



CHINA YUNNAN COPPER AUSTRALIA LIMITED

A.B.N. 29 070 859 522

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

CHINA YUNNAN COPPER AUSTRALIA LIMITED

CORPORATE DIRECTORY	
DIRECTORS Chao Yang (Co Chairman) Norman Zillman (Co Chairman) Jason Beckton (Managing Director) Mark Elliott Zewen Yang Liang Zhong	STOCK EXCHANGE LISTING Australian Stock Exchange Ltd ASX Code: CYU
SECRETARY Paul Marshall	AUSTRALIAN BUSINESS NUMBER ABN 29 070 859 522
ADMINISTRATION AND REGISTERED OFFICE Level 5 60 Edward Street Brisbane QLD 4000 Telephone: 07 3303 0653 Facsimile: 07 3303 0601 Email: admin@cycal.com.au Website: www.cycal.com.au	SHARE REGISTRY Link Market Services Level 12 300 Queen St Brisbane Qld 4000 Telephone: (02) 8280 7454 Facsimile: (02) 9287 0303 www.linkmarketservices.com.au
SOLICITORS Hopgood Ganim Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000	AUDITORS WHK Horwath Level 16 WHK Horwath Centre 120 Edward Street Brisbane QLD 4000

CHINA YUNNAN COPPER AUSTRALIA LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors present their report on China Yunnan Copper Australia Ltd for the half-year ended 31 December 2008.

Directors

The names of persons who were directors of China Yunnan Copper Australia Ltd, during the whole of the half-year and up to the date of this report, unless otherwise stated, are:

Chao Yang (Co Chairman)
Norman Zillman (Co Chairman)
Jason Beckton (Managing Director)
Mark Elliott
Zewen Yang
Liang Zhong

Review of Operations

China Yunnan Copper Australia Limited ('CYU' or 'Company') is an Australian company formed to explore for and develop minerals in Australia and overseas. Cornerstone investor China Yunnan Copper (Australia) Investment & Development Co. Ltd, who hold a 21% interest, is a subsidiary of Yunnan Copper Industry (Group) Co Ltd which is China's third largest copper producer and their largest silver and bismuth producer. CYU is targeting high quality copper, gold and uranium projects with eleven wholly owned Exploration Permits for Minerals (EPM's) in the Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier in Queensland. Significant results have been generated from greenfields prospects after one year as a listed entity, with field programs conducted on the Cloncurry, Mt Isa, Clermont and Pentland projects.

For the half year ended 31 December 2008 the Company made a loss of \$454,113 (2007: \$140,900).

Project Generation

China Yunnan Copper Australia Limited has a five year strategy for CYU and its cornerstone investor, Yunnan Copper Industry (Group) Co. Ltd. As in the case of all Chinese supported enterprises we have a long term vision - to own profitable copper gold operations in Australia and overseas. CYU is continuing to search and identify opportunities with Yunnan Copper Industries (YCI) providing additional expertise and funding. During 2008 CYU reviewed 51 projects for YCI, but none met the company's investment criteria. As the global financial crisis has resulted in generally lower commodity and project prices, an increasing number of investment opportunities exist.

Discussions are underway on projects in Australia, Chile and China as well as in other business-friendly jurisdictions. In general our growth strategy will be achieved by;

- Careful management of the CYU treasury.
- Focus on high quality copper and gold exploration targets.
- Increased value for CYU shareholders in future advanced project acquisitions. CYU has prudently not acted on over priced assets since an advanced project evaluation program commenced in October 2007.
- Maintenance of the world class exploration and evaluation team that has been carefully recruited. CYU is maintaining its technical team to grow the business in this period of opportunity.
- Utilisation of our financial strength within our partnership structure with Yunnan Copper Industries. The aim is to acquire quality mining assets with the assistance of our cornerstone investor.

CHINA YUNNAN COPPER AUSTRALIA LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Projects

Exploration has continued on the Company's tenements in Queensland during the period.

Pentland

Drilling at the Toomba Prospect was undertaken during the period. The Toomba prospect has extensive historic workings and traces of mineralisation over an area of 1.5 kilometres by 1 kilometre. Results of drilling were released to the ASX on the 5th of January. Results highlights included 4 metres at 13.9 g/t gold from 43m, PC005 (including 1 meter at 50.59g/t gold, 0.5% copper, 1.5% lead and 3.3 % zinc).

These early drill results will be extended at depth to test a link between structural mineralisation intercepted to date and potential high tonnage intrusive mineralisation at depth with a track mounted diamond drill rig to be contracted for follow up drilling in 2009.

Cloncurry

For the Cloncurry North Project, over the past 12 months CYU has completed prospect scale geological mapping and rock chip sampling at Emu and Mavis prospects, soil sampling at Emu, Cobb, Mavis and Gem prospects a ground magnetic survey at the One Tree Hill area, IP geophysical survey in the One Tree Hill and Capsize Creek areas, RC drilling at Capsize Creek, Emu, Cobb and Mavis prospects and diamond drilling at FC4 prospect. At present a detailed ground magnetic survey is being proposed for the Emu Prospect. Encouraging drill results were reported on the 23rd October 2008 and are being followed up with ground magnetics to commence in the coming weeks and deep drilling proposed at Emu and additional surface mapping and sampling work for Mavis and Gem.

Mt Isa

Mapping of known mineralised structures has commenced on EPM15248. This project is relatively new, having been granted just one year ago. A number of undrilled copper occurrences are being developed to allow drilling in the current calendar year. An application has been submitted for a new project immediately east of Mt Isa on open ground with untested copper workings present.

Clermont

The Clermont Project is prospective for epithermal and mesothermal quartz-vein gold mineralisation. A reconnaissance of the project was completed during the period. This has resulted in the decision to complete a surface regolith mapping program during the second half of the year.

Ravenswood

Newmont has elected to withdraw the joint venture covering EPM11602, EPM11982 and EPM15057 in this area. A review of the data generated by the previous JV operators has been conducted and as a result CYU will advance the exploration on numerous untested intrusive related gold targets.

Auditors Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2008.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Jason Beckton
Director

Brisbane
Date: 12 March 2009

China Yunnan Copper Australia Limited

ABN 29 070 859 522

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

WHK HORWATH

**DON. W. LANGDON
PRINCIPAL**

Brisbane.
Dated: 12 March 2009

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Total Financial Solutions

Member Horwath International

WHK Horwath Brisbane
Level 16, WHK Horwath Centre 120 Edward Street
Brisbane Queensland 4000 Australia
GPO Box 736 Brisbane Queensland 4001 Australia
Telephone +61 7 3233 3555 Facsimile +61 7 3210 6183
Email info.bri@whkhorwath.com.au www.whkhorwath.com.au
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**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	Half Year	
		Consolidated	Company
		2008 \$	2007 \$
Revenue		120,941	101,885
Borrowing costs		(161)	(162)
Employment/Consulting		(242,244)	(90,552)
Depreciation		(16,058)	(810)
Share option expense		(14,228)	-
Other expenses		(302,362)	(151,261)
Profit/(Loss) before income tax		(454,112)	(140,900)
Income tax expense		-	-
Net Profit/(Loss) after income tax		(454,112)	(140,900)
		Cents	Cents
Basic earnings/(loss) per share		(0.59)	(0.22)
Diluted earnings/(loss) per share		(0.59)	(0.22)

The Income Statement should be read in conjunction with the notes to the financial statements.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	Consolidated 31 December 2008 \$	Company 30 June 2008 \$
Current Assets			
Cash and cash equivalents		2,866,871	4,694,977
Trade and other receivables		71,370	35,336
Financial assets		1,091	1,091
Other current assets		34,386	10,231
Total Current Assets		<u>2,973,718</u>	<u>4,741,635</u>
Non-Current Assets			
Trade and other receivables		50,452	47,292
Property, plant & equipment		182,199	130,404
Exploration expenditure		3,184,156	1,803,484
Total Non-Current Assets		<u>3,416,807</u>	<u>1,981,179</u>
TOTAL ASSETS		<u>6,390,525</u>	<u>6,722,814</u>
Current Liabilities			
Trade and other payables		363,236	268,267
Short term provisions		19,749	7,123
Total Current Liabilities		<u>382,985</u>	<u>275,389</u>
TOTAL LIABILITIES		<u>382,985</u>	<u>275,389</u>
NET ASSETS		<u>6,007,540</u>	<u>6,447,425</u>
Equity			
Issued capital	5	6,934,322	6,934,322
Reserves		14,228	0
Accumulated losses		(941,010)	(486,898)
TOTAL EQUITY		<u>6,007,540</u>	<u>6,447,425</u>

The Balance Sheet should be read in conjunction with the notes to the financial statements.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**CASHFLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half Year	
	Consolidated	Company
	2008	2007
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(561,260)	(237,654)
Interest received	142,323	101,885
Interest paid	(161)	(162)
Net cash inflow/(outflow) from operating activities	(419,098)	(135,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property plant and equipment	(67,528)	(17,454)
Payments for exploration and development	(1,338,320)	(224,413)
Payments for security deposits	(3,160)	(10,098)
Net cash inflow/(outflow) from investing activities	(1,409,008)	(251,965)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	6,853,000
Payment of share issue costs	-	(431,006)
Net cash inflow/(outflow) from financing activities	-	6,421,994
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,828,106)	6,034,098
Cash and cash equivalents at the beginning of the financial period	4,694,977	64,938
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	2,866,871	6,099,036

The Cashflow Statement should be read in conjunction with the notes to the financial statements.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Issued Capital	Share Option Reserve	Accumulated Losses	Total
	\$		\$	\$
At 1 July 2007	505,402	-	(61,972)	443,430
Shares issued	6,913,000	-	-	6,913,000
Expenses of share issues	(740,052)	-	-	(740,052)
Profit/(loss) for the period	-	-	(140,901)	(140,901)
At 31 December 2007	6,678,350	-	(202,872)	6,475,478
At 1 July 2008	6,934,322	0	(486,898)	6,447,425
Share options issued	-	14,228	-	14,228
Profit/(loss) for the period	-	-	(454,112)	(454,112)
At 31 December 2008	6,934,322	14,228	(941,010)	6,007,540

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

1. BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Equivalent to International Reporting Standard AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board including the Australian Accounting Interpretations.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by China Yunnan Copper Australia Ltd and its controlled entities during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies have been consistently applied by the company and are consistent with those applied in the 30 June 2008 annual report.

The half-year report does not include all notes of the type normally included in an annual financial report.

2. SEGMENT INFORMATION

The Company operates predominantly in one business and geographical segment being in the minerals exploration industry in Australia. No revenue from this activity has been earned to date as the Company is still in the exploration and evaluation stage.

3. CONTINGENT ASSETS AND LIABILITIES

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2008.

4. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events since 31 December 2008 that impact upon the financial report as at 31 December 2008.

5. ISSUED CAPITAL

	Half Year		Half Year	
	2008	2007	2008	2007
	Shares	Shares	\$	\$
Opening Balance 1 July	77,616,073	35,887,502	6,934,322	505,402
Issue of Ordinary Shares during the Half-Year				
Seed capital	-	8,700,000	-	553,000
Placement to YCI	-	16,428,571	-	2,300,000
Acquisition of tenement	-	600,000	-	60,000
IPO share issue	-	16,000,000	-	4,000,000
Share issue expenses	-	-	-	(740,052)
Closing Balance 31 December	77,616,073	77,616,073	6,934,322	6,678,350

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 10:
 - (a) comply with Australian Equivalents to International Reporting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Jason Beckton
Director

Brisbane
Date: 12 March 2009

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of China Yunnan Copper Australia Limited

We have reviewed the accompanying half-year financial report of China Yunnan Copper Australia Limited that comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the company

Directors' Responsibility for the Half-Year Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of China Yunnan Copper Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of China Yunnan Copper Australia Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

WHK HORWATH

**DON LANGDON
PRINCIPAL**

Dated at Brisbane this 12th day of March 2009

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