



ASX/Media Announcement

9th June 2010

Maiden Inferred Resource Estimate for the Gem Copper–Gold Prospect

- **492,000 tonnes @ 0.5% copper and 0.2g/t gold at a 0.2% copper cut-off.**
- **45 drill holes, totalling 6,139m, has advanced the Gem prospect from an exploration target to a Inferred Resource within ten months with an average vertical depth of drilling being 150 metres.**
- **The mineralised zones are defined as two near surface sub-vertical pipes with potential for this resource to increase with depth.**
- **An open pit mining scenario is being considered, as the deposit is close to infrastructure.**

China Yunnan Copper Australia Limited (**ASX: CYU**) today announced an Inferred Resource for the copper – gold mineralisation drilled at the Gem copper-gold prospect, Cloncurry North Project, Queensland. Independent consultants Hellman and Schofield Pty Ltd have worked with CYU to complete an initial resource estimate of **492,000 tonnes @ 0.5% copper and 0.2 g/t gold** at a 0.2% copper cut-off for its 100% owned Gem copper-gold prospect in northwest Queensland. This resource is reported as inferred using the JORC Code and Guidelines. It incorporates all drilling results completed by CYU.

The mineralisation has the potential to be extended at depth, particularly in the northern region, with significant mineralised zones intersected at depth in GR-015 (6m @ 1.1% copper and 0.3 g/t gold from 185m) and GR-042 (4m @ 1.3% copper and 1.2 g/t gold from 117m). A solitary hole GR-021 appears to indicate mineralisation (7m @ 0.34% copper and 0.17 g/t gold from 124m – Open) further east of the main lode. In addition, mineralisation appears to be open at shallow depths towards the south as it is relatively untested south of GR-036.

The Gem database contains 45 drill holes totalling 6,138.62m, consisting of 42 Reverse Circulation (RC) drill holes (total 5,721m) and 3 diamond core drill holes (total 417.62m), drilled in four stages by CYU from May 2009 to March 2010.

The resource was estimated using the ordinary kriging method with 1m composites. An average density of 2.7t/m³ was applied, derived from recent CYU specific gravity measurements. The grade-tonnage data for the combined mineralised zones are presented below (**Figures 1, 2 and Table 1**):

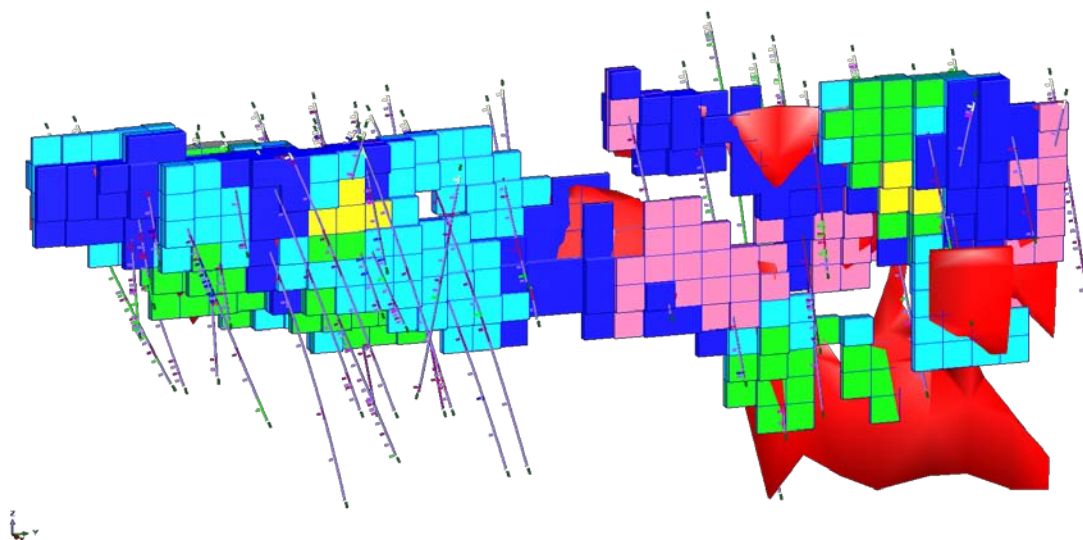


Figure 1. Block model of the Gem resource, looking to the northwest. (Colours: *pink* <0.1% copper; *blue* = 0.1-0.2 copper; *cyan* = 0.2-0.5 copper; *green* = 0.5-1.0 copper; *yellow* = 1-2.5% copper. The red areas represent the geological interpreted wireframe for the mineralisation)). Note two higher grade copper zones in the north and south, and the possible extension of mineralisation to the south and at depth.

Copper Cut Off Grade	Tonnes	Copper (%)	Gold (g/t)	Copper (t)	Gold (oz)
0.5	169,516	0.83	0.22	1,404	1,210
0.4	279,675	0.68	0.20	1,888	1,835
0.3	372,171	0.59	0.20	2,207	2,417
0.2	491,936	0.51	0.19	2,499	3,021

Table 1. Grade-Tonnage data for the Gem copper-gold deposit. (use of significant figures does not imply accuracy and is used to avoid rounding errors)

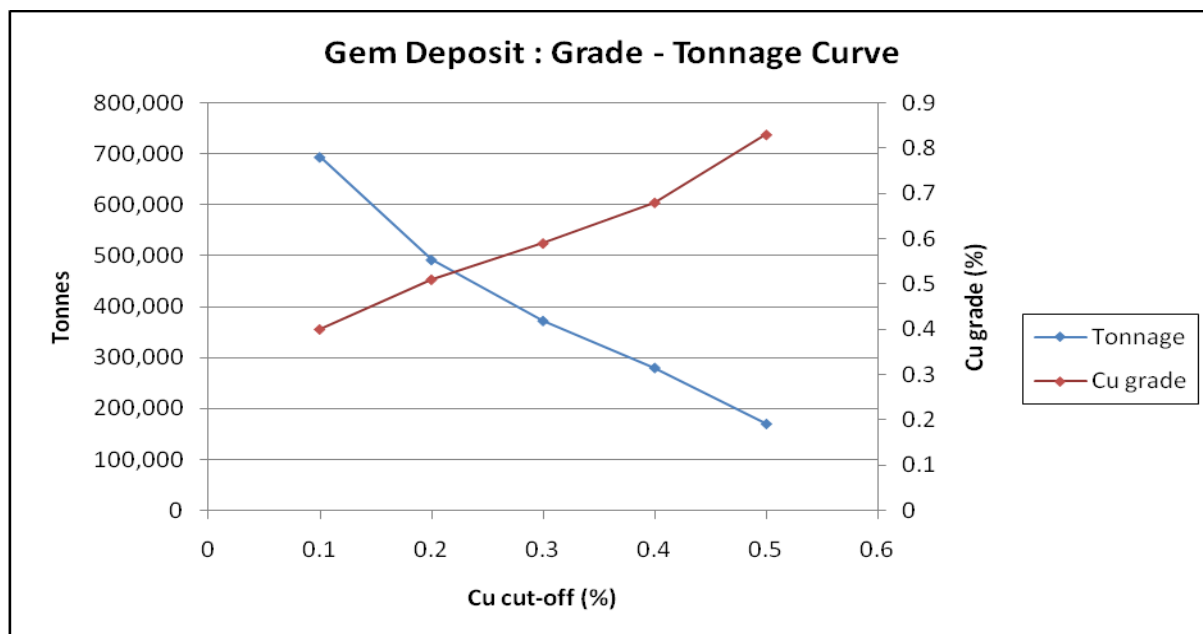


Figure 2. Grade - Tonnage curve for the Gem Cu-Au deposit. The graph cross point in copper grade and tonnage indicates a reporting cutoff of 0.2 % copper is appropriate.

The Inferred Resource is open at depth approximately >150m below surface. This is where most of the exploration potential to increase the tonnage of the resource lies with deeper drilling of the near surface pipes as per Figure 1.

Mineralisation seems to be confined to sub-vertical zones within biotite granite. Within these zones, quartz veins dipping predominantly towards the northeast to east contain patchy to massive chalcopyrite $\pm$ pyrite $\pm$ pyrrhotite $\pm$ magnetite. Mineralisation is also seen as disseminated chalcopyrite $\pm$ magnetite within zones of aplite. It is believed that in places post-mineralisation granitic dykes have stoped out the earlier mineralisation (**Figure 3 and 4**). A granite host rock for this style of copper sulphide mineralisation has not been reported in the literature for the Mt Isa district and represents a paradigm shift in host rock prospectivity.

Surface oxidation of the primary sulphides has resulted in a thin layer of oxide malachite mineralisation at or near surface, which has been seen to grade into sulphide (chalcopyrite) at depth. Some of these malachite zones have been previously worked, however CYU is the first company to apply modern exploration techniques to the area.

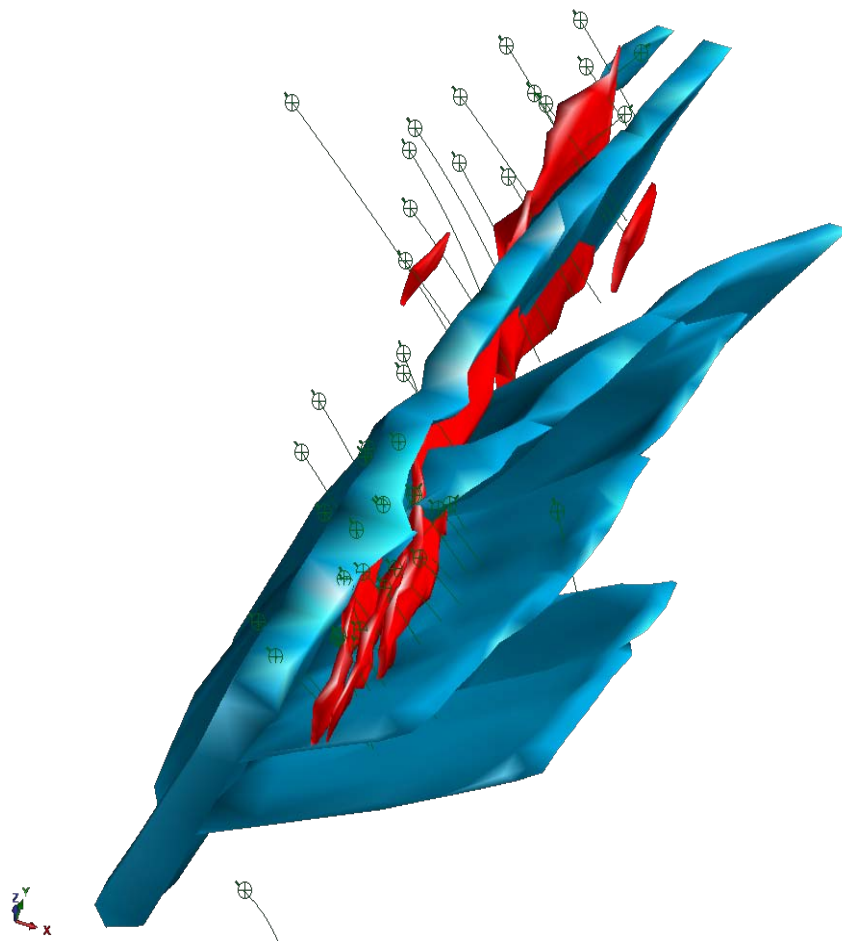


Figure 3. Gem mineralised zone (red), intersected by post mineralised granitic dykes (blue), looking down and to the north-northwest.

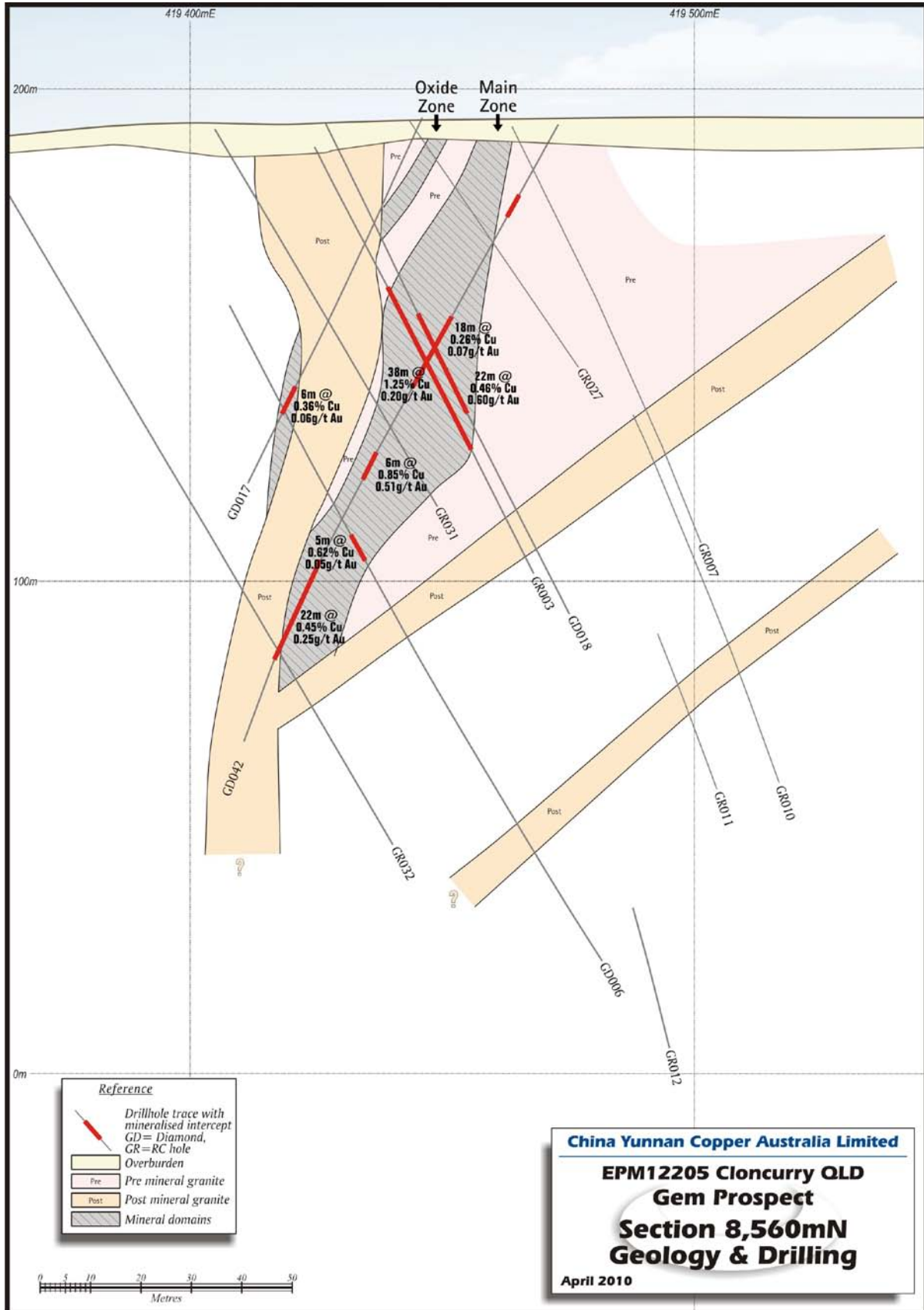


Figure 4. Section 8,560mN showing Gem mineralised zones, intersected by post mineral granitic dykes.

SUMMARY COMMENTS

CYU has a policy of transparent and complete reporting including reporting of Inferred Resources when sufficient data is to hand, in this case after 42 drill holes, independently verified. Current tonnes do not justify a scoping study and CYU is considering growth options for this resource.

Tonnage growth is key at Gem as other deposits in the district of similar copper and gold grades of 0.5 to 0.6% copper and 0.1 to 0.2 g/t gold to Gem have orders of magnitude higher tonnage than Gem (including the Ivanhoe Australia Limited deposits of Mount Dore – 108 Mt @ 0.6% copper and 0.1 g/t gold and Mount Elliott – 475 Mt @ 0.5% copper and 0.3 g/t gold).

Gem is an open at depth, near surface copper sulphide resource of modest tonnes and grade. In order for Gem to progress to a scoping study, the CYU board recognise drilling at depth on the two defined near vertical pipes will need to be undertaken.

Competent Person's Statement

The information in this report that relates to Exploration Results for the Gem Deposit is based on information compiled by Richard Hatcher, who is a Member of the Australian Institute of Geologists (MAIG) and is Exploration Manager 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, Mineral Resources and Ore Reserves (the "JORC Code"). 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.

The data in this report that relates to Mineral Resources for the Gem Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a full-time employee of Hellman & Schofield Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

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, Ravenswood-Pentland Province in Queensland and Cordillera Porphyry Belt of Chile.

CYU is also;

- In mid to late June reporting on recently completed diamond drilling for gold at Stanley's Hope, Pentland.
- Conducting a scintillometer surface sampling and mineralogical studies on the Interim inferred resource estimate at Elaine Dorothy U REE in the current quarter.
- Farming into to the Mary Kathleen Project in Mt Isa with Goldsearch Limited.
- Commencing ground magnetic geophysical program in July at the Humito Copper Porphyry project in Chile. This will allow drill targets to be proposed by August 2010.
- Entered into a Memorandum of Understanding with CYU's cornerstone investor Yunnan Copper Industries (YCI) to undertake regional exploration and project generation work in Yunnan Province, China.

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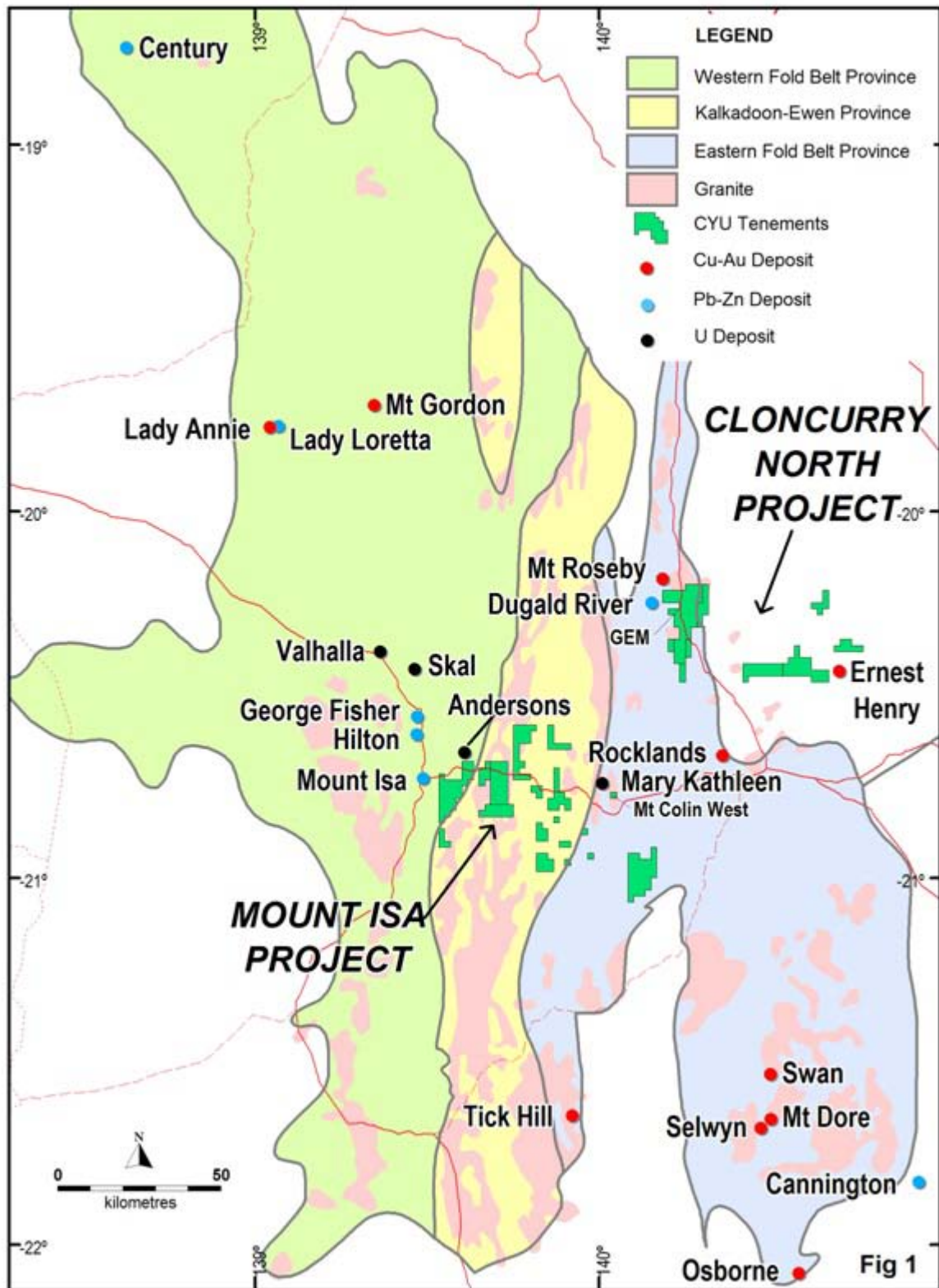


Figure 5. Location of the Gem Cu-Au Resource, approximately 60km north of Cloncurry.

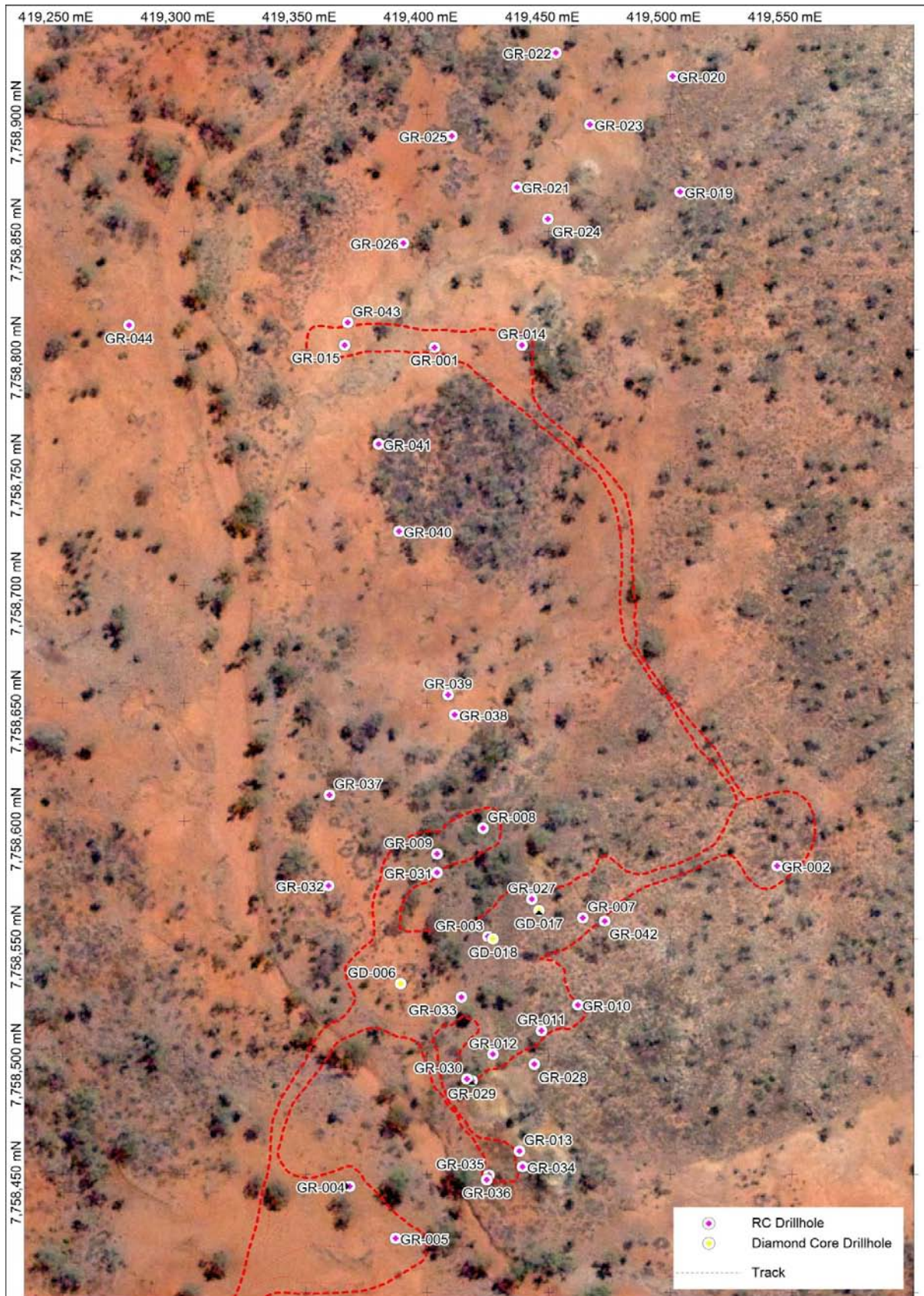


Figure 6. Drill hole locations at Gem (excluding GR-016 located 100m to south and GR-045, located 300m southeast).