



ASX/Media Announcement

20th January 2010

GEM COPPER PROSPECT RESOURCE DRILLING COMMENCES

- **Gem Copper Prospect - 2,600m to be drilled in 22 RC drillholes**
- **Elaine Dorothy uranium - Rare Earth Element target - resource estimation underway.**

China Yunnan Copper Australia Limited (**ASX: CYU**) announces today commencement of a RC drilling program of 22 holes (for approximately 2,600 metres) designed to define a maiden inferred resource at its Gem Prospect in the Cloncurry North Project area. (**Figure 1**).

Following the success and information generated from the previous three drilling campaigns at the Gem Prospect (**including previously reported 38m @ 1.25% copper and 0.20 g/t gold from 33m, GR003; 8m @ 0.89% copper and 0.25g/t gold from 183m, GR-015 and 6m @ 1.57% copper and 0.19g/t gold from 53m, GR-021**), CYU completed a fixed loop Time domain Electro Magnetic (TEM) geophysical program to confirm the sub surface geology of the prospect area (**Figure 2**).

Utilising interpretations completed by CYU geologists, a 3D model has been developed for the Gem Prospect by independent resource consultancy Hellman & Schofield, (**Figure 3**). From the 3D model, two approximate north – south striking mineralised zones dipping steeply to the west can be identified. These structures host mineralised intrusives and horizontal vein sets of copper sulphide and appear to be closed off to the north of CYU's current drilling but remain open to the south and at depth.

The proposed drilling programme plans to extend the current identified mineralised zones but also to provide infill information of these mineralised zones which occur under cover between the two main areas of drilling, with the aim to delineate an inferred resource by the end of the March Quarter 2010.

Elaine Dorothy U REE Prospect (JV with Goldsearch Limited ASX:GSE)

An Inferred Resource estimate on the uranium and Rare Earth Element (REE) content will be completed by Hellman & Schofield based on current data in the current quarter. This will highlight target areas for further drilling and quantify grade potential of both uranium and REE mineral endowment.



Competent Person's Statement

The information in this report that relates to the Gem Copper Prospect is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and is 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.

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, is one of China's largest copper producers.

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 with eleven wholly owned Exploration Permit for Minerals (EPM's) in the Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier in Queensland. CYU also is also farming into to the Mary Kathleen Project in Mt Isa with Goldsearch Limited and the Pentland Gold Project with ActivEX limited.

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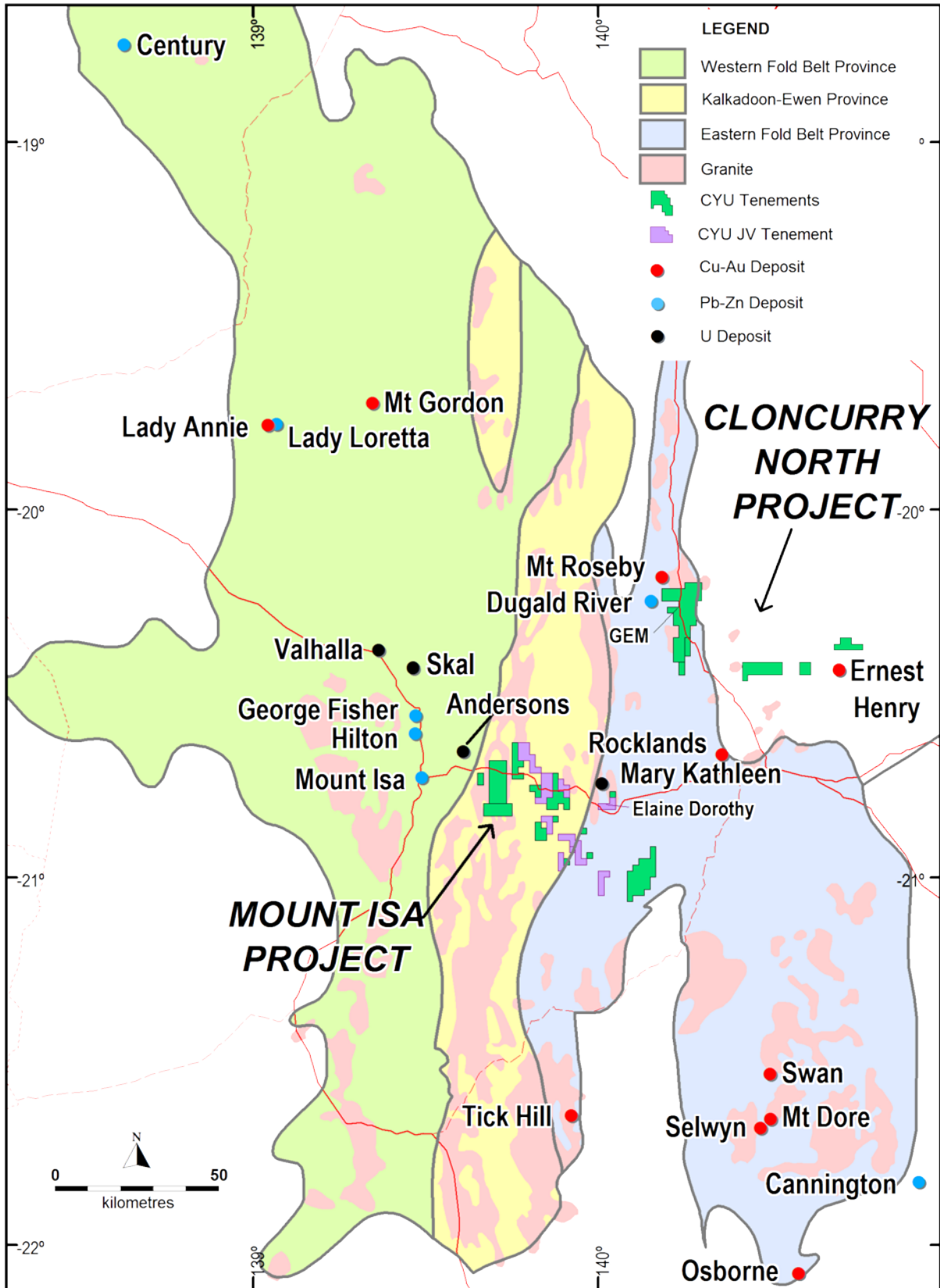


Figure 1. CYU tenement locations in Northwest Properties Area.

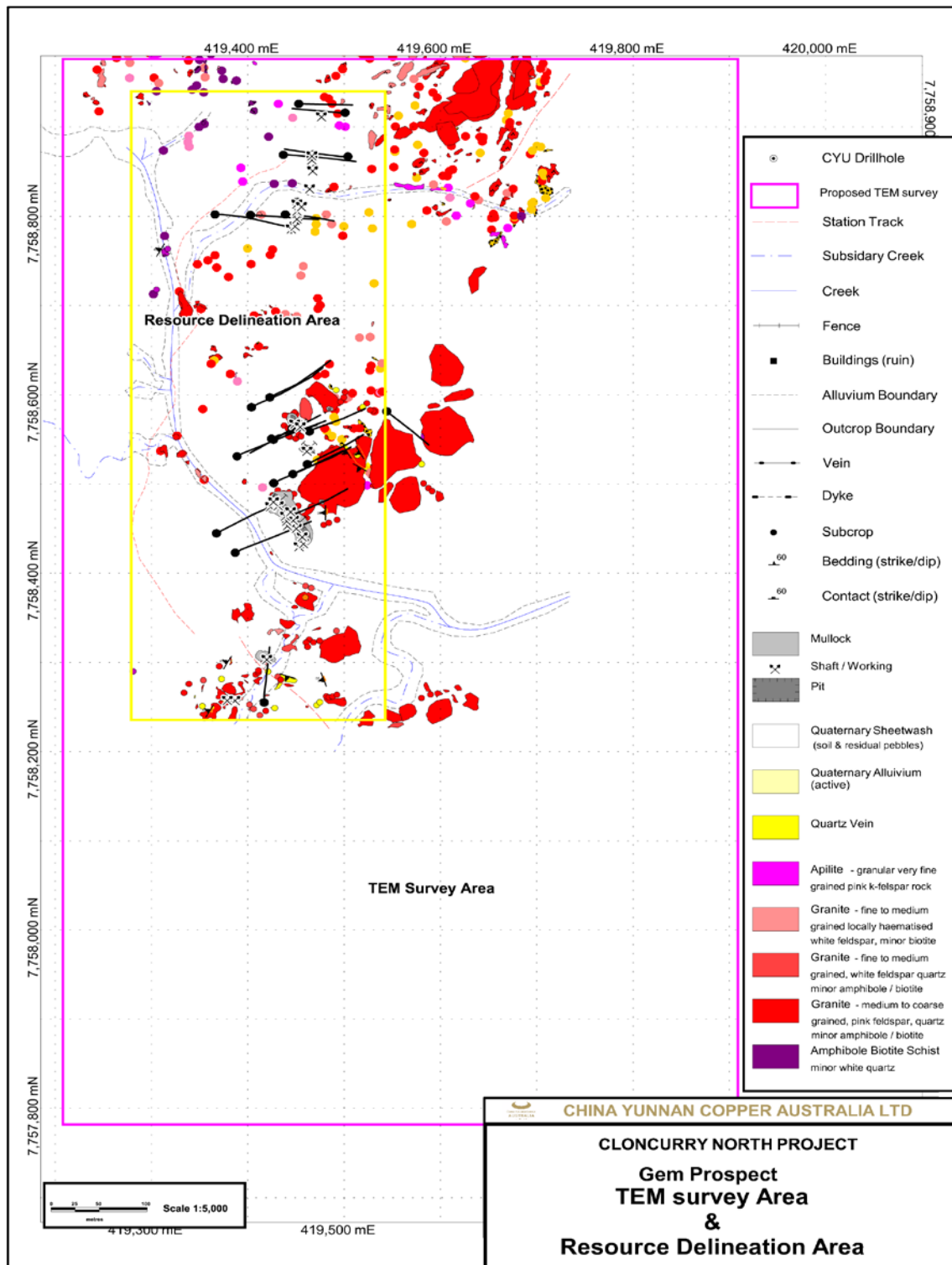


Figure 2. Gem Prospect resource delineation drilling and TEM ground geophysical survey areas.

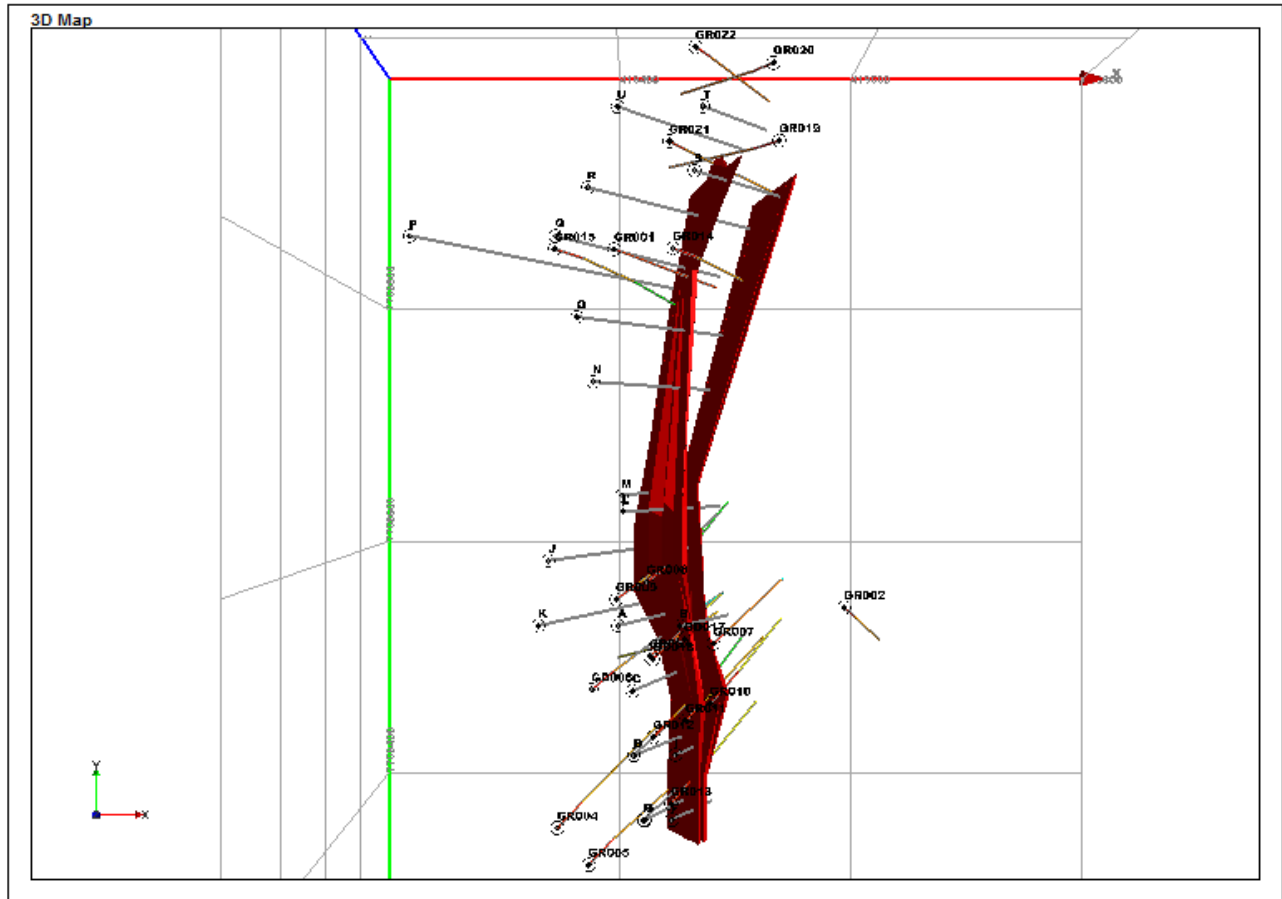


Figure 3: Proposed drillhole locations and Interpreted mineralised zones plan view with previously completed drilling. Grid squares are 200m apart.