

SEPTEMBER 2009 QUARTERLY REPORT

ABOUT CHINA YUNNAN COPPER AUSTRALIA

CYU is an Australian resource company formed to explore and develop minerals in Australia and overseas.

The company is focused on exploring its tenements in Queensland for copper, gold and uranium and is also actively evaluating other acquisition and joint venture opportunities to grow its business rapidly.

This strategy is supported and assisted by CYU's cornerstone shareholder, Yunnan Copper Industry (Group) Co Ltd. (YCI) which is China's third largest copper producer.

CYU is working to fulfill a role of becoming YCI's international investment arm and mining house.

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COPPER - GEM – PLANNED RESOURCE DEFINITION DRILLING

URANIUM – ELAINE DOROTHY – PLANNED TARGET DRILLING

Cloncurry – COPPER GOLD

- Drilling including reverse circulation and core drilling has resulted in the confirmation of intrusive style of copper mineralisation at the Gem prospect. A drill program to define an inferred resource is now scheduled to commence mid November.
- Drilling results include:
 - GR-003 - 38m @ 1.25% copper and 0.20g/t gold from 33m.
 - GR-012 - 3m @ 2.36% copper and 0.40 g/t gold from 51m
 - GR-013 - 1m @ 2.53% copper and 0.24 g/t gold from 31m
 - GR-013 - 1m @ 1.60% copper and 9.98 g/t gold from 31m
 - GR-015 - 6m @ 1.10% copper and 0.28g/t gold from 185m
 - GR-021 - 6m @ 1.57% copper and 0.19g/t gold from 53m

Mt Isa (including Mary Kathleen Joint Venture) – COPPER URANIUM

- Diamond Drilling to commence on Uranium target Elaine Dorothy as data collation and check mapping complete.
- Completion of rehabilitation of track access to allow detailed field work on Wee Wyeems and Little Isa.

Pentland - GOLD

- Stanley's Hope mapping and compilation almost complete to refine drill targets for epithermal gold Pajingo style mineralisation.

Clermont - GOLD

- Ground magnetics program completed. Check mapping of identified structure planned.

Ravenswood - GOLD

- Project Review completed. Ground position relinquished except for most prospective holdings. Follow up sampling and mapping planned to occur late October.

Corporate

- Cash approximately \$4.9 million at date of report following receipt of rights issue funds.

STRATEGY

CYU has a two pronged strategy of project generation and operating current projects that comprise high quality copper, gold and uranium projects in eleven wholly owned Exploration Permit for Minerals (EPM's) in the highly mineralised Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier of Queensland, Australia (Figure 1).

This strategy remains unchanged from previous reporting periods and has been justified with the recent exploration success at Gem. Recently CYU has entered into the Mary Kathleen Joint Venture with Goldsearch Limited in the Mt Isa district and a Purchase Agreement for the Stanley's Hope mining lease in the Pentland district.

Significant results have been generated from greenfields prospects, with field programs conducted on the Cloncurry, Mt Isa, Clermont and Pentland projects. Details of these programs are outlined below. All tenements are 100% owned by the company.

CURRENT PROJECTS

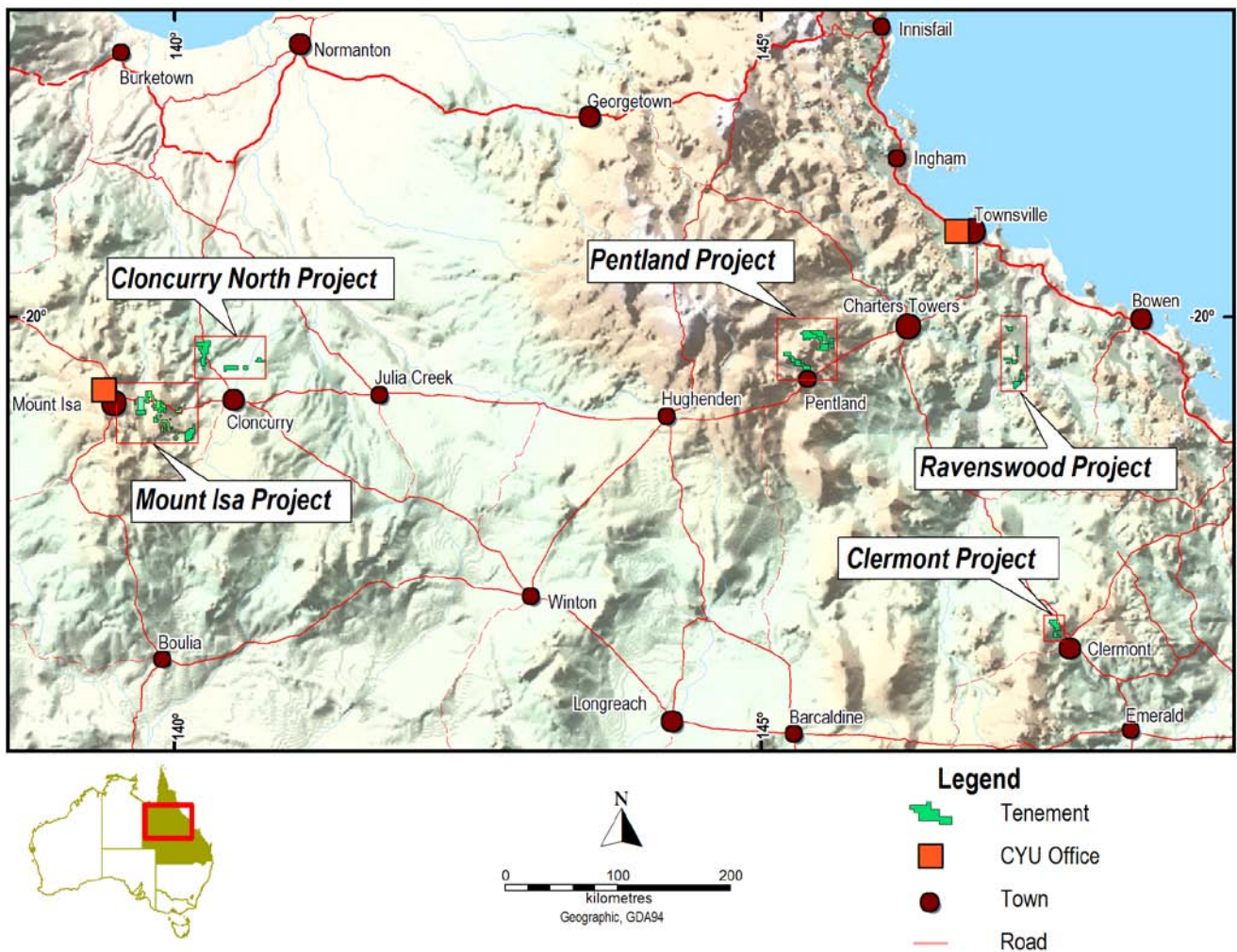


Figure 1. Location of CYU's North Queensland projects. Operational offices are now in place at Mt Isa and Townsville.

NOTH WEST QUEENSLAND - CLONCURRY NORTH (100% CYU)

Results to date indicate a series of intrusive centres which are mineralised. These centres have in turn been overprinted by late copper quartz veins in the same style as historically exploited in the district. As the majority of prospects are covered by at least four metres of overburden, a fixed loop electrical geophysical program is due to be completed on two prospects (Gem and Emu) by late October to allow refinement of a detailed drilling program of the known extents of the mineralisation. An initial inferred resource estimate for the Gem prospect is planned early 2010.

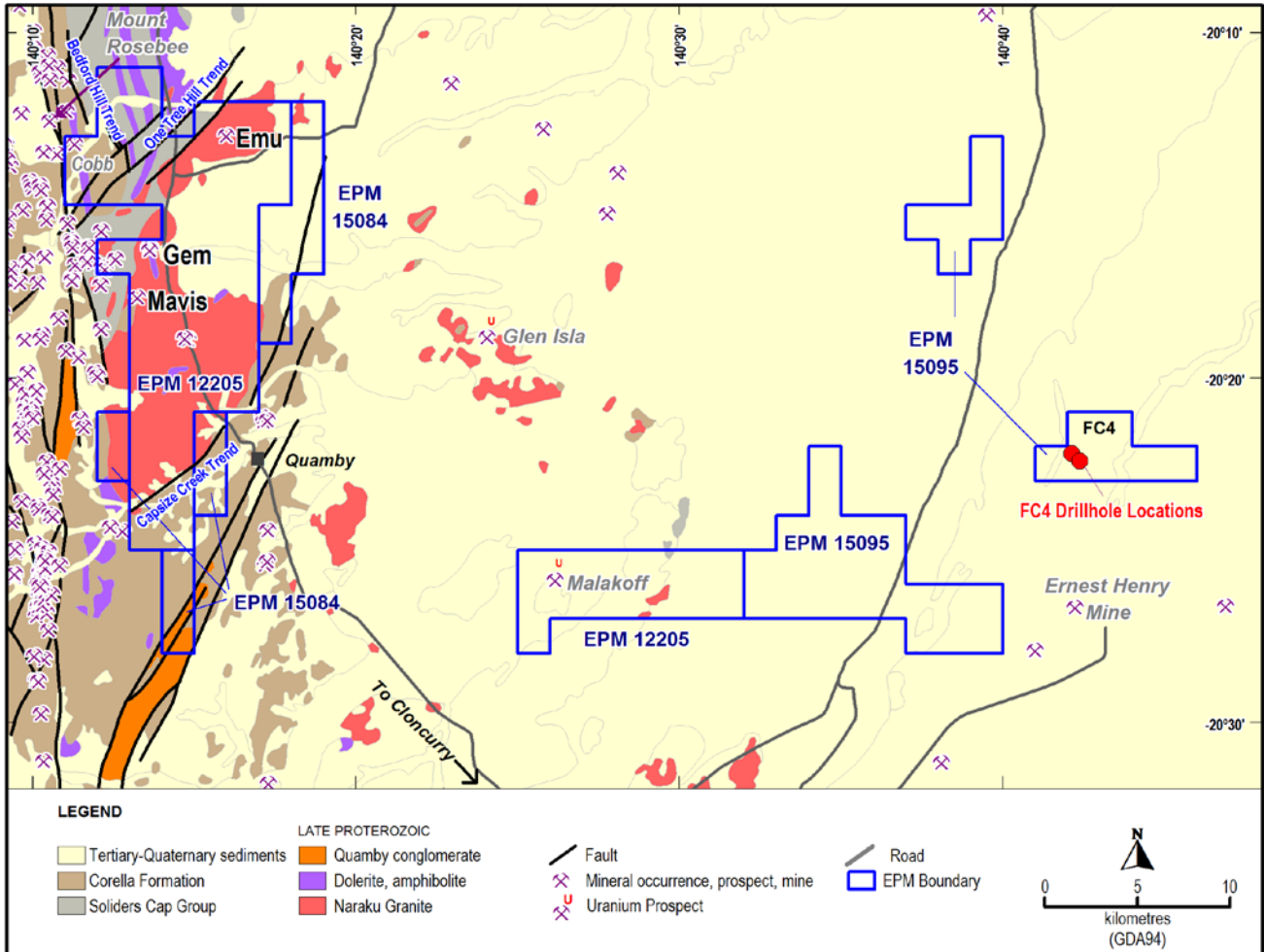


Figure 2. The Cloncurry prospect Gem was the primary target investigated in the September 2009 Quarter.

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

TYPE	HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
RC	GR-001	419403	7758801	193	90	-60	150
RC	GR-002	419544	7758581	193	130	-60	120
RC	GR-003	419425	7758551	188	60	-60	100
RC	GR-004	419368	7758445	189	60	-60	150
RC	GR-005	419387	7758423	192	60	-60	150
DD	GD-006	419389	7758531	194	-60	60	198.5
RC	GR-007	419464	7758559	192	-60	60	148
RC	GR-008	419423	7758597	192	-60	60	196
RC	GR-009	419404	7758586	191	-60	60	202
RC	GR-010	419462	7758522	191	-60	60	148
RC	GR-011	419447	7758511	189	-60	60	148
RC	GR-012	419427	7758501	190	-60	60	202
RC	GR-013	419438	7758460	190	-60	60	154
RC	GR-014	419439	7758802	193	-60	90	100
RC	GR-015	419366	7758802	190	-60	90	202
RC	GR-016	419417	7758255	191	-60	360	141
DD	GD-017	419446	7758562	194	-60	240	105
DD	GD-018	419426	7758549	193	-60	60	114
RC	GR-019	419504	7758867	197	-60	270	120
RC	GR-020	419501	7758916	193	-60	270	96
RC	GR-021	419437	7758869	188	-60	90	132
RC	GR-022	419453	7758926	192	-60	90	120

Table 2: Gem Prospect Significant Drill Results at a 0.10% copper lower cut. All results bar GR019, GR020 and GR022 have been released previously to the ASX. Above 0.50% copper intercepts highlighted.

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)
RC	GR-001	42.00	43.00	1.00	0.13	<0.01
		55.00	76.00	21.00	0.12	0.05
		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
		33.00	71.00	38.00	1.25	0.20
		45.00	67.00	22.00	1.96	0.29
RC	GR-004	59.00	60.00	1.00	0.12	0.02
		80.00	81.00	1.00	0.47	0.27
		141.00	142.00	1.00	0.18	0.02
RC	GR-005	39.00	40.00	1.00	0.11	<0.01

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)	
Diamond	GD-006	42.00	43.00	1.00	0.17	0.03	
		47.75	48.25	0.50	0.32	<0.01	
		61.50	62.50	1.00	0.44	0.13	
		96.50	101.50	5.00	0.77	0.05	
		Including	98.50	101.50	3.00	1.22	0.07
		100.75	101.50	0.75	4.27	0.03	
		159.00	160.00	1.00	0.16	0.01	
		171.00	172.00	1.00	0.13	<0.01	
RC	GR-007	44.00	45.00	1.00	0.18	0.01	
		50.00	51.00	1.00	0.21	0.01	
RC	GR-008	20.00	22.00	2.00	0.34	0.06	
		27.00	33.00	6.00	0.46	0.05	
		Including					
		30.00	32.00	2.00	0.49	0.07	
		72.00	73.00	1.00	0.16	0.16	
		86.00	87.00	1.00	0.19	0.09	
		138.00	139.00	1.00	0.21	<0.01	
		150.00	151.00	1.00	0.12	0.05	
		179.00	180.00	1.00	0.14	0.05	
RC	GR-009	1.00	5.00	4.00	1.16	0.12	
		including					
		1.00	3.00	2.00	2.07	0.21	
		30.00	31.00	1.00	0.12	0.01	
		35.00	36.00	1.00	0.28	0.05	
		100.00	108.00	8.00	0.28	0.12	
		105.00	106.00	1.00	1.54	0.56	
		145.00	146.00	1.00	0.20	0.06	
		149.00	150.00	1.00	0.35	0.29	
RC	GR-010	15.00	17.00	2.00	0.45	<0.01	
		28.00	29.00	1.00	0.14	0.01	
		36.00	38.00	2.00	0.39	0.03	
		48.00	53.00	5.00	0.18	0.07	
		67.00	68.00	1.00	0.11	0.04	
RC	GR-011	5.00	7.00	2.00	0.15	0.01	
		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	
		30.00	31.00	1.00	0.14	0.06	
		51.00	54.00	3.00	2.36	0.40	
		including					
		51.00	53.00	2.00	3.42	0.57	
		58.00	60.00	2.00	0.18	0.05	
		64.00	67.00	3.00	0.27	0.02	
		91.00	92.00	1.00	0.13	0.11	

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)
RC	GR-013	0.00	7.00	7.00	0.36	0.07
		11.00	12.00	1.00	0.43	0.24
		26.00	42.00	16.00	0.38	0.69
		31.00	32.00	1.00	2.53	0.24
		37.00	38.00	1.00	1.60	9.98
		58.00	59.00	1.00	0.15	0.03
RC	GR-014	24.00	26.00	2.00	0.18	0.01
		29.00	30.00	1.00	0.40	<0.01
		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
		183.00	191.00	8.00	0.89	0.25
		185.00	191.00	6.00	1.10	0.28
		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
		61.00	67.00	6.00	0.30	0.04
		63.00	63.50	0.50	2.57	0.53
		70.00	70.50	0.50	0.91	<0.01
Diamond	GD-018	36.50	37.50	1.00	0.7	0.16
		43.00	65.00	22.00	0.46	0.60
		43.00	49.00	6.00	0.85	0.19
		including				
		44.50	47.50	3.00	1.46	0.23
		62.50	65.00	2.50	1.81	4.73
		74.00	76.00	2.00	0.25	1.26
RC	GR019	46.00	47.00	1.00	0.27	0.03
		51.00	67.00	16.00	0.18	0.08
		including				
		58.00	64.00	6.00	0.33	0.16
		75.00	77.00	2.00	0.23	0.03
RC	GR020	No Significant Intersections				
RC	GR021	44.00	59.00	15.00	0.68	0.08
		including				
		53.00	59.00	6.00	1.57	0.19
		103.00	104.00	1.00	0.19	0.01
RC	GR022	7.00	8.00	1.00	0.06	0.01
		44.00	46.00	2.00	0.07	<0.01

The Gem Prospect is considered to consist of a series of sub-parallel mineralised zones trending northwest. These structural zones probably interact with intrusive centres related to a mineralised intrusive labeled the 'aplite' dyke.

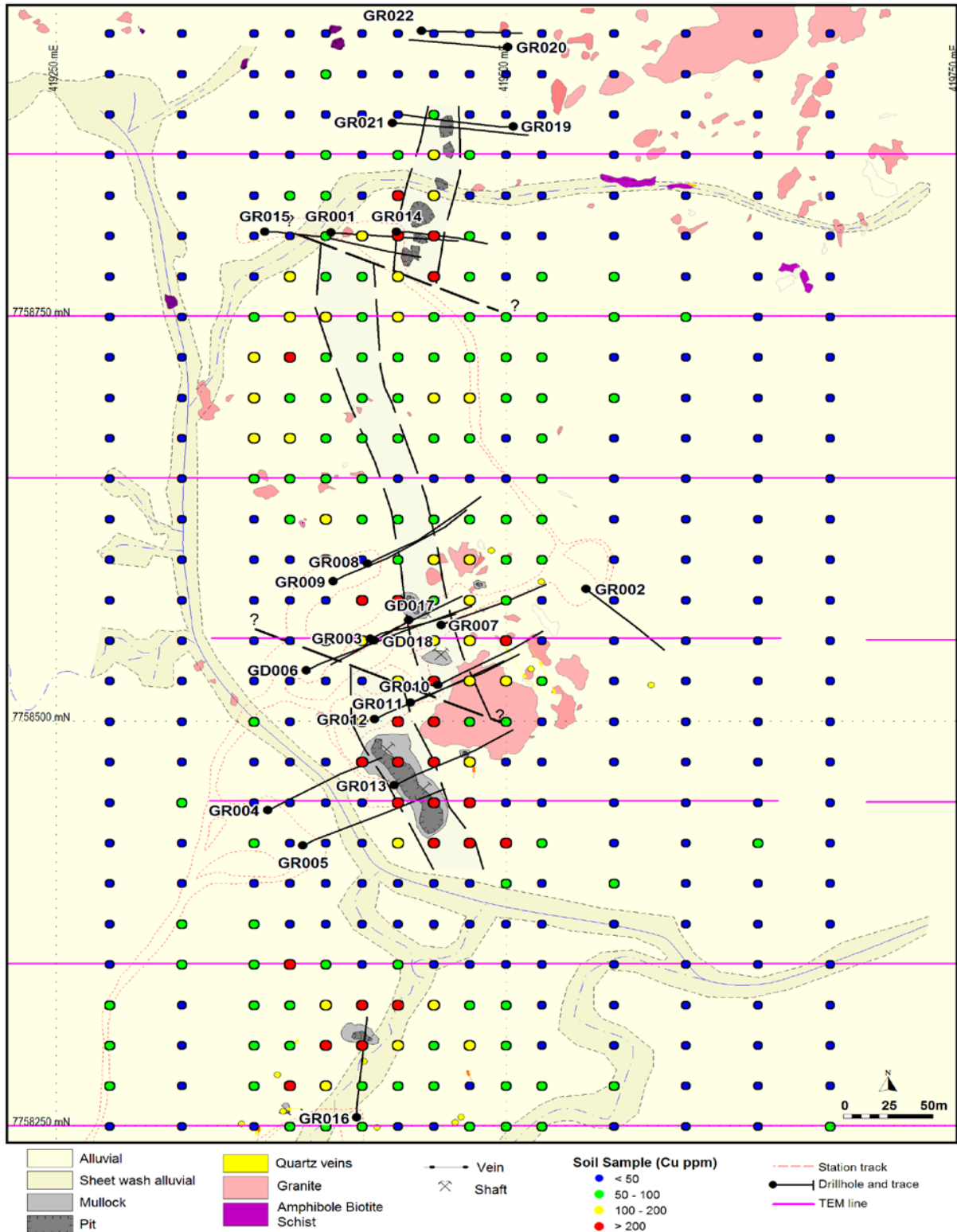


Figure 3. Gem interpretive prospect scale map. Gem appears to have closed off to the north but remains open along strike to the south and remains open at depth.

Drilling to date has identified that mineralisation remains open at depth and along strike to the northwest and southeast. The host rock is defined as the Naraku Granite which is believed to be responsible for IOCG mineralisation in the district. Most of the prospect is covered by alluvium and minimal outcrop is observed.

To assist in planning the next stage of drilling a second time-domain electromagnetic (TEM) ground geophysical survey is due to be completed late October. Results from this survey, in conjunction with existing geological interpretation, will assist in planning a fourth round of drilling at Gem.

NORTH WEST QUEENSLAND - MT ISA (100% CYU – BLACK POLYGONS)
MARK KATHLEEN JOINT VENTURE – GOLDSEARCH LIMITED 100% - CYU FARMING IN

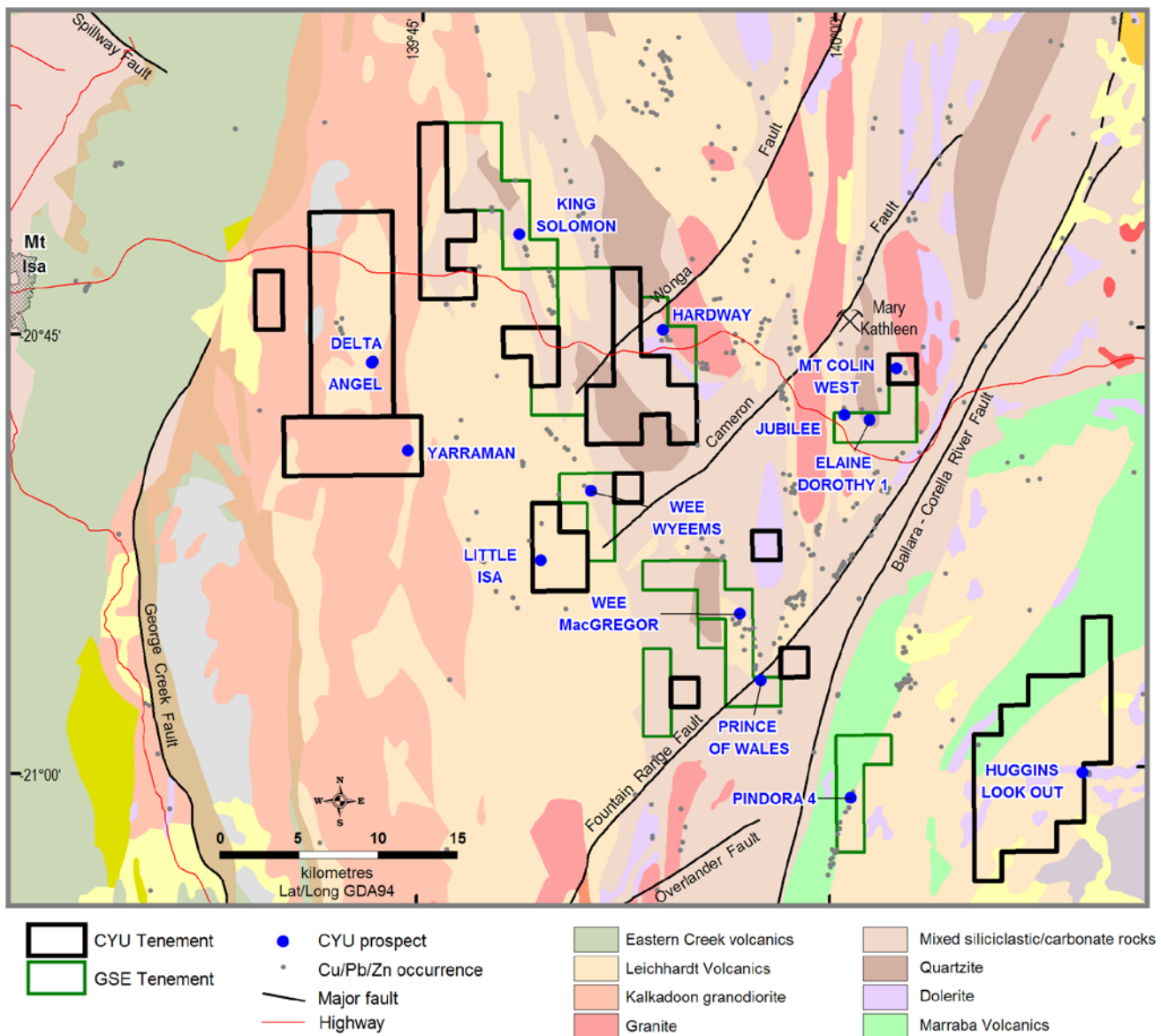


Figure 4. The Mt Isa Project has highly prospective drill targets 50km across strike from Mt Isa.

During the quarter road access was rehabilitated to allow mapping at Wee Wyeems and Little Isa with drilling planned to follow up previous intercepts from Wee Wyeems including 26m @ 0.86% copper.

At Elaine Dorothy previous exploration by Mary Kathleen Uranium (formerly operators of the Mary Kathleen Mine) and GSE (“GoldSearch Limited”) has highlighted significant Mary Kathleen-style

uranium (and REE) mineralisation.

An exploration target* for the Elaine One Anomaly is assessed at between 150,000t and 250,000t of mineralisation with grades between 0.34 and 0.56 kg/t U_3O_8 (using a 0.15 kg/t U_3O_8 cutoff grade) and will be tested by twinning previous high grade intercepts returned in 1955 and 1980. This target is based on historical data from 9 diamond core holes with chemical assays of unknown method and surface outcrops with scintillometer readings. This data has been reviewed and assessed by an independent consultant.

The purpose of the twinned holes is to confirm and validate the historical drilling results with a view to convert at least part of the exploration target* to an Inferred JORC Resource.

* The potential quality and quantity shown within is conceptual in nature and there has been insufficient work done at present to define a Mineral Resource in this area under the JORC (2004) Code. The nature of an Exploration Target is such that it is uncertain if further exploration will result in the determination of a Mineral Resource in this area.

Further drilling is required to adequately test mineralisation defined to date (eg: 2.3 metres at 2.62 kg/t uranium oxide (U_3O_8) from 26 metres, 9.5 metres at 0.36 kg/t U_3O_8 from 13.5 metres and 2 metres at 1.34 kg/t U_3O_8 from 100 metres down hole depth). For reference the mined out Mary Kathleen Mine yielded 9.2 million tonnes at a grade of 1.20 kg/t U_3O_8 .

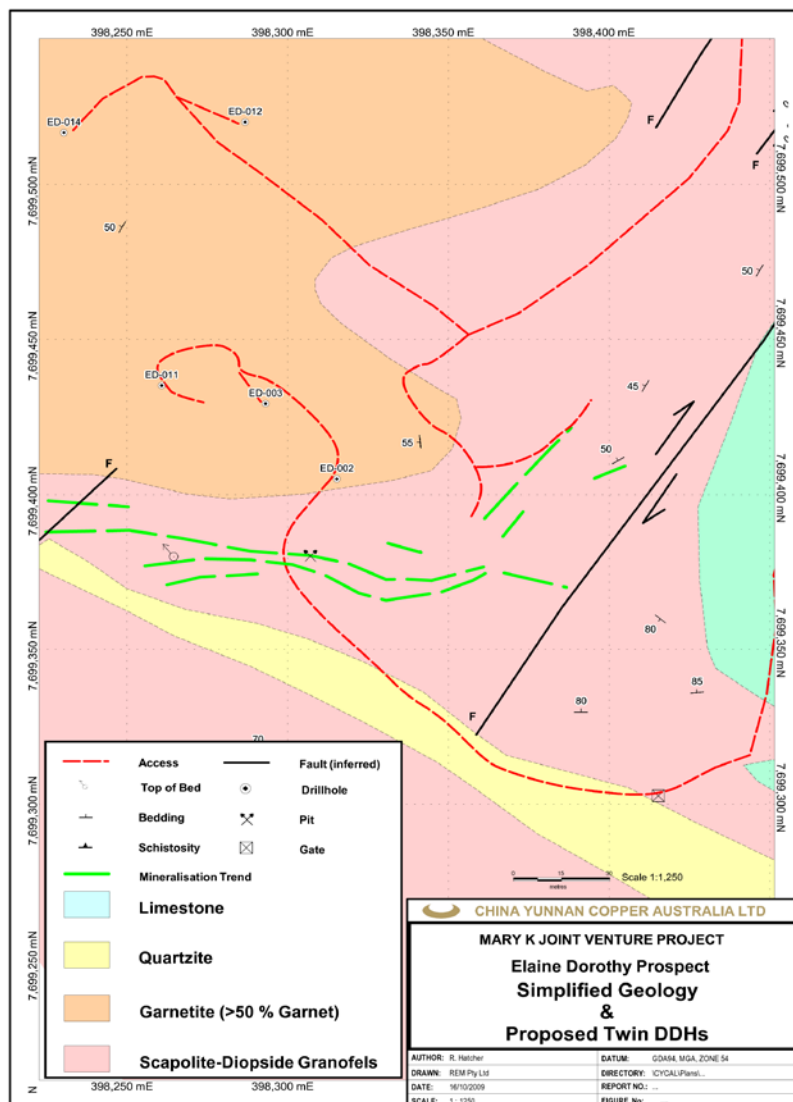


Figure 5. Elaine Dorothy prospect map including location of proposed twin holes to be commenced late October – early November.

NORTH EAST QUEENSLAND - PENTLAND (100% CYU)

Stanley's Hope - CYU entered into a purchase agreement with the owner of Mining Lease 1631 in the Pentland District of northern Queensland. Stanley's Hope consists a number of undrilled structures of epithermal gold affinity, potentially similar in style to Pajingo and other epithermal gold deposits.

CYU consider the targets and fertile structures identified from field inspections to be a high priority for exploration. CYU's Chief Geologist is currently mapping the lease and collating previously collected exploration data. It is the intention of CYU to prioritize the investigation of the epithermal gold mineralised structures at Stanley's Hope during the current quarter.

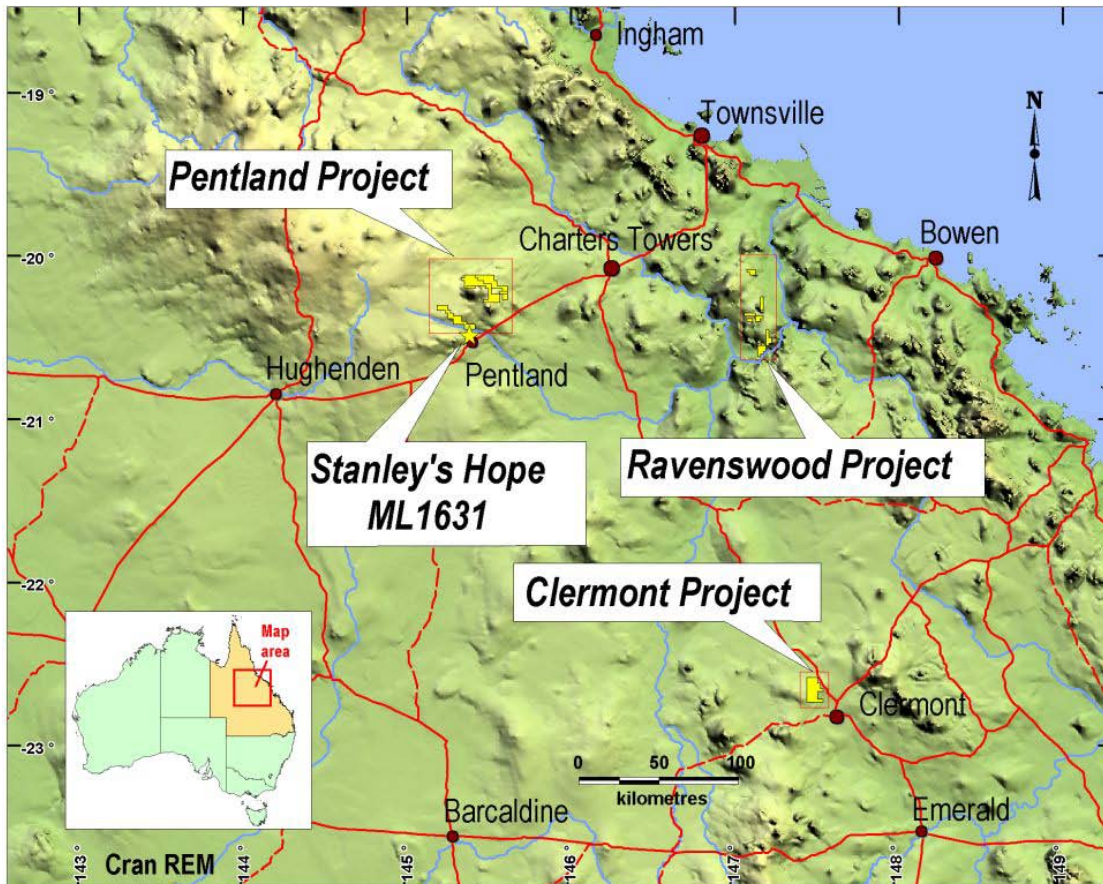


Figure 6. Stanley's Hope location with respect to other CYU North East projects

NORTH EAST QUEENSLAND - CLERMONT (100% CYU)

The Clermont region contains the most significant deep lead gold deposits in Queensland. Mapping found the area to be largely covered by reworked alluvial material and very little outcrop of bedrock. Much of the area has been disturbed by alluvial miners, historically using hand methods and in modern times using bulldozers and loaders.

Mining of Permian alluvials by underground methods has also occurred within the project. A consequence of mining activity and Recent, Tertiary and Permian alluvial processes is that the current distribution of gold at surface is very unlikely to reflect the distribution in pre-Permian bedrock.

For this reason a ground magnetic survey was completed by contractor Terrasearch on 20m spaced lines. A total of 416 line km were covered during the collection of the ground magnetic data. This information will be analysed for potential follow up targets during the quarter.

NORTH EAST QUEENSLAND - RAVENSWOOD (100% CYU)

No work was completed during the quarter. The project lies in the Ravenswood Block which comprises Palaeozoic volcano-sedimentary strata that are extensively intruded by Ordovician, Siluro-Devonian and Permo-Carboniferous granitoids. Permo-Carboniferous magmatic-hydrothermal systems are abundant throughout north east Queensland. These gave rise to major gold deposits including Mount Leyshon, Pajingo, Ravenswood (Sarsfield, Nolans and Mt Wright), Kidston and Red Dome. A mapping and prospect ranking program is scheduled for the next week.

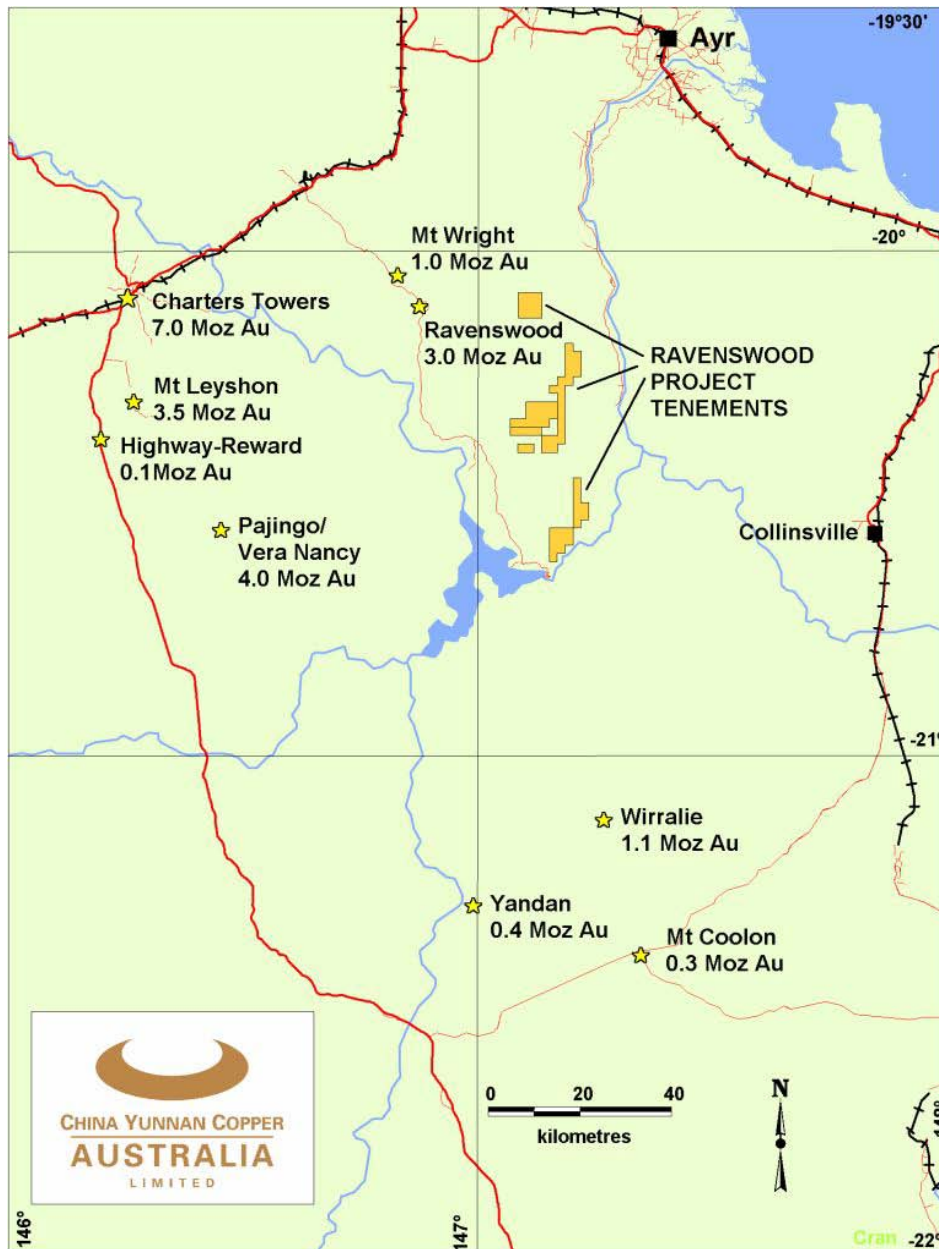


Figure 7. Ravenswood Project tenements and known major gold deposits of the region.

CORPORATE

Cash Position

As at 30 September 2009, the Company had approximately \$0.8 million cash and no debt. Cash exploration expenditure for the quarter was \$575,000. The successful fully underwritten rights issue completed in October has increased cash reserves to \$4.9 million. The rights issue comprised a 2 for 5 offer at 15 cents and raised a total of \$4.65 million (before issue costs).

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Competent Persons Statement

The information in this report that relates to Exploration Results for all prospects is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and a Member of the Australasian Institute of Mining and Metallurgy, and is the Managing Director of China Yunnan Copper Australia Ltd. Mr Beckton has sufficient experience relevant to the styles of mineralisation and type of deposits 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.

The information in this report that relates to the Exploration Target for the Elaine One Anomaly is based on information compiled by Arnold van der Heyden, who is a Member of the Australasian Institute of Mining and Metallurgy is a Consulting Geologist for Hellman and Schofield Pty Ltd. Mr van der Heyden 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 van der Heyden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE DIRECTORY

Board of Directors

Norm Zillman	Non-Exec Co-Chairman
Chao Yang	Non-Exec Co-Chairman
Jason Beckton	Managing Director
Zewen Yang	Executive Director
Liang Zhong	Non-Executive Director
Mark Elliott	Non Executive Director

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Issued Share Capital

China Yunnan Copper Australia has 108.66 million ordinary shares currently on issue and 18.4 million options.

Quarterly Share Price Activity

	High	Low	Last
Sep 2009 Qtr	\$0.35	\$0.16	\$0.24