

CHINA YUNNAN COPPER AUSTRALIA LTD

ASX/Media Announcement (ASX: CYU)

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PENTLAND GOLD PORPHYRY PROSPECTS - DRILLING COMPLETED

- 1,257m drilled in 3 diamond holes.
- Targeted bulk tonnage Intrusive Related Gold +/- Copper Mineralisation.

China Yunnan Copper Australia Limited (ASX: CYU) today announces it has completed drilling at the Pentland Joint Venture Project, a joint venture between ActivEX Limited (ASX: AIV) and CYU. The program consisted of three holes totalling 1,257.30 metres of diamond (HQ3 – NQ2) core drilling at two prospect areas, Mt Remarkable and Norwood (**Figure 1, Table 1**).

Table 1: Drillhole Location Co-ordinates

Hole ID	East*	North*	RL (m)	Azi - GDA (°)	Dip (°)	Depth (m)
MRD001	322,702	7,731,613	497	102.5	-80	501.00
NWD001	320,642	7,726,741	453	15.5	-75	354.10
NWD002	320,928	7,726,713	458	7.5	-75	402.20
						1,257.30

* Datum GDA94 Zone 55

The Pentland Joint Venture Project is located in North East Queensland, 100km west of Charters Towers and is well known for Intrusive Related Gold/Copper styles (IRGS). Significant gold (-copper) production from this area has been achieved in the past from deposits such as Mt Leyshon (3 Moz), Kidston (4.5 Moz), Red Dome (1.5 Moz), Ravenswood (3.5 Moz) and Charters Towers (6.5 Moz). IRGS deposits are related to moderate level intrusions, volcanics and hydrothermal systems of Permo-Carboniferous age. They are large systems (>3 Moz) often associated with breccias, stockwork quartz vein sets and increased sulphides.

AIV was initially awarded a CDI grant (Cooperative Drilling Initiative of the Smart Mining Program) by the Queensland Government for partial funding (up to \$150,000) for this drill program. As a condition to the earn-in agreement, CYU was to undertake the drill program before the end of the first quarter 2010 when the grant was due to expire.

Abundant sulphide mineralisation, dominated by pyrite was observed throughout the core in all holes, no significant occurrence of breccias or quartz stockwork veining was identified. All assays have been returned with minor gold mineralisation intersected (**Table 2**).

Table 2: Significant Mineralisation at a 0.25g/t Au cut-off

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)
MRD001	No Significant Intersections			
NWD001	29.00	30.00	1.00	1.70
	34.00	36.00	2.00	0.84
NWD002	No Significant Intersections			

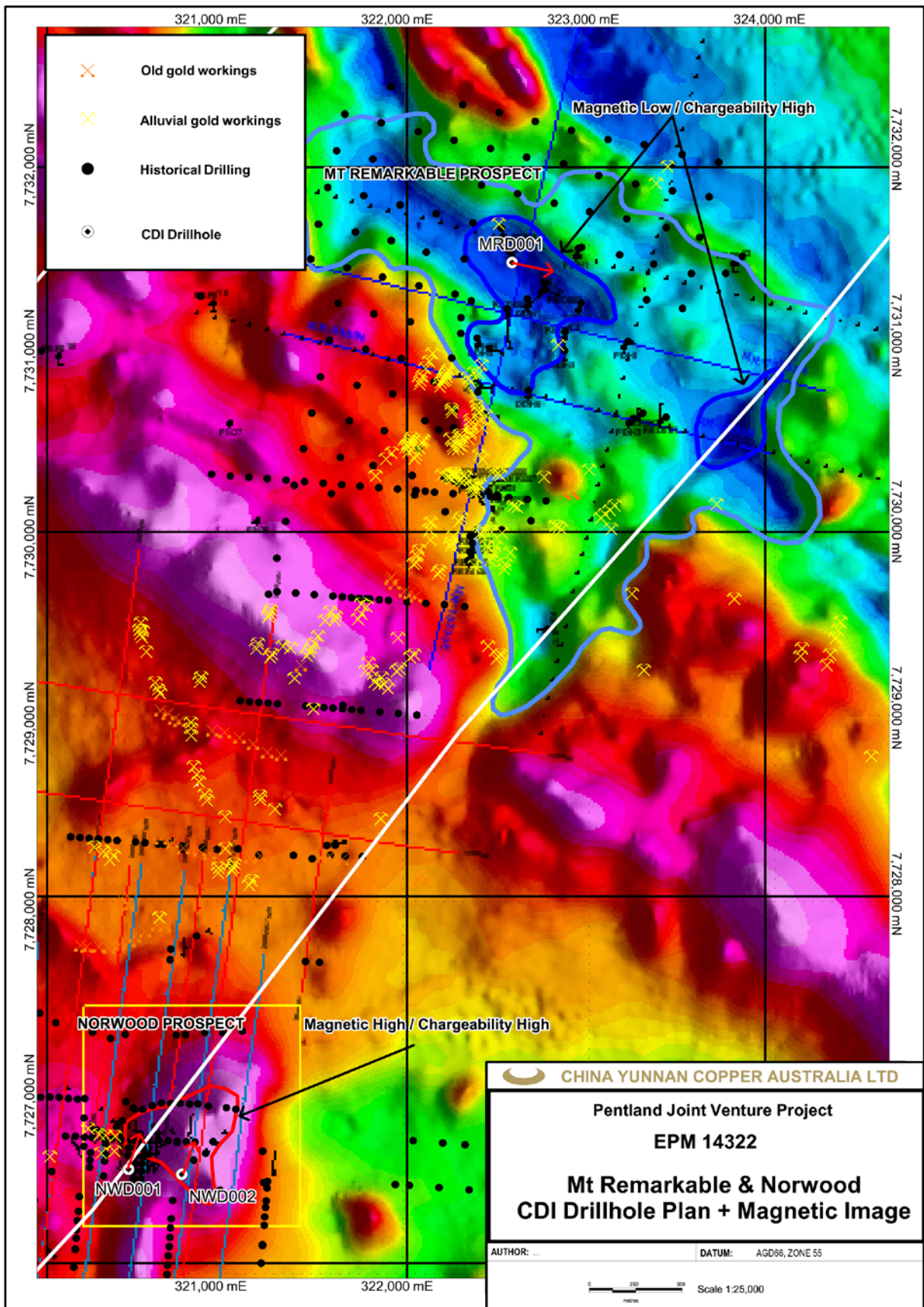


Figure 1: Diamond Core hole locations overlying magnetic imagery.

The Mt Remarkable drill hole MRD001 targeted a discrete coincident chargeability and resistivity anomaly (induced polarization - IP) over 800 metres long, that plunges steeply to the north-east. A historic drill hole DDH 1 (1970s) is interpreted to have just intersect the top of this system with encouraging gold (with elevated copper) mineralisation of 47m @ 0.92g/t Au intersected at the bottom of the hole. MRD001 intersected a widespread but low density quartz vein stockwork containing traces of molybdenite and chalcopyrite, throughout the entire length of the hole. These veins are associated with weak propylitic alteration of the host foliated biotite granodiorite. Late stage argillic, pyritic alteration is common and is the probable source of the IP anomaly. The hole did not intersect causative intrusives, high density quartz vein stockwork or potassic alteration styles, suggesting that it tested a peripheral part of the mineralized system.

The Norwood drill holes NWD001 and NWD002, targeted a +800 metre zone of anomalous chargeability/resistivity, interpreted a zone of mineralisation around a gold anomalous magnetic diorite body. Historical shallow drilling targeted oxide gold with significant mineralisation including 18m @ 0.98g/t Au and 8m @ 2.28g/t Au reported. Holes NWD001 and NWD002 intersected dacitic volcanics and epiclastic sediments which have been intruded by a large diatreme causing intense brecciation. Later intrusions of rhyolite dykes or domes and the magnetic diorite stock were also intersected. Local small zones of quartz veining and hydrothermal breccia were intersected in all lithologies, but contain only low order gold values at best. Late, very intense argillic alteration with disseminated pyrite overprints the volcanic and diatreme lithologies and to a lesser extent the rhyolite and diorite intrusives. This phase of alteration is the cause of the intense induced polarization anomaly but is interpreted to relate to hydrothermal activity subsequent to the gold mineralizing phase.

CYU is currently compiling the historical and current drilling data into a 3D model to be used in conjunction with prospect scale detailed mapping to re-evaluate these prospects.

Jason Beckton, MD of CYU said 'this early stage drilling tells us we are in a district scale alteration system that requires some 3D modeling to determine the metalliferous core of the mineralisation. We clearly have some encouragement with these holes which will allow us to put together the geology. No drill core exists from previous operations and this core albeit non economic in gold tenor, allows us to vector toward to centre of the alteration system particularly at Mt Remarkable.'

Competent Person's Statement

The information in this report that relates to the Mount Remarkable and Norwood Prospects is based on information compiled by James Cran, who is a Member of the Australian Institute of Geologists and is Chief Geologist of China Yunnan Copper Australia Ltd. Mr Cran 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 Cran consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About CYU

CYU is an Australian company formed to explore for and develop minerals in Australia and overseas. Cornerstone investor, Yunnan Copper Industry (Group) Co Ltd (YCI), is one of China's largest copper producers. YCI's largest shareholder is Chinalco.

CYU has goals of resource definition and development for its three target commodities Copper, Gold and Uranium and to achieve this is targeting high quality copper, gold and uranium projects in



the Mt Isa Inlier, Ravenswood-Pentland Province in Queensland and Cordillera Porphyry Belt of Chile.

CYU is also;

- Data compilation - assays pending, of recently completed diamond drilling at Stanley's Hope, Pentland.
- Follow up field work on the maiden resource estimate at Elaine Dorothy U REE.
- Finalising an inferred maiden resource at the Gem prospect, Cloncurry.
- Farming into to the Mary Kathleen Project in Mt Isa with Goldsearch Limited.
- Commencing ground geophysical program at the Humito Copper Porphyry project in Chile.
- Signed a Memorandum of Understanding with CYU's cornerstone investor Yunnan Copper Industries (YCI) to undertake regional exploration and project generation work in Yunnan Province, China.

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