ASX/Media Announcement

18th August 2009

RESULTS FROM THE GEM DISCOVERY – DEFINITION OF A NEW STYLE OF INTRUSIVE RELATED COPPER-GOLD MINERALISATION

Key Points

- **Further encouraging results have been received from the newly discovered Gem Project following a diamond drilling program. The target is a new style of copper-gold mineralisation hosted by intrusives within the Naraku Granite.**

- **Results include:**

  GD-006 - 5m @ 0.77% copper and 0.05 g/t gold from 96.50m
  Including 3m @ 1.22% copper, 0.07g/t gold from 98.5m

  GD-018 - 22m @ 0.46% copper and 0.60 g/t gold from 43m
  Including 3m @ 1.46% copper, 0.23g/t gold from 44.5m
  Including 2.5m @ 1.81% copper, 4.73g/t gold from 62.5m

- **Mineralised zones consist of a series of sub-parallel, low angle quartz – chalcopyrite – pyrite – magnetite vein sets localised within shears. A new style of disseminated copper mineralisation was also discovered within intrusive dykes parallel to the main mineralised trend.**

- **Additional ground TEM (time domain electromagnetic) geophysical surveying is planned after a successful two line orientation study in early August. Combined with drilling information, results will be used to plan further extensional drilling.**

China Yunnan Copper Australia Limited **(ASX:CYU)** today announced further encouraging results from its follow up exploration diamond drilling programme at the Gem Prospect on its Cloncurry North Project (**Figure 1**).

The follow up drill programme consisted of ten RC drillholes for 1,641m and three diamond core holes for 417.55m (**Figure 2**) was completed in July 2009 (**Table 1**). Previous ASX announced drill results were for the RC portion of the programme with final results now returned for the three diamond holes. CYU now plans to extend the boundaries of the mineralisation undercover for the first time after drilling was confined initially to outcropping areas.

To facilitate this a fixed loop TEM survey will investigate the open mineralisation particularly to the north west and at depth.

TYPE	HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
RC	**GR-001**	419403	7758801	193	-60	090	150.00
RC	**GR-002**	419544	7758581	193	-60	130	120.00
RC	**GR-003**	419425	7758551	188	-60	060	100.00
RC	**GR-004**	419368	7758445	189	-60	060	150.00
RC	**GR-005**	419387	7758423	192	-60	060	150.00
DD	**GD-006**	419389	7758531	194	-60	060	198.50
RC	**GR-007**	419464	7758559	192	-60	060	148.00
RC	**GR-008**	419423	7758597	192	-60	060	196.00
RC	**GR-009**	419404	7758586	191	-60	060	202.00
RC	**GR-010**	419462	7758522	191	-60	060	148.00
RC	**GR-011**	419447	7758511	189	-60	060	148.00
RC	**GR-012**	419427	7758501	190	-60	060	202.00
RC	**GR-013**	419438	7758460	190	-60	060	154.00
RC	**GR-014**	419439	7758802	193	-60	090	100.00
RC	**GR-015**	419366	7758802	190	-60	090	202.00
RC	**GR-016**	419417	7758255	191	-60	360	141.00
DD	**GD-017**	419446	7758562	194	-60	240	105.00
DD	**GD-018**	419427	7758550	193	-60	060	114.05

Table 1: Gem Prospect RC and diamond drill collar location. * Easting and Northing UTM MGA Zone 54 – GDA94. RC (Reverse Circulation percussion drilling), DD (diamond drill or core drilling).

CYU drilled three HQ3/NQ diamond holes along one section line focusing on the previously reported result from GR-003 of a near surface copper-gold intersection of **38m @ 1.25 % copper and 0.20 g/t gold** from 33m down hole depth. All diamond holes were orientated and regularly surveyed to provide geotechnical information.

GD-006 was drilled stepping back 40m south west along section from GR-003 to test the down dip extension and geometry of the zone. GD-006 returned a mineralised zone of **5m @ 0.77% copper, 0.05 g/t gold** from 96.5m down hole depth including a high grade zone of **3m @ 1.22% copper, 0.07g/t gold** from 98.5m down hole depth.

GD-017 was stepped 20m forward along section from GR-003 and drilled back toward GR-003 on a bearing of 240º to test the occurrence of shallow north easterly dipping mineralised tensional veins that were identified during the drilling of GD-006. GD-017 returned a low grade mineralised zone of **6m @ 0.30% copper, 0.04 g/t gold** from 61m down hole depth.

GD-018 was collared two metres east of GR-003 and was drilled as a twin to GR-003 to identify the mineralised structures and host unit. GD-018 returned a significant mineralised zone of **22m @ 0.46% copper, 0.60g/t gold** from 43m down hole depth including higher grade zones of **3m @ 1.46% copper, 0.23g/t gold** from 44.5m down hole depth and **2.5m @ 1.81% copper, 4.73g/t gold** from 62.5m down hole depth.

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)	Zn (%)
RC	GR-001	42.00	43.00	1.00	0.13	<0.01	
	GR-001	**55.00**	**76.00**	**21.00**	**0.12**	**0.05**	
	including	**55.00**	**57.00**	**2.00**	**0.19**	**0.08**	
		61.00	**66.00**	**5.00**	**0.16**	**0.05**	
		68.00	**69.00**	**1.00**	**0.12**	**0.02**	
		73.00	**76.00**	**3.00**	**0.20**	**0.10**	
RC	**GR-002**	**No Significant Results**					
RC	**GR-003**	0.00	1.00	1.00	0.01	**0.39**	
	GR-003	**33.00**	**71.00**	**38.00**	**1.25**	**0.20**	
	including	**45.00**	**67.00**	**22.00**	**1.96**	**0.29**	
RC	**GR-004**	59.00	60.00	1.00	0.12	0.02	
	GR-004	80.00	81.00	1.00	0.47	0.27	
	GR-004	141.00	142.00	1.00	0.18	0.02	
RC	**GR-005**	39.00	40.00	1.00	0.11	<0.01	
Diamond	**GD-006**	42.00	43.00	1.00	0.17	0.03	
	GD-006	47.75	48.25	0.50	0.32	<0.01	
	GD-006	61.50	62.50	1.00	0.44	0.13	
	GD-006	**96.50**	**101.50**	**5.00**	**0.77**	**0.05**	
	including	**98.50**	**101.50**	**3.00**	**1.22**	**0.07**	
	including	**100.75**	**101.50**	**0.75**	**4.27**	**0.03**	
	GD-006	159.00	160.00	1.00	0.16	0.01	
	GD-006	171.00	172.00	1.00	0.13	<0.01	
RC	**GR-007**	44.00	45.00	1.00	0.18	0.01	
	GR-007	50.00	51.00	1.00	0.21	0.01	
RC	**GR-008**	20.00	22.00	2.00	0.34	0.06	
	GR-008	**27.00**	**33.00**	**6.00**	**0.46**	**0.05**	
	including	**30.00**	**32.00**	**2.00**	**0.49**	**0.07**	**1.06**
	GR-008	72.00	73.00	1.00	0.16	0.16	
	GR-008	86.00	87.00	1.00	0.19	0.09	
	GR-008	138.00	139.00	1.00	0.21	<0.01	
	GR-008	150.00	151.00	1.00	0.12	0.05	
	GR-008	179.00	180.00	1.00	0.14	0.05	

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)	Zn (%)
RC	**GR-009**	**1.00**	**5.00**	**4.00**	**1.16**	**0.12**	
	including	**1.00**	**3.00**	**2.00**	**2.07**	**0.21**	
	GR-009	30.00	31.00	1.00	0.12	0.01	
	GR-009	35.00	36.00	1.00	0.28	0.05	
	GR-009	**100.00**	**108.00**	**8.00**	**0.28**	**0.12**	
	including	**105.00**	**106.00**	**1.00**	**1.54**	**0.56**	
	GR-009	145.00	146.00	1.00	0.20	0.06	
	GR-009	149.00	150.00	1.00	0.35	0.29	
RC	**GR-010**	15.00	17.00	2.00	0.45	<0.01	
	GR-010	28.00	29.00	1.00	0.14	0.01	
	GR-010	36.00	38.00	2.00	0.39	0.03	
	GR-010	**48.00**	**53.00**	**5.00**	**0.18**	**0.07**	
	GR-010	67.00	68.00	1.00	0.11	0.04	
RC	**GR-011**	5.00	7.00	2.00	0.15	0.01	
	GR-011	**16.00**	**24.00**	**8.00**	**0.16**	**0.13**	
	including	**18.00**	**19.00**	**1.00**	**0.30**	**0.69**	
RC	**GR-012**	25.00	26.00	1.00	0.35	0.01	
	GR-012	30.00	31.00	1.00	0.14	0.06	
	GR-012	**51.00**	**54.00**	**3.00**	**2.36**	**0.40**	
	including	**51.00**	**53.00**	**2.00**	**3.42**	**0.57**	
	GR-012	58.00	60.00	2.00	0.18	0.05	
	GR-012	64.00	67.00	3.00	0.27	0.02	
	GR-012	91.00	92.00	1.00	0.13	0.11	
RC	**GR-013**	**0.00**	**7.00**	**7.00**	**0.36**	**0.07**	
	GR-013	11.00	12.00	1.00	0.43	0.24	
	GR-013	**26.00**	**42.00**	**16.00**	**0.38**	**0.69**	
	including	**31.00**	**32.00**	**1.00**	**2.53**	**0.24**	
	including	**37.00**	**38.00**	**1.00**	**1.60**	**9.98**	
	GR-013	58.00	59.00	1.00	0.15	0.03	
RC	**GR-014**	24.00	26.00	2.00	0.18	0.01	
	GR-014	29.00	30.00	1.00	0.40	<0.01	
	GR-014	34.00	35.00	1.00	0.21	<0.01	
RC	**GR-015**	**168.00**	**170.00**	**2.00**	**1.04**	**0.36**	
	including	**168.00**	**169.00**	**1.00**	**1.97**	**0.69**	
	GR-015	**183.00**	**191.00**	**8.00**	**0.89**	**0.25**	
	including	**185.00**	**191.00**	**6.00**	**1.10**	**0.28**	
	including	**188.00**	**190.00**	**2.00**	**2.35**	**0.62**	
RC	**GR-016**	**No Significant Results**					
Diamond	**GD-017**	27.00	28.00	1.00	0.11	0.07	
	GD-017	**61.00**	**67.00**	**6.00**	**0.30**	**0.04**	
	including	**63.00**	**63.50**	**0.50**	**2.57**	**0.53**	
	GD-017	70.00	70.50	0.50	0.91	<0.01	

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)	Zn (%)
Diamond	**GD-018**	36.50	37.50	1.00	0.7	0.16	
	GD-018	**43.00**	**65.00**	**22.00**	**0.46**	**0.60**	
	including	**43.00**	**49.00**	**6.00**	**0.85**	**0.19**	
	including	**44.50**	**47.50**	**3.00**	**1.46**	**0.23**	
	including	**62.50**	**65.00**	**2.50**	**1.81**	**4.73**	
	GD-018	74.00	76.00	2.00	0.25	1.26	
	GD-018	86.00	87.00	1.00	0.12	0.10	
	GD-018	94.00	95.00	1.00	0.14	0.05	

Table 2: Gem Prospect significant drill results (length weighted averages) at a 0.10% copper lower cut.

Geological and geotechnical evaluation of the diamond core drill holes has furthered CYU's understanding of the mineralised system at the Gem Prospect. The mineralised zone consists of a main north west trending, moderately to steeply dipping, recrystallised shear zone that contains a series of stacked tensional shallow north easterly dipping quartz – chalcopyrite – pyrite – magnetite +/– pyrrhotite vein sets. **Importantly a large north east trending mineralised aplite dyke containing moderate disseminated chalcopyrite mineralisation has been defined**. **Disseminated copper mineralisation directly related to intrusives has significant economic implications, examples are not known of a similar style in the Mt Isa region.** Preliminary interpretation has also identified a series of unmineralised medium grained granite dykes that appear to be stoping out the mineralisation in parts. Most of the prospect is covered by alluvium with minimal outcrop observed. GD-017 was drilled down dip and along the contact of one of these unmineralised dykes (**Figure 3**).

In late July 2009 an orientation time-domain electromagnetic (TEM) ground geophysical survey was undertaken. The survey comprised two lines of 500m length using a 100m moving loop configuration. Results from this survey, returned two anomalies. Quantitative analysis of these anomalies was made difficult due to the presence of a noisy overburden signal masking these conductors. A larger scale 1.2km by 700m TEM ground geophysical survey utilising a fixed loop configuration is planned to be undertaken that should overcome the masking effect. Results from this survey, in conjunction with drill section and plan geological interpretation, will assist in planning a third round of drilling at Gem. Future drilling will **determine the extent of this new, shallow copper gold mineralised system.**

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 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.

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Competent Person's Statement

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.

See Figures 1 to 3 below.

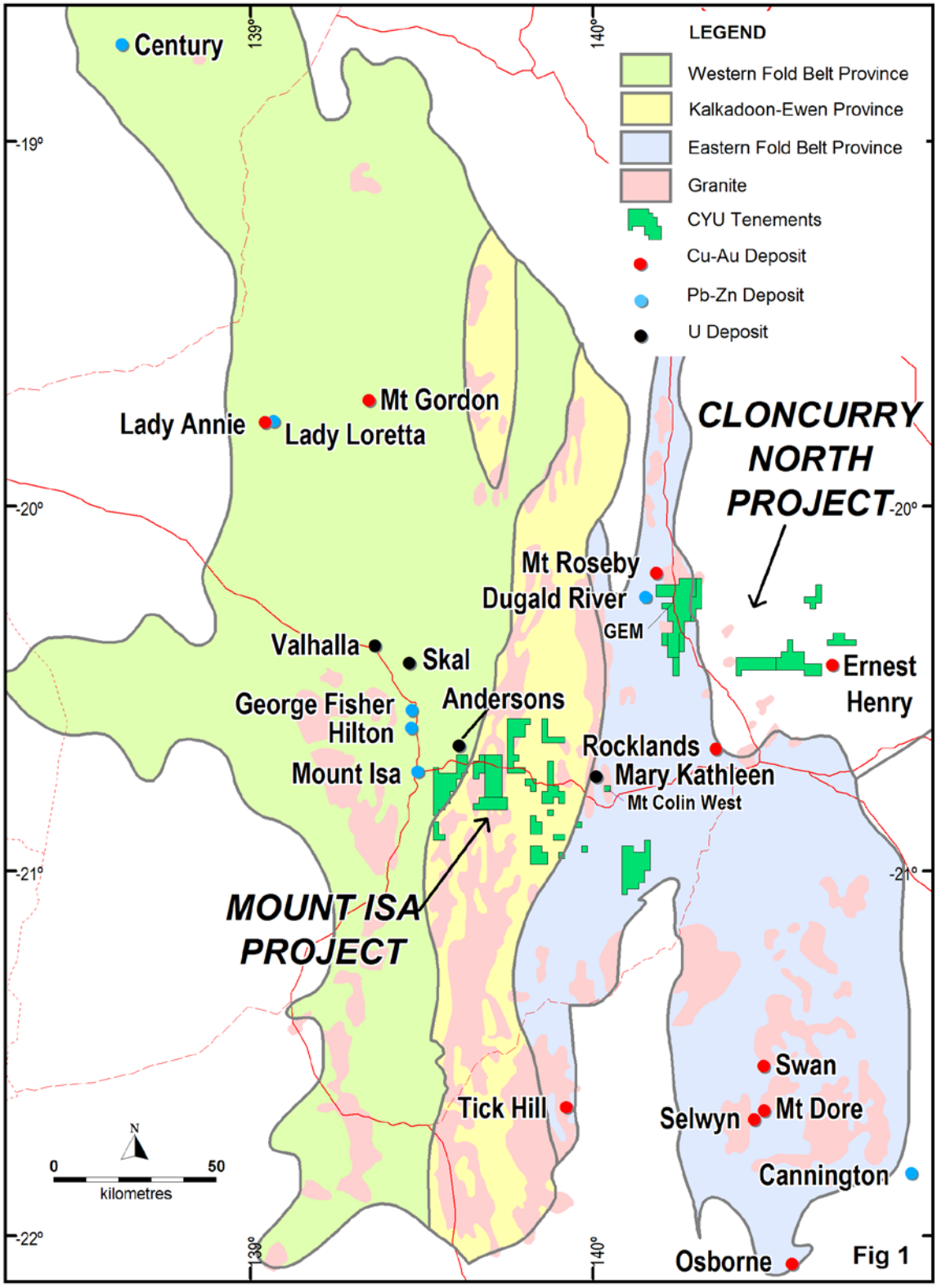

Figure 1. CYU project locations - Mt Isa and Cloncurry.

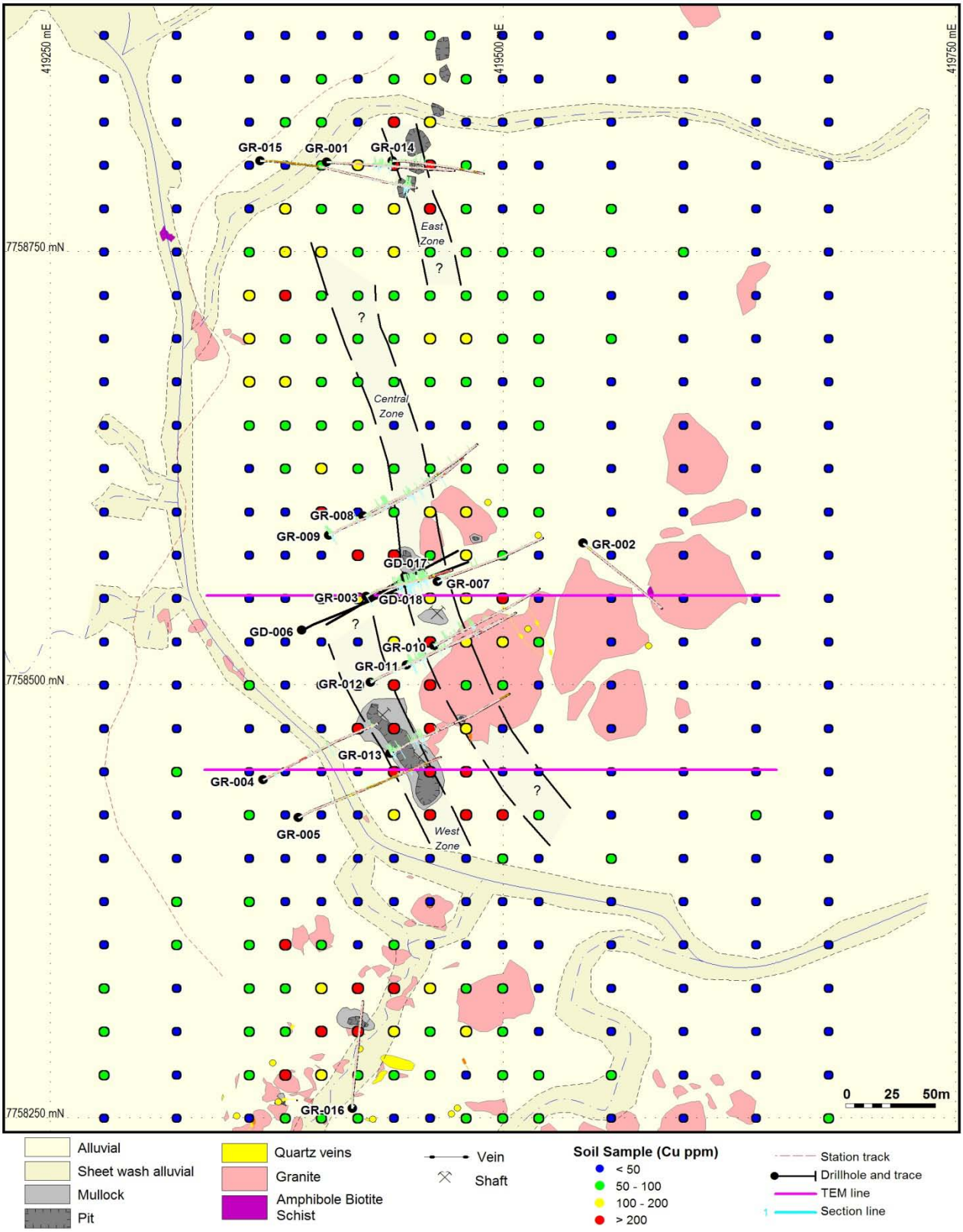

Figure 2. Gem interpretive prospect scale map.

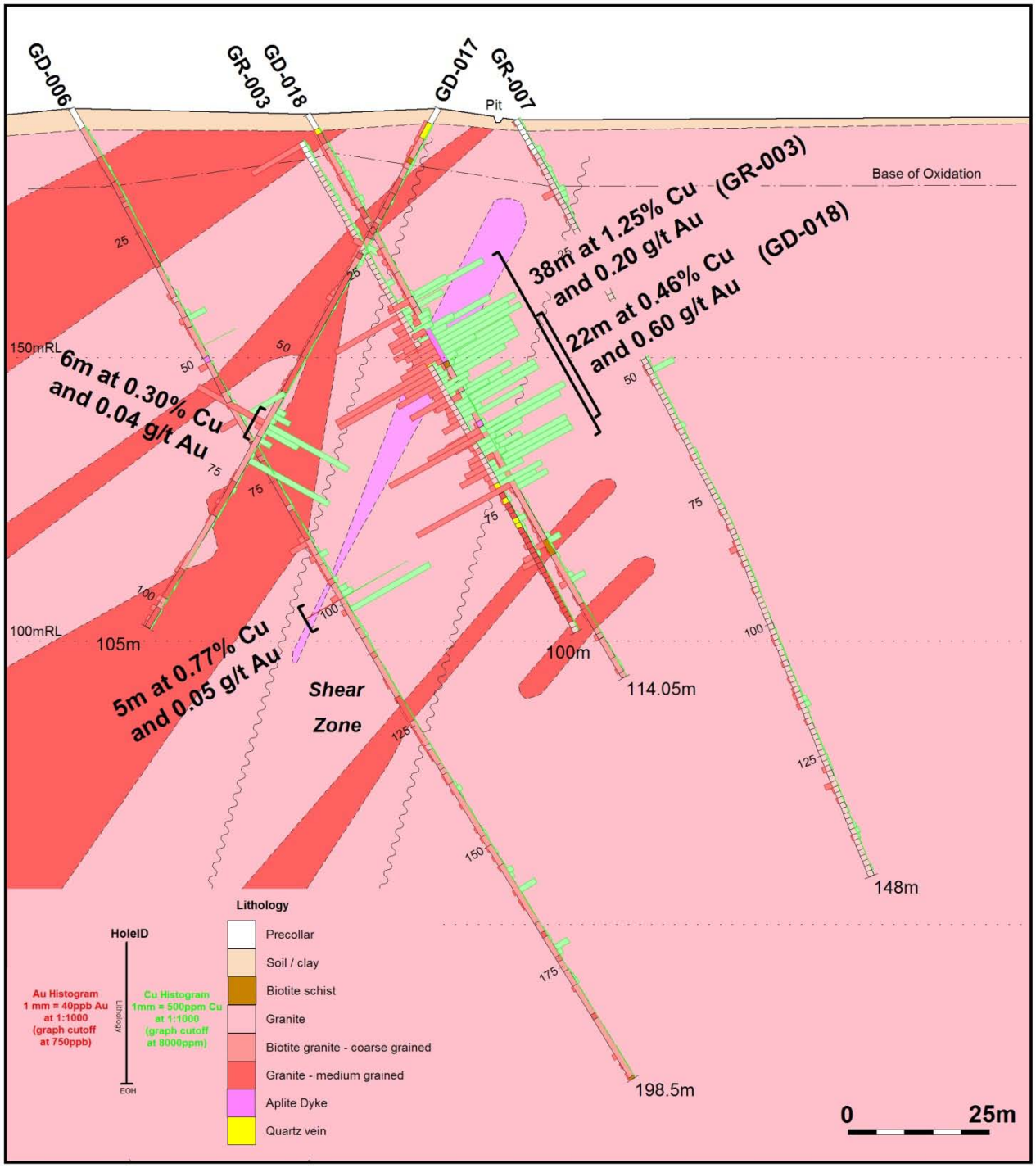

Figure 3. Simplified Section 7758500mN – Gem Prospect