

ASX/Media Announcement

6th October 2009

GEM DISCOVERY – MOVING TO RESOURCE DRILLOUT OF INTRUSIVE RELATED COPPER- GOLD MINERALISATION

Key Points

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

- Results include:

**GR-021 - 15m @ 0.68% copper and 0.08 g/t gold from 44m
including 6m @ 1.57% copper and 0.19g/t gold from
53m**

**GR-021 - 11m @ 0.24% copper and 0.11 g/t gold from 121m
(open at depth)**

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

Following the success and information generated from the previous drilling campaigns, CYU has recently completed a four (4) hole RC drill programme totalling 468m (**Table 1**), designed to delineate the strike extent and geometry of the zone of mineralisation under cover of the northern workings. One hole GR-021 has returned results as per above.

Hole ID	East *	North *	RL (m)	Azi (°)	Dip (°)	Depth (m)
GR-019	419504	7758867	197	270	-60	120.00
GR-020	419501	7758916	193	270	-60	96.00
GR-021	419437	7758869	188	90	-60	132.00
GR-022	419453	7758926	192	90	-60	120.00
						468.00

* Easting and Northing UTM MGA Zone 54 – GDA94.

Table 1: Gem - Round 3 - Drillhole Locations

In September 2009 CYU completed four RC holes along two section lines targeting surface workings and along strike from previously reported results from GR-001 (**21m @ 0.12% copper and 0.05g/t gold from 55m**) and GR-015 (**8m @ 0.89% copper and 0.25g/t gold from 183m**) (Figure 2).

GR-019 and GR-021 were drilled 70m and GR-020 and GR-022 were drilled 125m north from GR-001, GR-014 & GR-015 to test the geometry and strike extent of the mineralised zone.

Based on the presence of visible mineralisation and utilising a Niton handheld XRF analyser during drilling, analytical results from GR-021 were prioritized and have returned two mineralised zones of **15m @ 0.68% copper, 0.08 g/t gold** from 44m down hole depth including a high grade zone of **6m @ 1.57% copper, 0.19g/t gold** from 53m down hole depth and **11m @ 0.24% copper, 0.11 g/t gold** from 121m down hole depth with mineralisation remaining open at depth. Assay results are pending for the three remaining holes.

A large scale 1.2km by 700m TEM ground geophysical survey utilising a fixed loop configuration on 100m line spacing and 50m stations has been contracted to Quantec Geophysics Worldwide to be undertaken in mid October 2009. Results from the survey, in conjunction with all drilling results will assist in planning a more definitive drilling programme leading to a maiden resource in 2010 for the Gem Prospect.

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)	Comment
RC	GR-019	RESULTS PENDING					
RC	GR-020	RESULTS PENDING					
RC	GR-021	44.00	59.00	15.00	0.68	0.08	
	including	53.00	59.00	6.00	1.57	0.19	
	GR-021	121.00	132.00	11.00	0.24	0.11	OPEN
RC	GR-022	RESULTS PENDING					

Table 2: Gem Prospect significant drill results at a 0.05% copper lower cut.

CYU Managing Director, Mr Jason Beckton said “The near surface location, widths and strike length of the intercepted mineralisation at Gem indicate it is a straight forward process to drill define a new intrusive related copper gold deposit. These results trigger an inferred resource drillout for the remainder of 2009 which will be refined by a geophysical survey underway later this month.”

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 2 below.

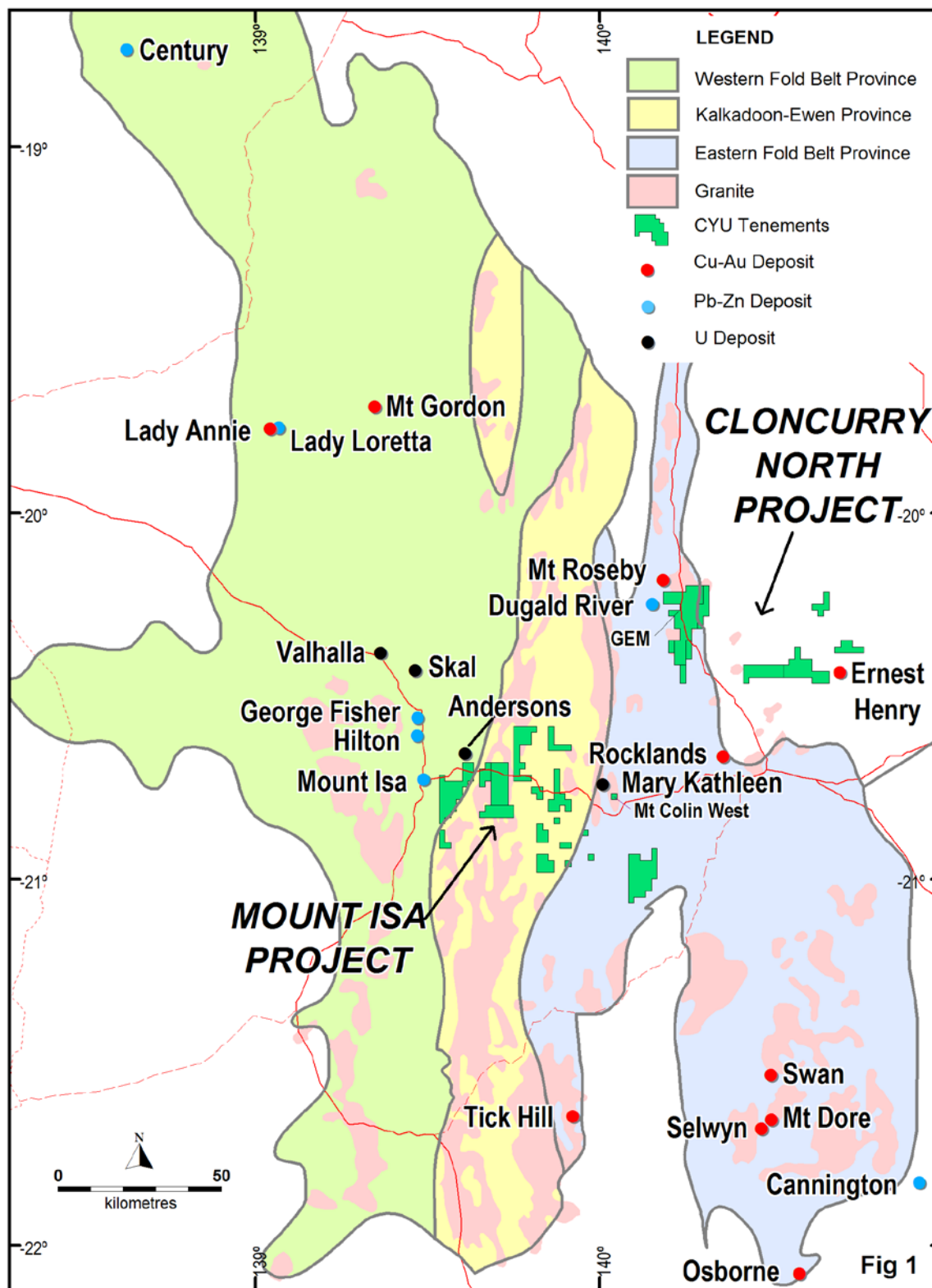


Figure 1. CYU project locations - Mt Isa and Cloncurry North

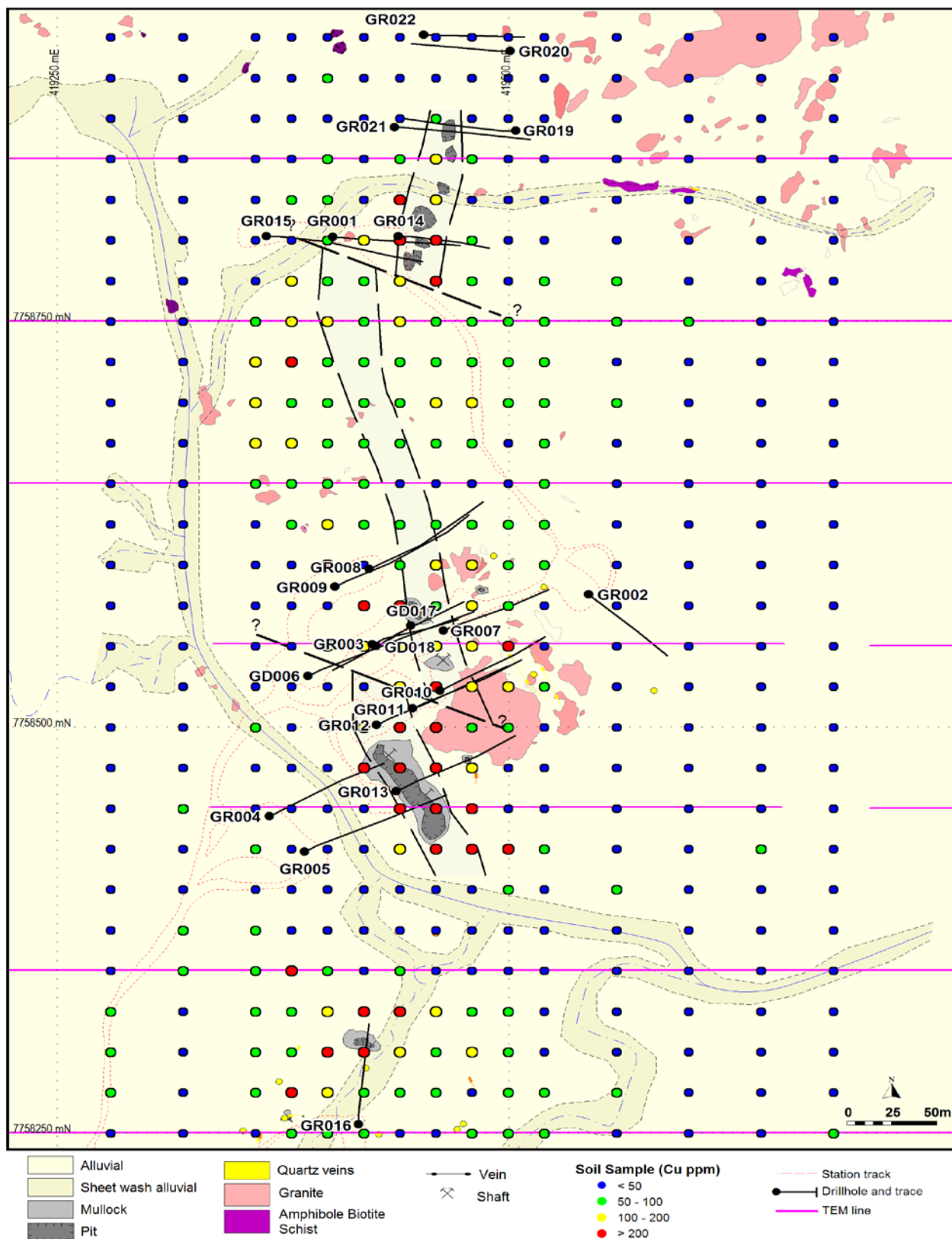


Figure 2. Gem interpretive prospect scale map. Hole GR021 extends strike length of confirmed mineralisation to 500m.