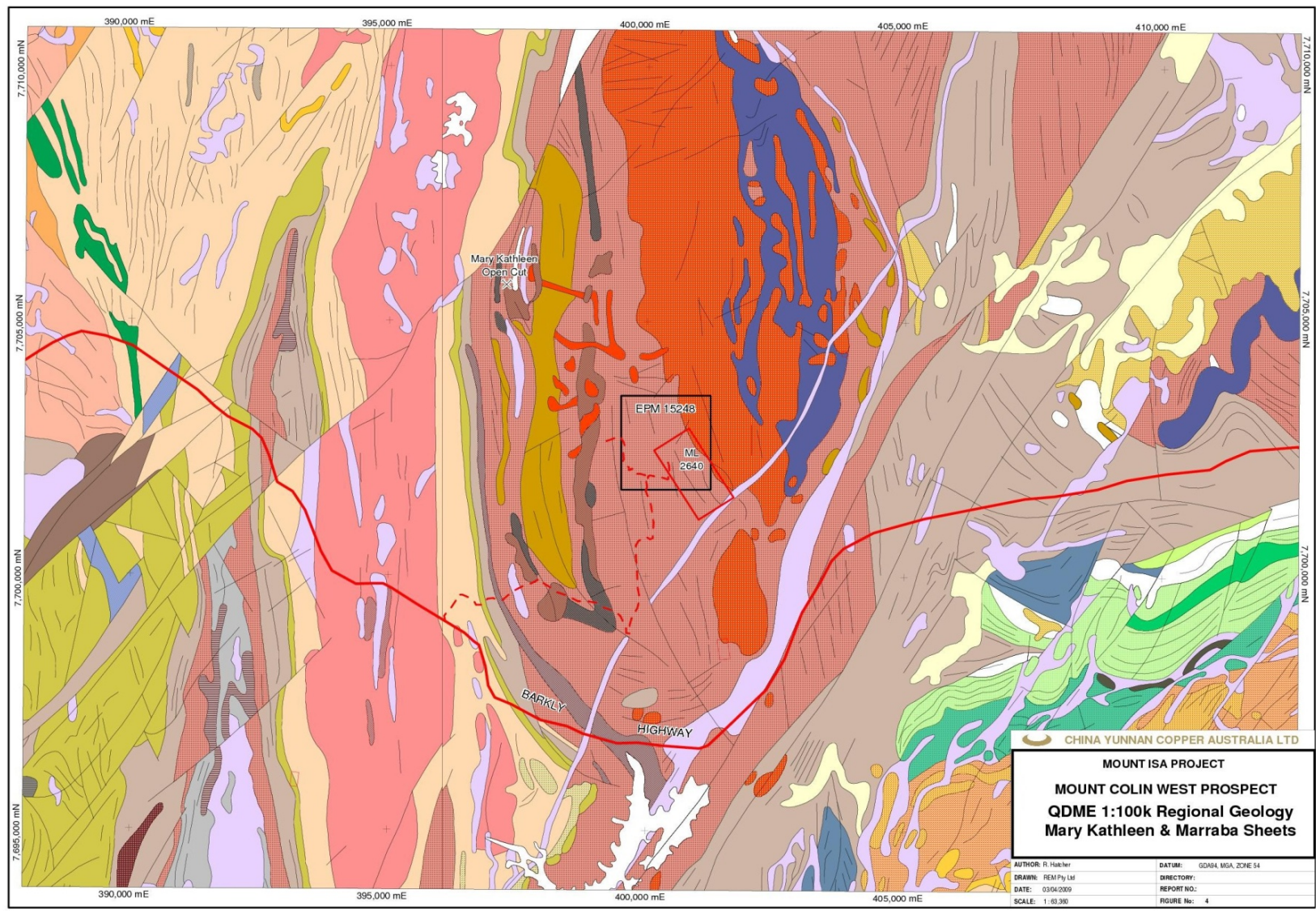


Figure 4. Mt Colin West prospect across strike from Mary Kathleen uranium deposit. Tenure to the North West of the Exco Resources Mt Colin resource.