

## CHINA YUNNAN COPPER AUSTRALIA LTD

### ASX/Media Announcement

18<sup>th</sup> October 2010

## PROJECT UPDATE – STANLEY’S HOPE GOLD PROJECT, QLD

**Step out drilling programme planned to grow near surface gold deposit.**

**Potential for a ten-fold increase in target tonnage on granted mining lease.**

- Revised geological model interprets shallow west dipping sulphide structures identified as feeders for shallow level oxide mineralisation on granted ML.
- Step out drilling planned for early 2011
- Between 700,000 and 800,000 tonnes at a grade of between 1.3 and 1.4 g/t gold is interpreted to exist as a ‘JORC Exploration Target’ based on completed drilling from 10m vertical depth.
- Additional drilling in 2011 is designed to increase the target size tenfold under the undrilled, barren, shallow cover to the west.
- CYU previously reported a diamond drill SDH001 intercept of;
  - 14m @ 1.1 g/t gold and 1.5 g/t silver from 161m depth.
- Examples of historically drilled intercepts collated by CYU;
  - 15m @ 1.8 g/t gold from 111m depth.
  - 14m @ 2.4 g/t gold from 12m depth.
  - 8m @ 2.9 g/t gold from 56m depth.

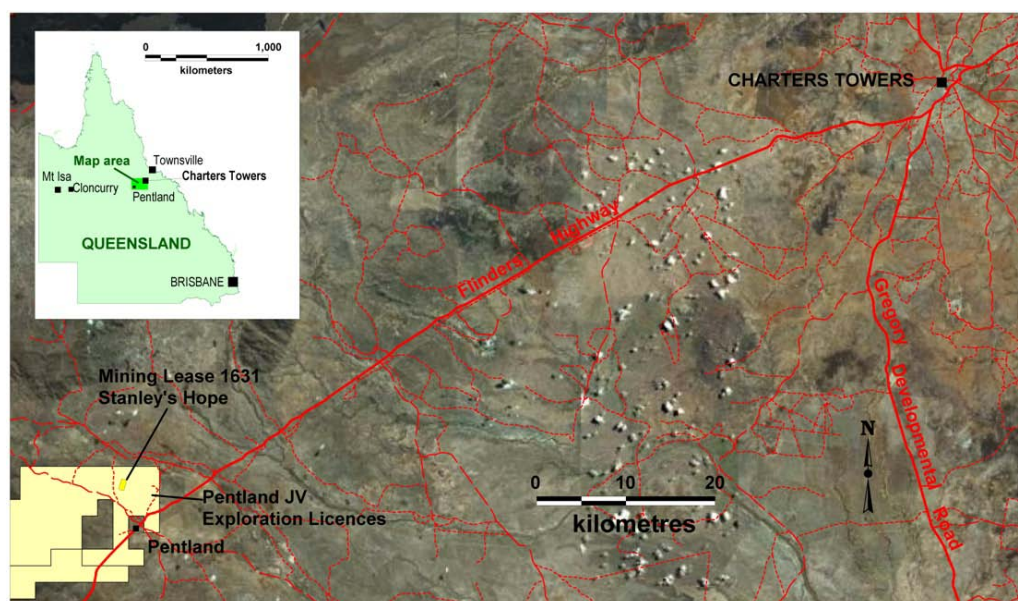
China Yunnan Copper Australia Limited (ASX: CYU) today announces progress on target definition from the Stanley’s Hope Gold Mining Lease (ML) in the Pentland District, Queensland. Drilling has confirmed the tenor geological orientation, the mineralization allowing the use of previous historic campaigns to support the view that Stanley’s Hope hosts shallow, flat dipping gold mineralisation.

Following interpretation of May 2010 drilling, a revised geological model has been completed, with south west dipping sulphide structures identified as feeders for shallow, flat oxide mineralization. A JORC Exploration Target between 700,000 and 800,000 tonnes at a grade of between 1.3 and 1.4 g/t gold is interpreted to exist from a vertical depth based on historic information and two previous CYU diamond holes drilled. A step out drilling program of the shallow gold target is now planned for early 2011 following the wet season.

Stanley’s Hope information is presented as an Exploration Target as per the JORC code and is expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. The statement referring to potential quantity and grade of the target was expressed as ranges as is required under the JORC code. The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource on the property and that it is uncertain if further exploration will result in discovery of a Mineral Resource on the property.

Stanley's Hope is located in north east Queensland, well known for Intrusive Related Gold/Copper styles (IRGS) and epithermal Pajingo style of gold mineralisation.

The township of Pentland is located 5km south of the tenement area. The area is well serviced by road, rail, water and electricity infrastructure. The ML is held 100% by CYU and lies within Exploration Licences subject of our Pentland Joint Venture with ActivEx Ltd (AIV:ASX).



**Figure 1 Stanley's Hope Location Map.**

Jason Beckton, MD of CYU said: "This shallow gold system has a revised geological model based on flat veins intersecting and being hosted on the margins of dacite dykes within the host granite. This interpretation was confirmed based on oriented drill core readings of the mineralized vein sets. Surface geological maps of high quality were used to enhance this interpretation."

"Our initial interpretation had vertical sulphide structures feeding the known oxide blanket but they are in fact shallow south west dipping sulphide structures of between 1 and 8 metres thickness, feeding a flat oxide blanket which as yet does not have the required drill density to be classified as a JORC resource. It must be stated that this target may not graduate to a resource with further drilling is necessary as per JORC requirements."

"Defining a gold target on a granted mining lease at these shallow levels with significant grades, close to infrastructure, is an excellent place for CYU to be in the current market. We have completed to a reasonable level a collation of the historic mapping and drilling, assisted by our recent drilling. Subsequently a step out percussion (RC) drill program has been proposed which will likely be drilled in the new year after the northern wet season."

CYU are in Joint Venture with Activex Limited on the surrounding tenements (as per figure 4 of this document) so growth potential for this discovery is secure beyond the granted mining lease.

Hole Id	From	To	Width	Au (g/t)	Comment
SHD001 <i>including</i>	161.00	175.00	14.00	1.13	<i>1g/t Au cut-off</i>
	172.00	174.00	2.00	5.30	
	259.00	260.00	1.00	1.10	
SHD002	158.00	161.00	3.00	3.00	
	176.00	178.00	2.00	2.06	
	234.00	235.00	1.00	1.29	
	287.00	289.00	2.00	1.70	
	350.00	351.00	1.00	1.82	

Table 2: CYU Significant Drill Intersections – nominal 0.25g/t gold cut-off. All of the diamond intercepts are in the sulphide zone under the flat oxide blanket. Refer Figure 2.

Gold mineralisation in the area is related to post-metamorphic intrusives thought to be of Permo-Carboniferous age which equates with the age of Mt Leyshon, Mt Wright and other significant gold bearing breccias of the region and the epithermal gold deposits at Pajingo, Wirrallee, Yandan and Mt Coolon.

Gold mineralisation at Stanley's Hope in the form of low sulphidation quartz sulphide is hosted in granitic gneiss, and within and adjacent to dacite dykes. Both zones contain chalcedonic quartz + sulphide veins and stringers with associated intense alteration halos.

HOLE_ID	FROM	TO	AU g/t	Intercept
PD04	14	18.3	1.09	4.3m @ 1.09g/t Au
PD04	47.2	50.6	5.2	3.4m @ 5.24g/t Au
PSAC317	60	62	2.27	2m @ 2.27g/t Au
PSRC335	21	23	5.74	2m @ 5.74g/t Au
PSRC344	24	32	2.06	8m @ 2.06g/t Au
PSRC344	111	126	1.77	15m @ 1.77g/t Au E.O.H.
PSRC349	145	153	0.80	8m @ 0.8g/t Au
SPD07	16	17	4.40	1m @ 4.4g/t Au
SPD11	12	26	2.38	14m @ 2.38g/t Au
SPD14	12	30	0.47	18m @ 0.47g/t Au
SPD14	56	64	2.96	8m @ 2.96g/t Au
SPD19	22	26	1.03	4m @ 1.03g/t Au

Table 3: Significant Mineralisation drilled by previous explorers as depicted on Figure 3 below.

Future work includes:

- Drill three RC holes testing the western extension of the mineralisation under shallow cover.
- Bulk density measurements on mineralised and unmineralised drill core.
- Increased QA QC to allow definition of future resources.

### Competent Person's 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 is fulltime Managing Director of China Yunnan Copper Australia Ltd. Mr Beckton 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 Beckton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Target Stanley's Hope is based on information compiled by Tim Callaghan, who is a Member of the Australian Institute of Geologists and is consultant of Resource and Exploration Geology Pty Ltd. Mr Callaghan 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 Callaghan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Cautionary Statement

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### **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 rare earth element and uranium projects in the Cordillera Porphyry Belt of Chile, Mt Isa Inlier, and Pentland Province in Queensland.

Other CYU activities include;

- Drilling during late 2010 for Diamond Drill program at Mt Dorothy Copper discovery, Mount Isa.
- Ground geophysical and mapping programs completed at the Humito Copper Porphyry project in Copiapo district, Chile, has identified a series of shallow covered magnetic targets which warrant a 2000 metre RC program will be completed subsequent to the Mount Dorothy diamond drill program in Mt Isa.
- Continued review of projects under Memorandum of Understanding with CYU's cornerstone investor Yunnan Copper Industries (YCI) to undertake regional exploration and project generation work in Yunnan Province, China and Laos.

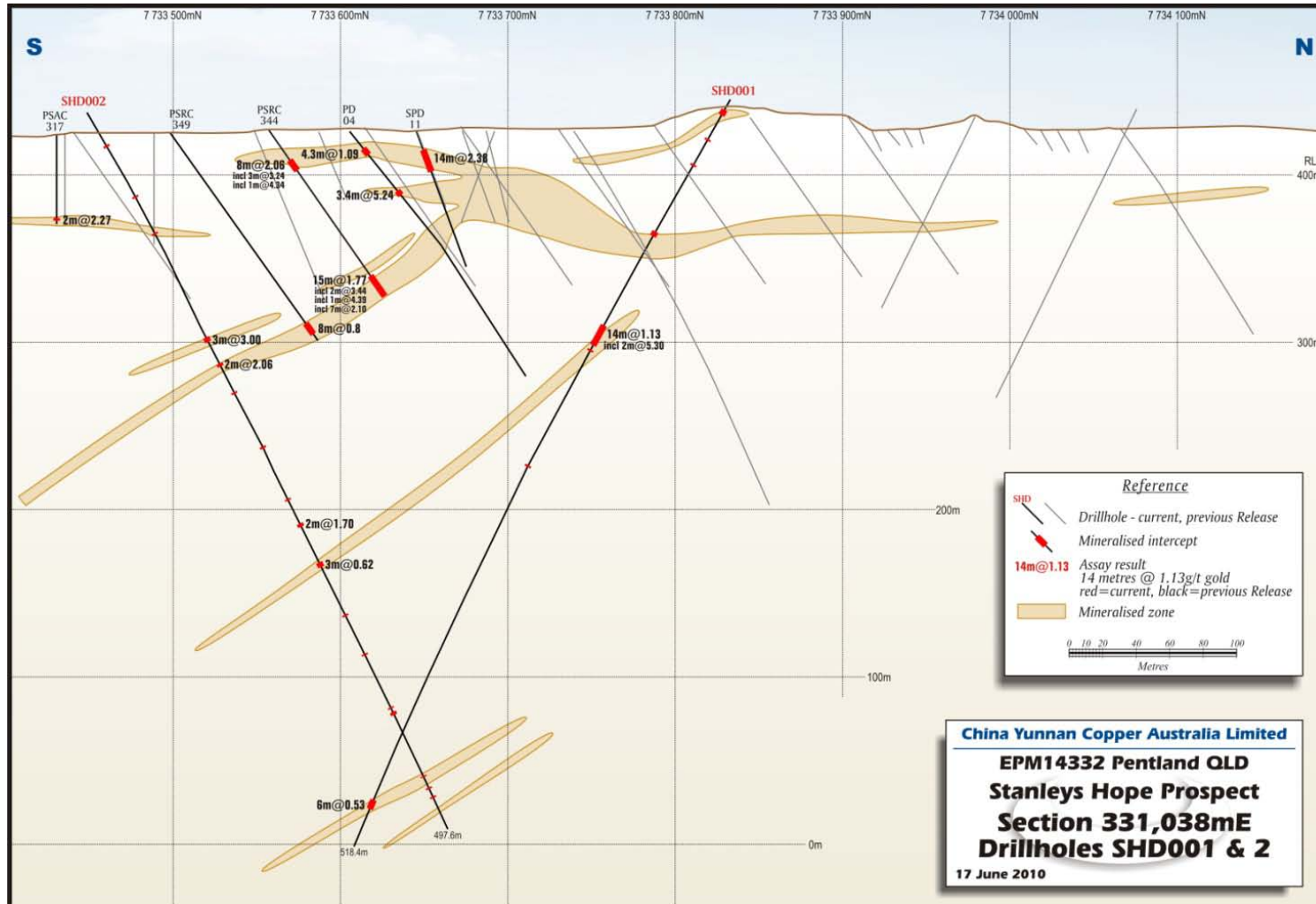


For further information please contact;

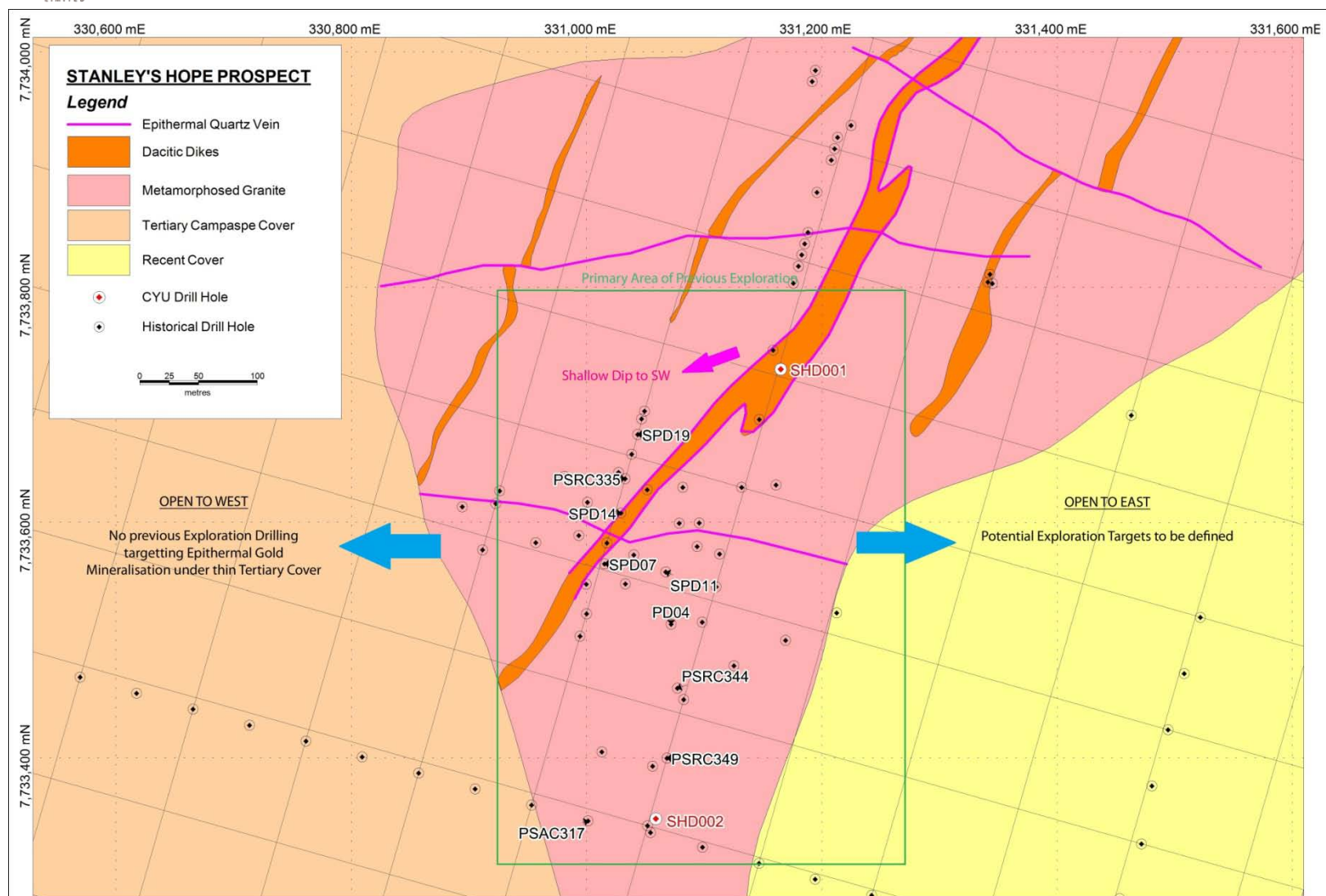
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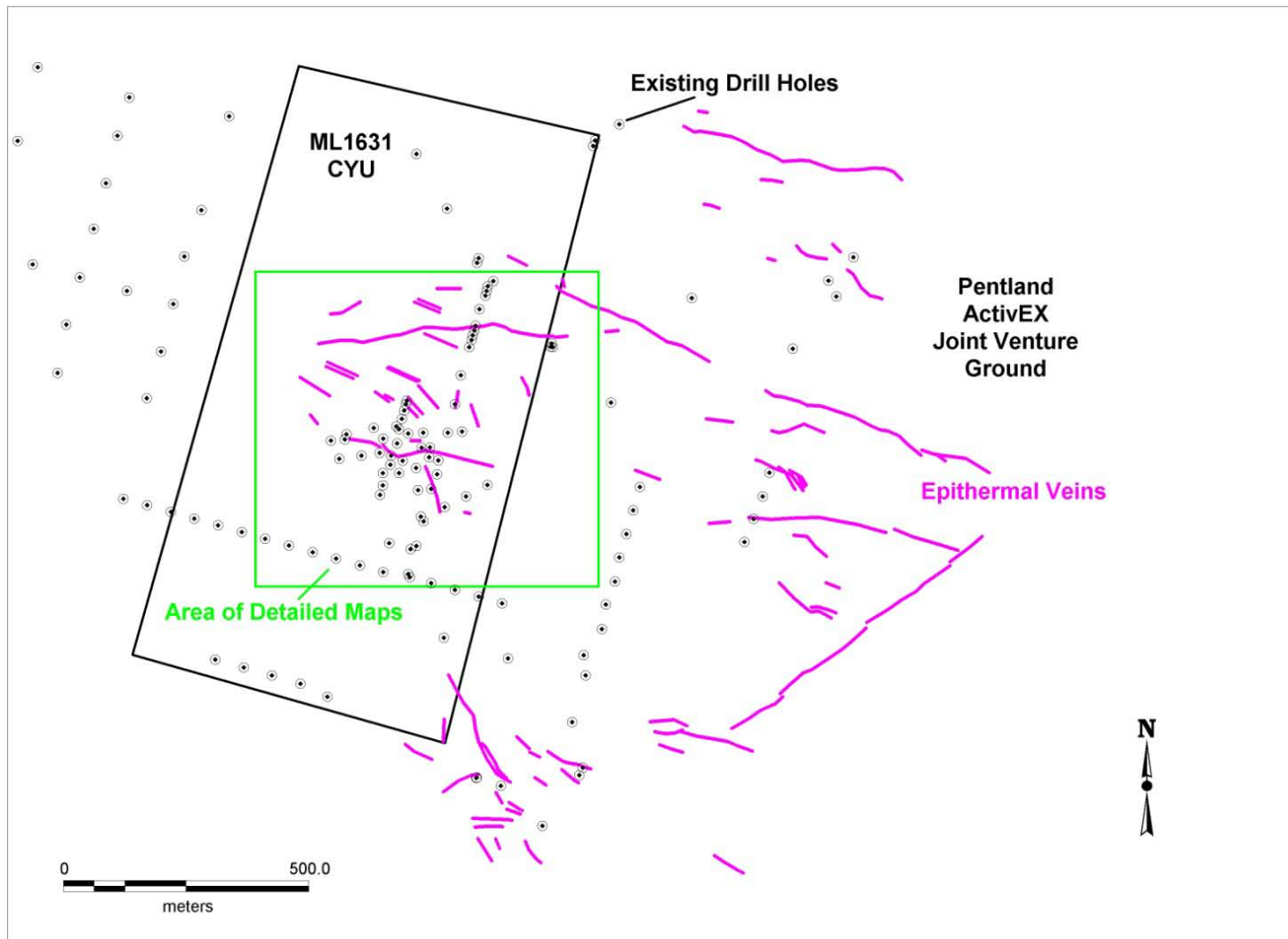
or visit the website, [www.cycal.com.au](http://www.cycal.com.au)



**Figure 2:** Section of SHD001 and SHD002. This interpretation of flat lying epithermal quartz sulphide has been confirmed after geological reinterpretation of previous drilling that is facilitated by the oriented scout diamond drilling completed by CYU in May 2010.

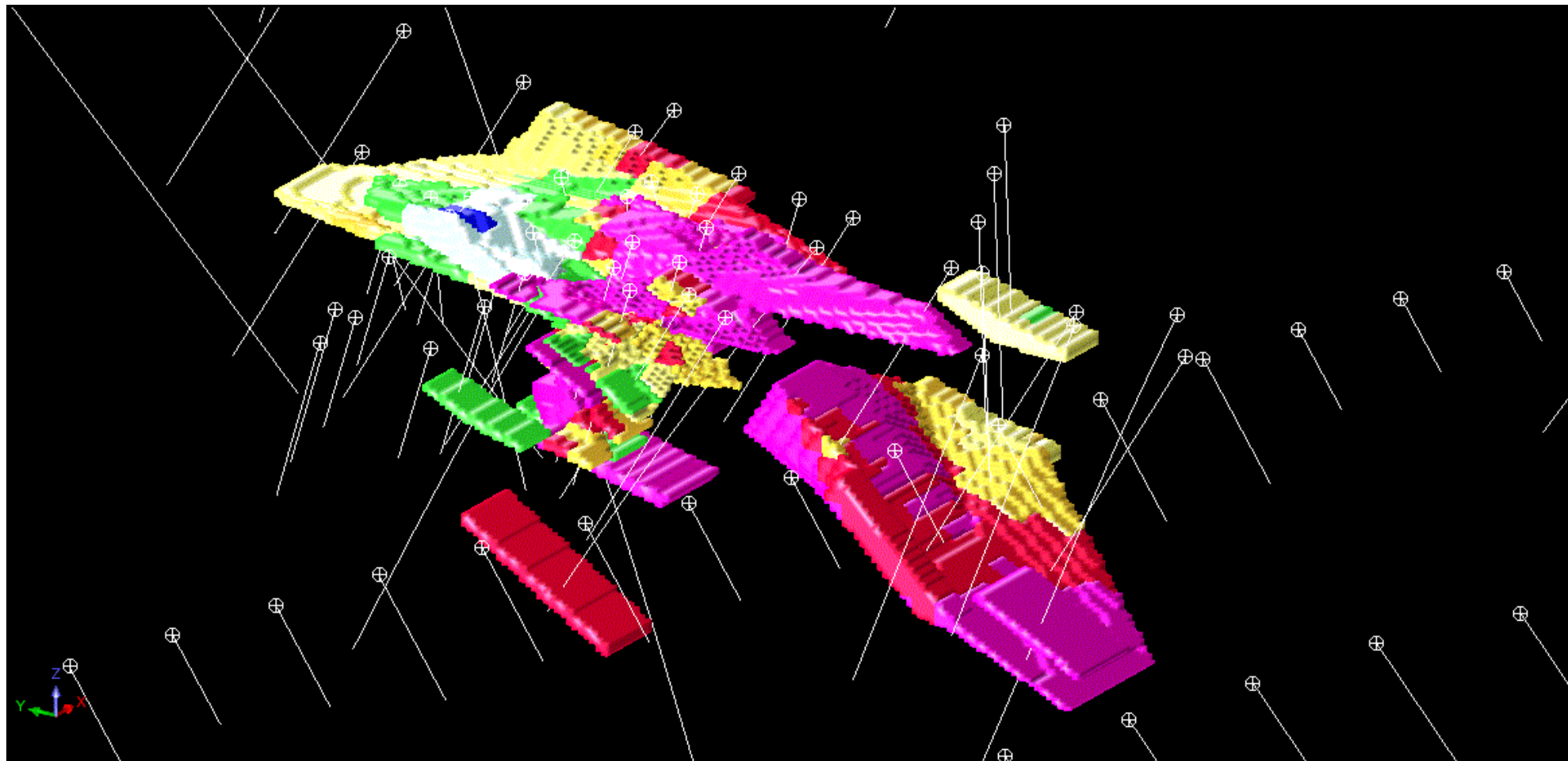


**Figure 3:** Geology Map and location of SDH001 and SDH002. This interpretation has been revised after geological reinterpretation of previous drilling that is facilitated by the scout diamond drilling completed by CYU.



**Figure 4.** Diagram of epithermal veins which have not been systematically drilled out on either ML1631 nor the Pentland JV, both under CYU management.





**Figure 5. Three dimensional view looking North East** of the block modelled grades of zones of continuity. Shallow drilling in the foreground did not test to the correct depth the shallow dipping south west epithermal vein sets.

END.