



ASX Announcement

8 September 2009

NON-RENOUNCEABLE RIGHTS ISSUE – NOTICE TO SHAREHOLDERS

The attached letter has today been despatched to all Shareholders of China Yunnan Copper Australia Limited.

For and on behalf of the Board

Paul Marshall
Company Secretary

ASX Code: CYU



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8 September 2009

Dear Shareholder,

CHINA YUNNAN COPPER AUSTRALIA LTD NON-RENOUNCEABLE RIGHTS ISSUE

On 1 September 2009, China Yunnan Copper Australia Limited (CYU) announced a capital raising of \$4.6 million (before issue costs) by way of a 2 for 5 pro rata non-renounceable rights issue (Rights Issue) to Shareholders at 15 cents per share.

CYU's cornerstone shareholder, Yunnan Copper Industry (Group) Co Ltd (YCI) has agreed to take up its entitlement in full. YCI is China's third largest copper producer. YCI provides ongoing support of CYU's development into YCI's international investment arm and mining house. YCI's major shareholder is Aluminium Corporation of China ("Chinalco"). CYU directors (or their related entities) are also taking up the majority of their entitlements.

BBY Limited is Lead Manager and Underwriter to the issue. Funds will be used for further drilling, execution of corporate opportunities and working capital.

The opening date of the offer is 21 September 2009.

The Rights Issue Offer Document has been lodged with the Australian Securities & Investments Commission and ASX and is available on the ASX website and also on the Company's website at www.cycal.com.au. The indicative timetable for the Rights Issue is as follows:

EVENT	DATE
Rights issue offer document lodged with ASX	1 September 2009
Notice with information on Rights Issue sent to Shareholders	8 September 2009
Shares commence trading on ASX on an ex rights basis	9 September 2009
Record date for participation in rights issue	15 September 2009
Dispatch of Offer Document and Acceptance Form	21 September 2009
Opening Date of Offer	21 September 2009
Closing Date of Offer	6 October 2009
Securities quoted on a deferred settlement basis	7 October 2009
Dispatch of shareholder statements for new shares under rights issue	14 October 2009
Normal trading resumes	15 October 2009

The timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the Directors of the Company reserve the right to vary these dates, including the Closing Date, without prior notice.

The Rights Issue is for all CYU Shareholders on record as at 7pm on 15 September 2009 with registered addresses in Australia or New Zealand. Entitlements to new shares pursuant to the Rights Issue are non-renounceable and accordingly will not be traded on the ASX. Accompanying this letter is an Appendix 3B notice.

The Offer Document containing the Entitlement and Acceptance Form will be despatched to all eligible shareholders of the Company registered at the Record Date on 21 September 2009.

On behalf of the Board

Paul Marshall
Company Secretary

China Yunnan Copper Australia Ltd – Non-Renounceable Rights Issue

Appendix 3B Notice to Shareholders

The following information with respect to the non-renounceable rights issue of ordinary shares being undertaken by China Yunnan Copper Australia Ltd is provided to Shareholders in accordance with the ASX Listing Rules. Full details of the Offer are contained in the Offer Document which will be despatched to all eligible shareholders of the Company registered at the Record Date on 15 September 2009.

The Prospectus has been lodged with ASIC and ASX and is available for viewing on ASX's website and on the Company's website www.cycal.com.au.

Class of securities issued or to be issued	Ordinary shares
Number of securities issued or to be issued (if known) or maximum number which may be issued	Approximately 31,046,457 New Shares at an issue price of \$0.15 per New Share, on the basis of 2 New Shares for every 5 existing Shares held by Eligible Shareholders as at the Record Date. The total number of shares to be issued in accordance with the entitlement offer could increase by up to 7,511,428 in the event that all of the holders of vested options exercised their right to convert their securities to ordinary shares prior to the record date.
Principal terms of the securities	Fully paid ordinary shares
Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?	Yes
Issue price or consideration	\$0.15 per share
Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>The Directors intend to apply the proceeds from the Issue to fund the costs of the Issue, to provide working capital to the Company and focus on exploring its tenements in Queensland for copper, gold and uranium and in addition evaluate other acquisition and joint venture opportunities to grow its business rapidly.</p> <p>Capital is required to enable the Company to continue to grow a new copper discovery at the Gem prospect. CYU is going forward with a program of geophysical and geological evaluation and drilling to continue to grow the known extents of the mineralisation.</p>

Dates of entering securities into uncertificated holdings or despatch of certificates

14 October 2009

Number and class of all securities quoted on ASX (including the securities to be issued pursuant to the rights issue)

Number	+Class
On issue: 31,861,502	Ordinary Shares fully paid (CYU)
Rights issue: <u>31,046,457</u>	
Total: 62,907,959	

Number and class of all securities not quoted on ASX (including the securities to be issued pursuant to the rights issue)

Number	+Class
45,754,571	Ordinary Shares fully paid escrowed to 29/10/09
18,428,571	29/10/10 \$0.40 Options
350,000	20/12/09 \$0.40 Options
350,000	20/12/09 \$0.40 Options (vest 19/12/09)
350,000	20/12/09 \$0.40 Options (vest 19/12/10)

Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Is security holder approval required?

No

Is the issue renounceable or non-renounceable?

Non-renounceable

Ratio in which the securities will be offered

2 for 5

Class of securities to which the offer relates

Ordinary shares

Record date to determine entitlements

15 September 2009

Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

N/A

Policy for deciding entitlements in relation to fractions

Entitlements will be rounded up

Names of countries in which the entity has security holders who will not be sent new issue documents	The Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.
Closing date for receipt of acceptances or renunciations	6 October 2009
Names of any underwriters	BBY Ltd
Amount of any underwriting fee or commission	The Underwriter will be paid by the Company an underwriting fee of 4% of the gross proceeds of the underwritten shares and a management fee of 2% of the Shares issued under the Offer.
Names of any brokers to the issue	N/A
Fee or commission payable to the broker to the issue	N/A
Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
If the issue is contingent on security holders' approval, the date of the meeting	N/A
Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	21 September 2009
If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	1 September 2009
Date rights trading will begin (if applicable)	N/A

Date rights trading will end (if applicable)

N/A

How do security holders sell their entitlements *in full* through a broker?

N/A

How do security holders sell *part* of their entitlements through a broker and accept for the balance?

N/A

How do security holders dispose of their entitlements (except by sale through a broker)?

N/A

Despatch date

14 October 2009