

ASX/MEDIA RELEASE

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CYU commences first diamond drilling program at Cu-Au target 6km north of Ernest Henry

China Yunnan Copper Australia Limited (**ASX:CYU**) today announced after delays caused by wet weather that it has commenced its first diamond drilling program in EPM 15095 on the exciting FC4 Prospect, 6km north of Xstrata's Ernest Henry Cu-Au mine at Cloncurry (Figures 1 and 2).

Reprocessing of existing geophysical induced polarization (IP) data on the FC4 Prospect has identified a possible sulphide body at depth to the south of previous drilling (Figure 3). The reprocessing used new 3D inversion software of previously collected 2D data.

The dimensions of the copper-gold style FC4 Prospect is approximately 400 m by 500 m (Figure 4). This type of mineralisation is commonly hosted by magnetic iron rich rocks. The untested body is expected to be intersected from a vertical depth of 100m although copper bodies may be intersected from 30m after drilling through the cover sediments. The drilling of the two 500m deep HQ (63mm) diameter holes is operating on double shifts and is expected to take about 20 days to complete.

Previously collected IP data have been re-examined and modelled by Geophysical Resources and Services Pty Ltd looking particularly at the chargeability. The modelled data clearly show a complex chargeability anomaly in the area with the anomalous copper-cobalt geochemistry. In addition the model shows that the southern lobe of the anomaly appears not to have been drill tested. As a result two diamond holes are being used to test the anomaly on two north-south sections 225m apart (Figures 5 and 6).

CYU seeks to discover and develop Ernest Henry style copper-gold and shear hosted copper oxide deposits in the Cloncurry and Mt Isa districts with geochemical and geophysical programs currently underway.

About CYU

CYU listed on the ASX on 29 October 2007 raising \$4 million. 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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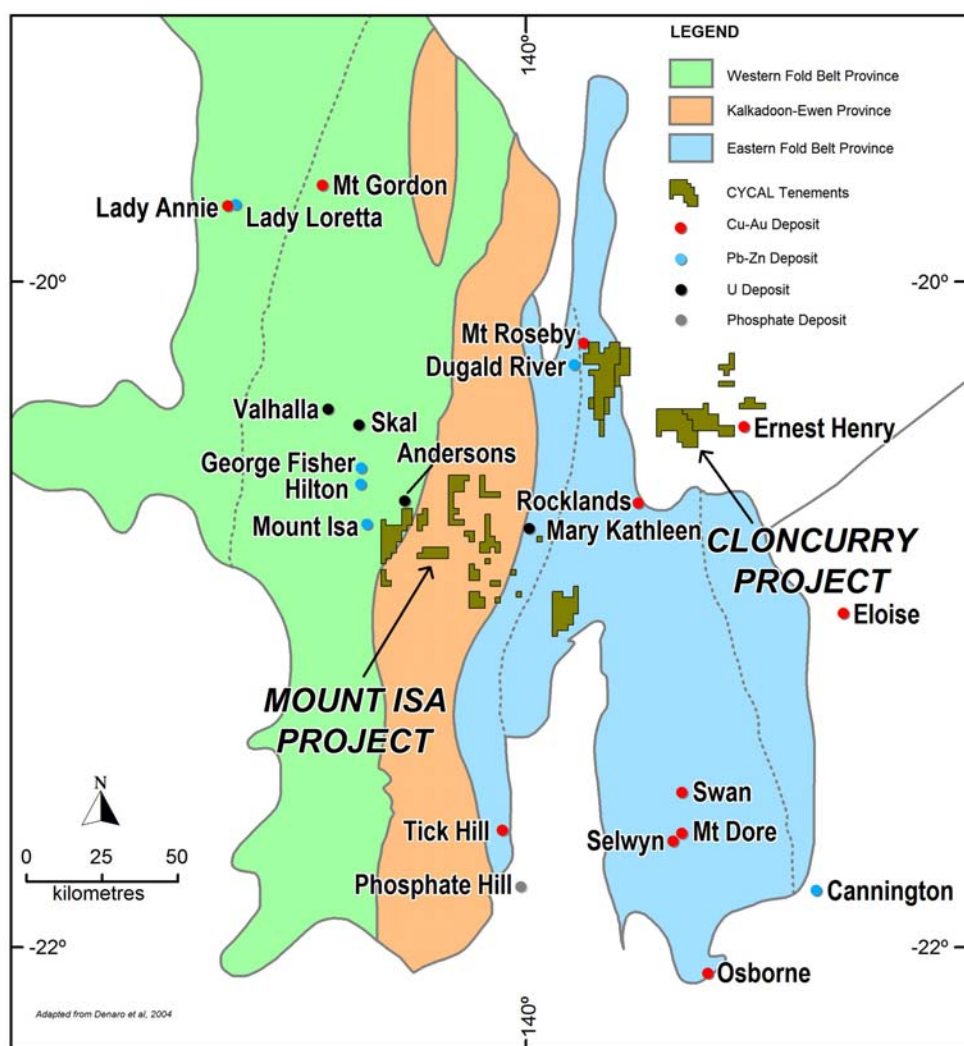


Figure 1. CYU is currently undertaking geophysical and geochemical programs over Mt Isa and Cloncurry projects.

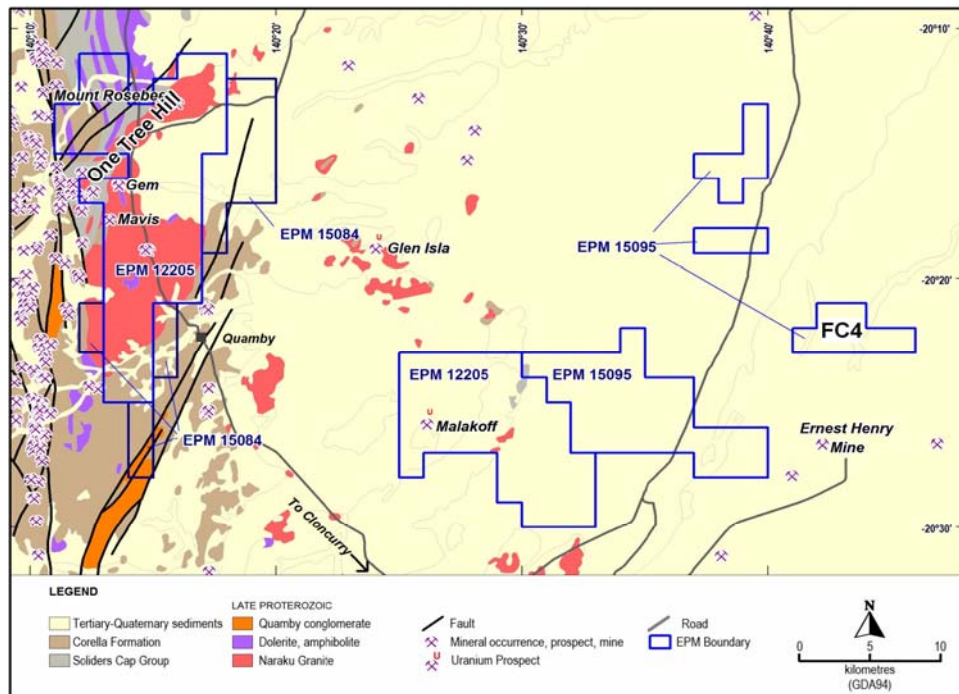


Figure 2. The FC4 Prospect is less than 6 kilometres north of Ernest Henry Mine.

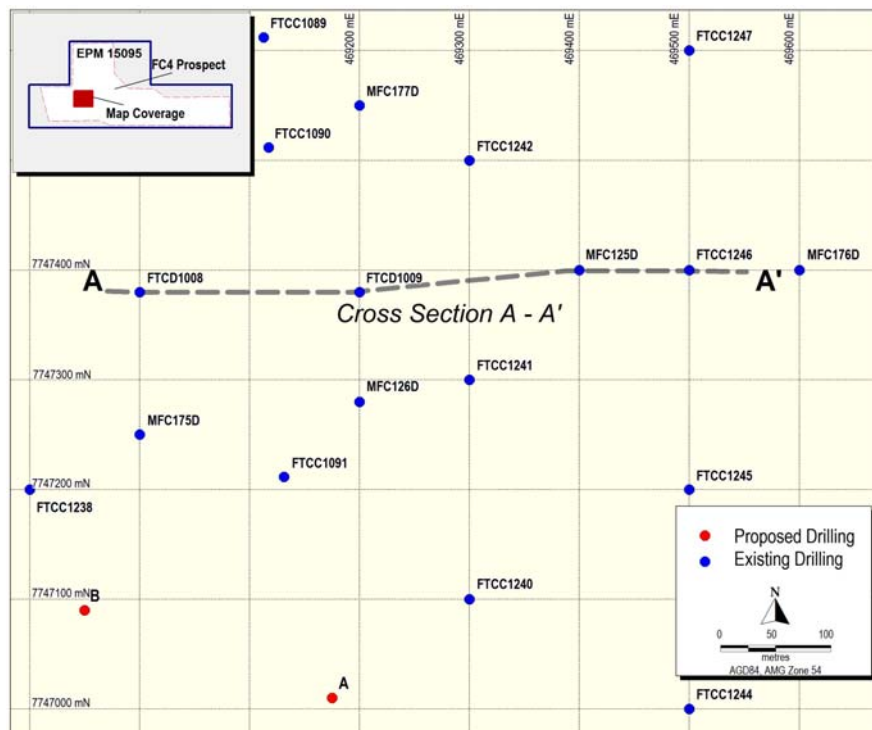


Figure 3. Location of two diamond drill holes which will be drilled deeper and further south than previous drilling to test an undrilled IP response similar in dimension to the Ernest Henry orebody.

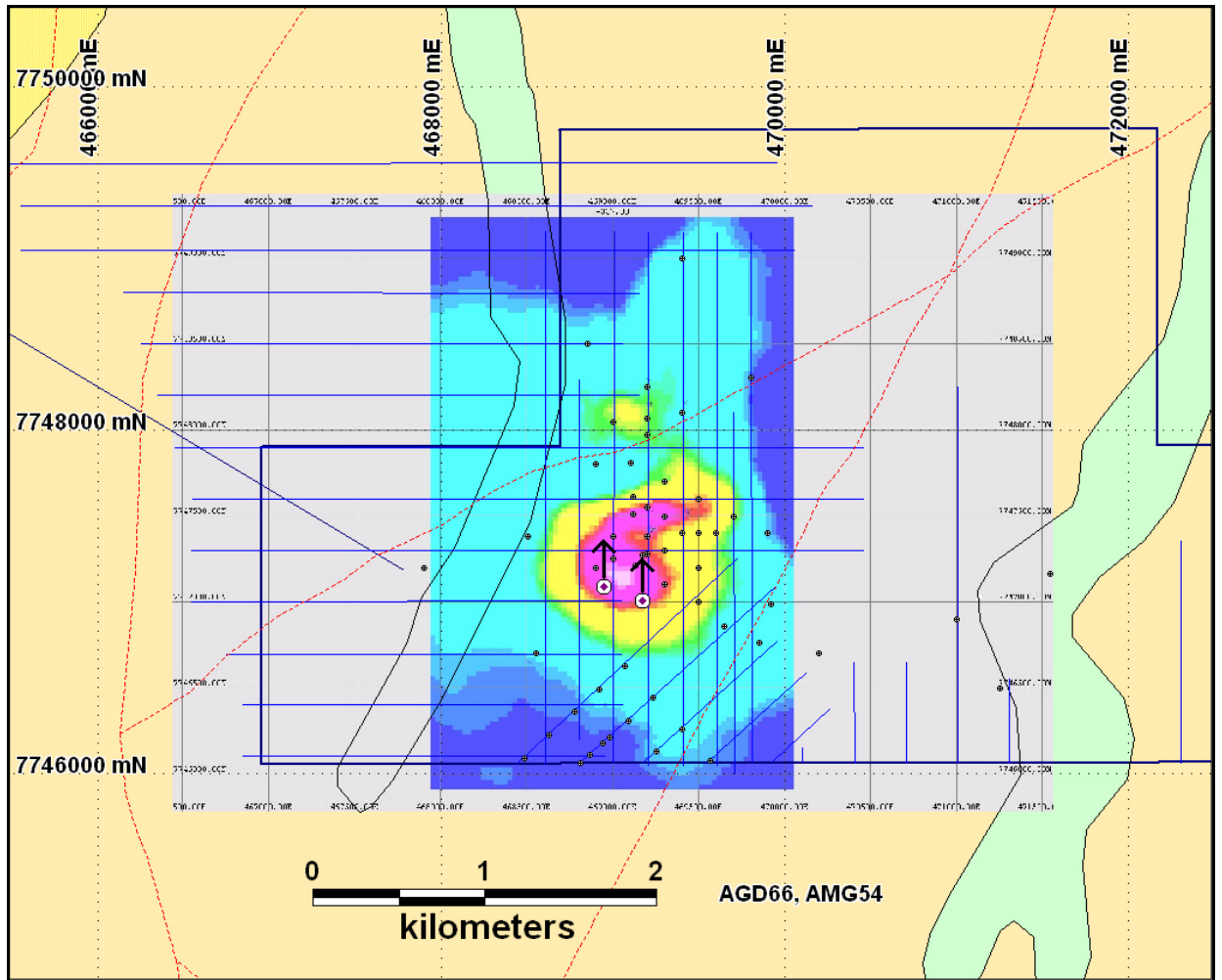


Figure 4. A depth slice at 337m of the FC4 target showing an untested IP response. The target exists from 100m to below 400m depth. The CYU drillholes are shown as arrows.

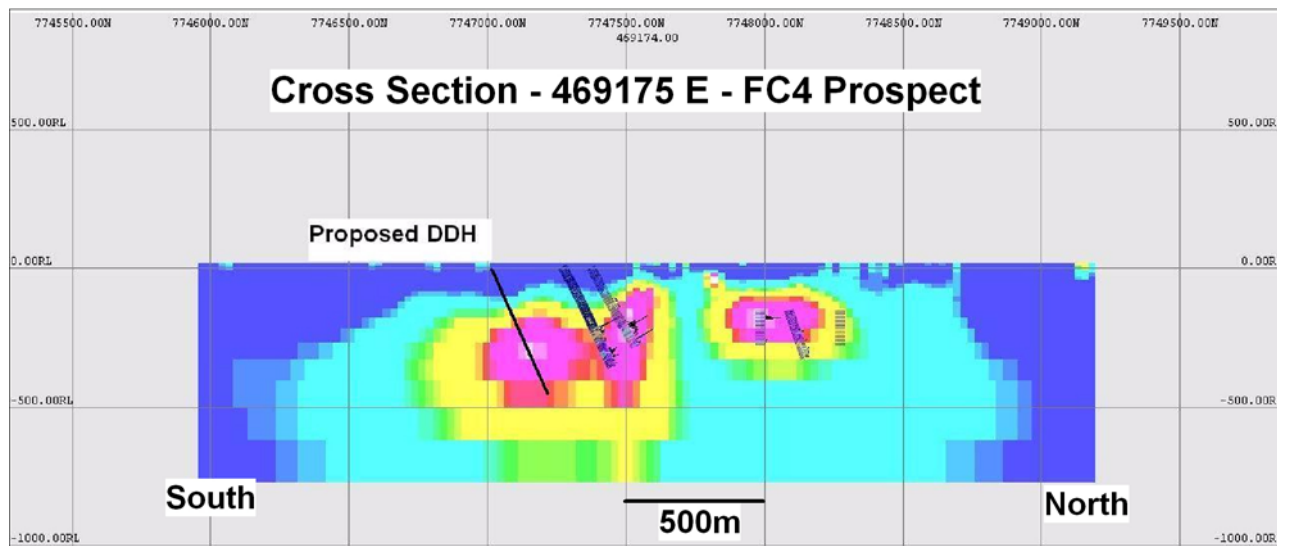


Figure 5. FC4 Prospect. Section 469175E showing trace of drill hole CCDD001.

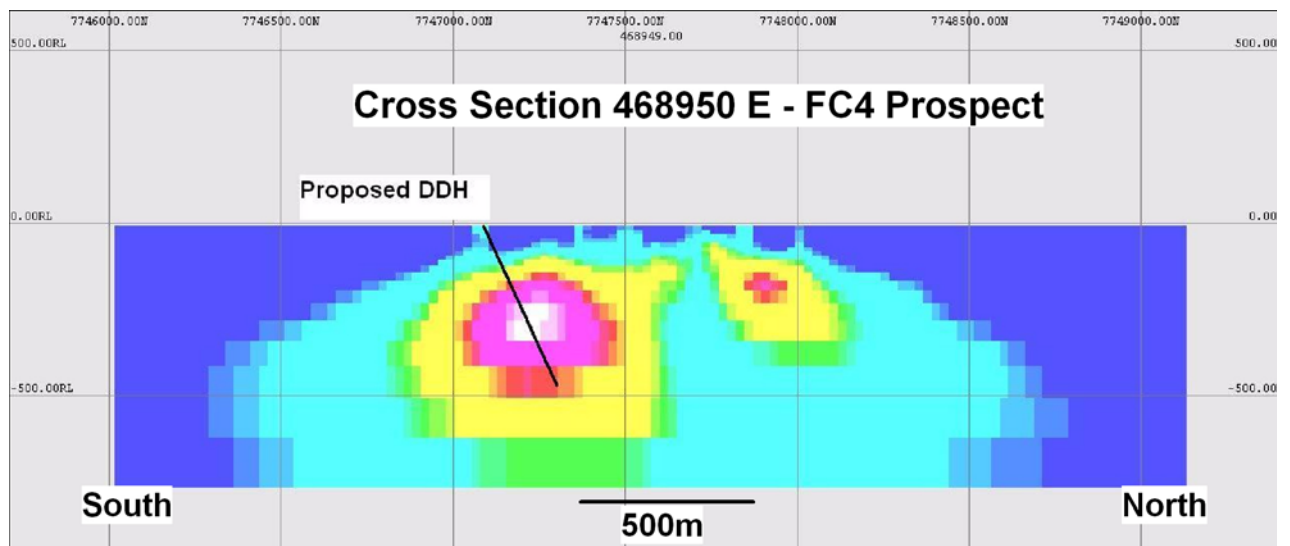


Figure 6. FC4 Prospect. Section 468950E showing trace of drill hole CCDD002.