



ASX/Media Announcement

22nd February 2010

Purchase Agreement for Porphyry Copper Project – Chile

- **Project consists more than 4500 hectares Porphyry Copper tenure in Inca de Oro District, Copiapo Region III, Chile.**
- **First time a Chinalco or Yunnan Group related company has entered the world leading Chilean copper industry as a direct participant.**
- **Confirms the use of CYU as an international copper growth platform for China.**
- **Drill targets for oxide and sulphide porphyry copper mineralisation previously identified to be reviewed early April.**

China Yunnan Copper Australia Limited (ASX: CYU) today announced it has entered into a purchase agreement with **Rey Resources Ltd (ASX:REY)** for the Humitos Copper Porphyry property in the Copiapo District of northern Chile. Humitos consists of a number of undrilled targets including an untested supergene horizon in the most prolific copper belt in the world, the Chilean Cordillera. Ten kilometres to the north is the Inca de Oro project (400Mt @ 0.6% Copper) owned by Codelco.

Upon completion of a 30 day due diligence period CYU will be the 100% owner of the property for a consideration of \$200,000 and 1.5% Net Smelter Royalty payable to the previous owner on commencement of profitable copper production from any future operation. The agreement is subject to standard regulatory approval in Chile. Due diligence will involve a confirmatory survey of the existing Humitos boundaries and completion of transfer documentation.

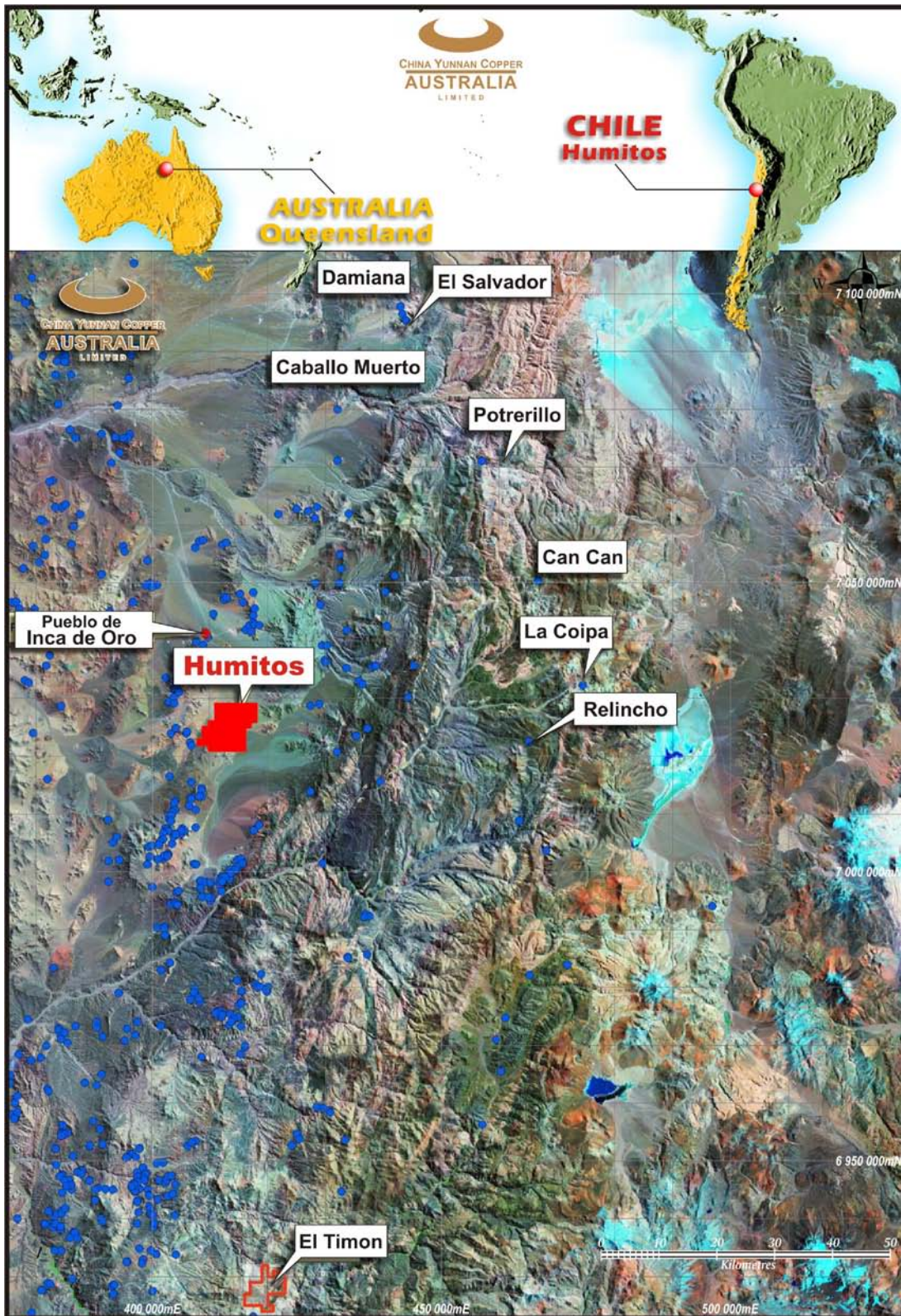


Fig 1. The Humito project is a copper porphyry project located 90km north of Copiapo, approximately 10km to the south of the village of Inca de Oro, an historic mining centre. Tenure comprises 17 tenements for a total area of 4,500ha. The project area is a comfortable 1500 to 2,600 metres above sea level.

Geology and Mineralisation

Humito is located in the centre of a broad NNE–trending structural corridor bounded by the Atacama Fault to the east and the Domeyko Fault system to the west. This zone separates the Coastal and Pre-Andean mountain ranges and hosts a number of important deposits including the El Salvador, Damiana and Caballo Muerto deposits in addition to copper silver epithermal vein mineralisation of the Inca de Oro district.



Figure 2: Old Kennecott RC hole in advanced argillic alteration on the northwest side of Cerro Humito. The advanced argillic alteration can be seen higher up the slope below the dark bluffs of massive vuggy silica.

At Cerro Humito hydrothermal alteration occupies a discontinuous zone of 10km x 2km extent characterised by a massive vuggy silica core centred over Cerro Humito surrounded by intense quartz sericite alteration.

In addition to the intense pyrite mineralisation associated with the quartz sericite alteration, relict chalcopyrite has been noted in petrographic samples taken from limited previous drilling. The geometry of the alteration assemblage together with what appears to be a central silica cap is indicative of an intact porphyry hydrothermal system preserved at depth.

Previous Exploration

Exploration over the area was undertaken by Kennecott in 1987. Kennecott carried out a programme of induced polarisation and drilled nine reverse circulation drill holes ranging between 150-244 metres in depth: the work was centred on the area around Cerro Humito. Maximum assays of 1400ppm copper and 2200ppm molybdenum were returned in an area interpreted to overlie a potential supergene blanket at depth.

Rey Resources initiated preliminary reconnaissance of the prospect. This review included collection of samples from five drill holes around Cerro Humito for mineral analysis. Results indicated that **Humito represented an intact porphyry system**, preserved with a barren cap and minimal erosion. Sulphides are dominated by pyrite (iron sulphide) with an increase in chalcopyrite (copper sulphide) towards the centre of the system.

Economic Potential

The Humito prospect is a classic example of a well preserved high level porphyry system displaying normal porphyry alteration patterns including a silica cap. **There is potential for a secondary zone of copper enrichment at depth.**

The large alteration system, occupying approximately 20km², has only been tested with nine shallow RC holes around the Cerro Humito area and is effectively untested. The project lies within a metallogenic belt of demonstrated prospectivity. In 2006 Codelco defined a large porphyry system of 400Mt grading 0.6% combined copper and gold, at Inca de Oro, 12km north of Humito.

An initial work program will consist:

- a) Detailed mapping (1:10.000) of the target area, collating previous work (May June 2010).
- b) Geophysical profiles (deeper than 500 m) crossing the whole target structure with an approximate total length of about 30 km (2010)
- c) exploratory drilling program (at least 2000 m - 2010).

This initiative continues a period of low cost, high value acquisitions by CYU. In the past five months CYU has executed six deals;

- Two joint ventures - Mary Kathleen Copper Uranium and Pentland Gold.
- Three outright property purchases – Stanley's Hope Gold, Waterford Uranium and the Humito Copper Porphyry Project.
- One Memorandum of Understanding - China Copper Alliance, Yunnan Province.



CYU will continue a process of improving geological ground position. CYU 100% holdings were 2000 km² on IPO in late 2007. Including the recent deal flow from August 2009, current total tenure either under management in JV or 100% owned is now 1901 km².

This is a land holding well within the operational capabilities of CYU. The CYU team has discovery experience in this style of mineralisation at Humito and in Chile specifically, which will allow rapid refinement of proposed drill programs.

CYU is currently drilling a 2600m RC program at the Gem Copper prospect in the Cloncurry Project area with initial results expected in the coming weeks.

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 (YCI), is one of China's largest copper producers. YCI's largest shareholder is Chinalco.

CYU has goals of resource definition and development for its three target commodities Copper, Gold and Uranium and to achieve this is targeting high quality copper, gold and uranium projects in the Mt Isa Inlier and Ravenswood-Pentland Province in Queensland. CYU also is also farming into to the Mary Kathleen Project in Mt Isa with Goldsearch Limited and the Pentland Gold Project with ActivEX limited. CYU has also signed a Memorandum of understanding for project generation in Yunnan Province, China with cornerstone investor YCI.

Cash Position

As at 31 December 2009, the Company had approximately \$4.1 million cash and no debt.

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Competent Person's Statement

The information in this report that relates to Exploration Results based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and Australasian Institute of Mining and Metallurgy is Managing Director of China Yunnan Copper Australia Ltd. Mr Beckton 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 Beckton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.