

CHINA YUNNAN COPPER AUSTRALIA

HIGHLIGHTS

COPPER

CHILE - HUMITO PORPHYRY - MAPPING AND GROUND MAGNETICS

MOUNT ISA - DRILL PROGRAM COMMENCEMENT

CLONCURRY - GEM JORC RESOURCE ESTIMATE

GOLD

ACTIVEX JV AND STANLEYS HOPE – DRILL RESULTS

RARE EARTH ELEMENT - URANIUM

ELAINE DOROTHY – EXTENSIONAL SURFACE SAMPLING

CHINA YUNNAN COPPER AUSTRALIA LIMITED

ABN:29 070 859 522

Level 5, 60 Edward Street, Brisbane Queensland 4000 Australia

Phone: (61 7) 3303 0653, Fax: (61 7) 3303 0601

www.cycal.com.au

ASX : CYU



Jason Beckton, MD
27 July 2010

Current Projects



Figure 1. Location of CYU's projects. Operational offices are at Mt Isa and Townsville, Queensland. In Chile, Humitos is subject to a geophysical program presently. The China Copper MOU continues to provide CYU with projects for review and ranking in Yunnan Province, China and the Peoples Republic of Lao.



Drilling, currently underway, on the Mt Dorothy Copper-Cobalt Prospect, Mary Kathleen Joint Venture, Mt Isa, Queensland

Quarterly Overview

COPPER GOLD – CLONCURRY MOUNT ISA

Gem Inferred Resource

Inferred JORC Resource Estimate completed for 490,000 tonnes @ 0.5% copper and 0.2g/t gold. This resource remains open at depth.

Mount Dorothy (Mary Kathleen Joint Venture)

Mapping completed, drill testing underway of previous results of 110m @ 0.57% copper by MIM in 1992 to be verified. Native copper noted in previous drill records. Drilling of 450 metres of reverse circulation drilling is underway at report date.

COPPER GOLD – CHILE

Mapping and ground magnetic program to refine drill targets commenced at Humito during the quarter.

Magnetics combined with collation and field checking may define the intrusive centre(s) at Humitos. Subject to targets generated, drilling will commence in the current quarter.

URANIUM - REE- Mt Isa (MARY KATHLEEN JV)

Elaine Dorothy

Mapping and surface scintillometer and Niton XRF sampling program for not only radioactive species but also a newly defined footwall copper mineralized zone with no previous sampling or drilling.

In the previous quarter, CYU released a JORC Inferred Resource Estimate of 83,000 tonnes @ 280ppm U₃O₈ and 3,200ppm Total Rare Earth Oxides (TREO) at a lower cut-off of 200ppm U₃O₈.

This Inferred Resource was able to be estimated after drilling three twin diamond holes into a pre-existing resource that was non JORC standard.



Drilling, Mt Dorothy,
Mary Kathleen JV

GOLD – PENTLAND (INCLUDING PENTLAND JV)

Stanley's Hope Mining Lease (100% CYU)

Epithermal gold Pajingo style mineralisation. Drilling results included 1,016 metres drilled in 2 diamond holes on granted mining lease ML1631, 100km west of Charters Towers, Queensland.

CYU-drilled SDH001 with intercept of:

- 14m @ 1.1g/t gold and 1.5g/t silver from 161m depth.

Examples of historically drilled intercepts collated by CYU:

- 15m @ 1.8g/t gold from 111m depth
- 14m @ 2.4g/t gold from 12m depth
- 8m @ 2.9g/t gold from 56m depth.

Key points of Stanley's Hope are:

- shallow mineralization
- granted mining lease
- close to infrastructure.

Additional drilling, required to grow the prospect, will be shallow level reverse circulation drilling.

Pentland JV with Activex Ltd

Mt Leyshon-Kidston style targets drilled at Norwood and Mt Remarkable.

Assay results were sub economic; however, intervals are strongly altered suggesting drilling tested the alteration halo of an intrusive centre, particularly at Mount Remarkable.

A three dimensional geological model will be compiled based on the increased knowledge from these exploration diamond drill holes, in part funded by a Queensland Government Collaborative Drilling Initiative.

Copper-Gold - Queensland - Cloncurry North

An inferred estimate was completed for Gem, 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. A total 45 drill holes, totalling 6,139 metres, has advanced the Gem prospect from an exploration target to an 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.

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 0.2g/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 0.3g/t gold from 185m) and GR-042 (4m @ 1.3% copper and 1.2g/t gold from 117m). A solitary hole, GR-021, appears to

indicate mineralisation (7m @ 0.34% copper and 0.17g/t gold from 124m) 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 6,138.62 metres, 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 1 metre 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 in Table 1 and Figures 2 and 3.

Table 1. Gem Copper-Gold Deposit Grade-Tonnage Data

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

Note. Use of significant figures is to avoid rounding errors and does not imply accuracy.

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 ± pyrite ± pyrrhotite ± magnetite. Mineralisation is also seen as disseminated chalcopyrite ± magnetite within zones of aplite. It is believed that in places post-mineralisation granitic dykes have stoped out the earlier mineralisation (Figure 2). 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.

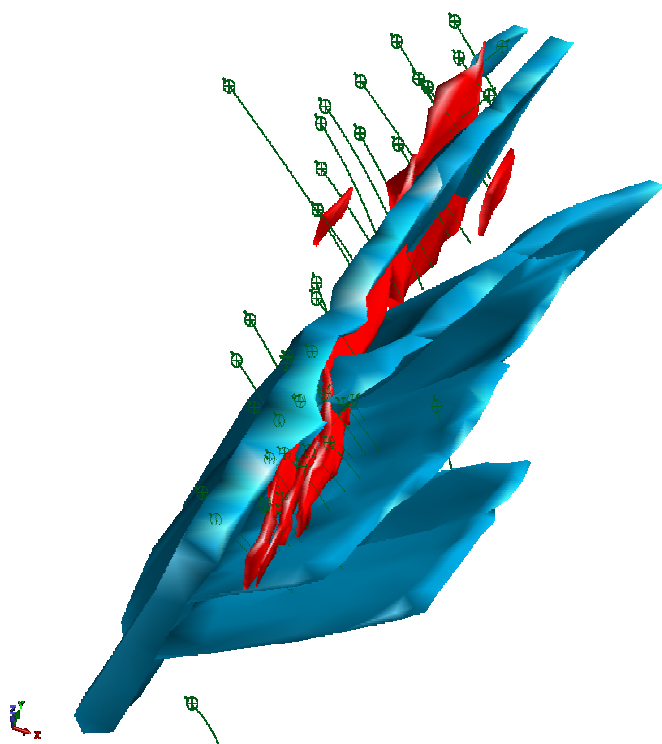


Figure 2. Gem mineralised zone (red), intersected by post mineralised granitic dykes (blue), looking down and to the north-northwest.



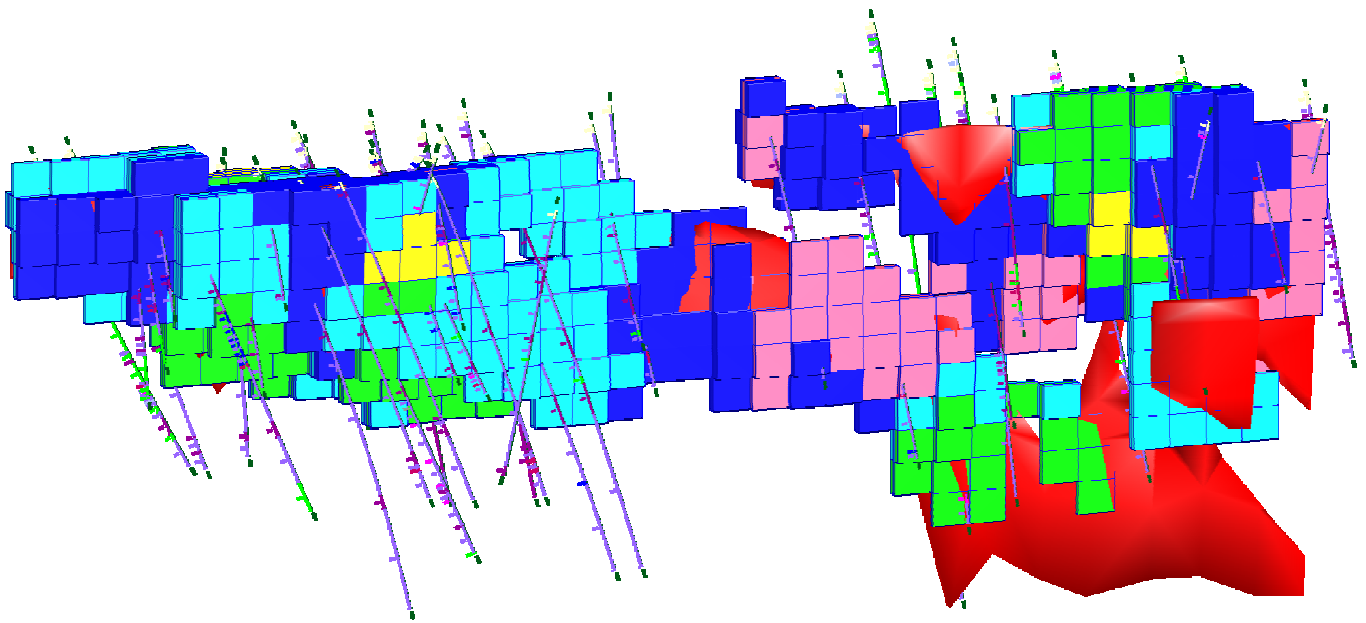


Figure 3. Block model of the Gem resource, looking to the northwest.
(Colours: pink <0.1% copper; blue = 0.1-0.2 copper; cyan = 0.2-0.5 copper; green = 0.5-1.0 copper; yellow = 1-2.5% copper. The red areas represent the geological interpreted wireframe for the mineralisation)). Note two higher grade copper zones in the north and south, and the possible extension of mineralisation to the south and at depth.

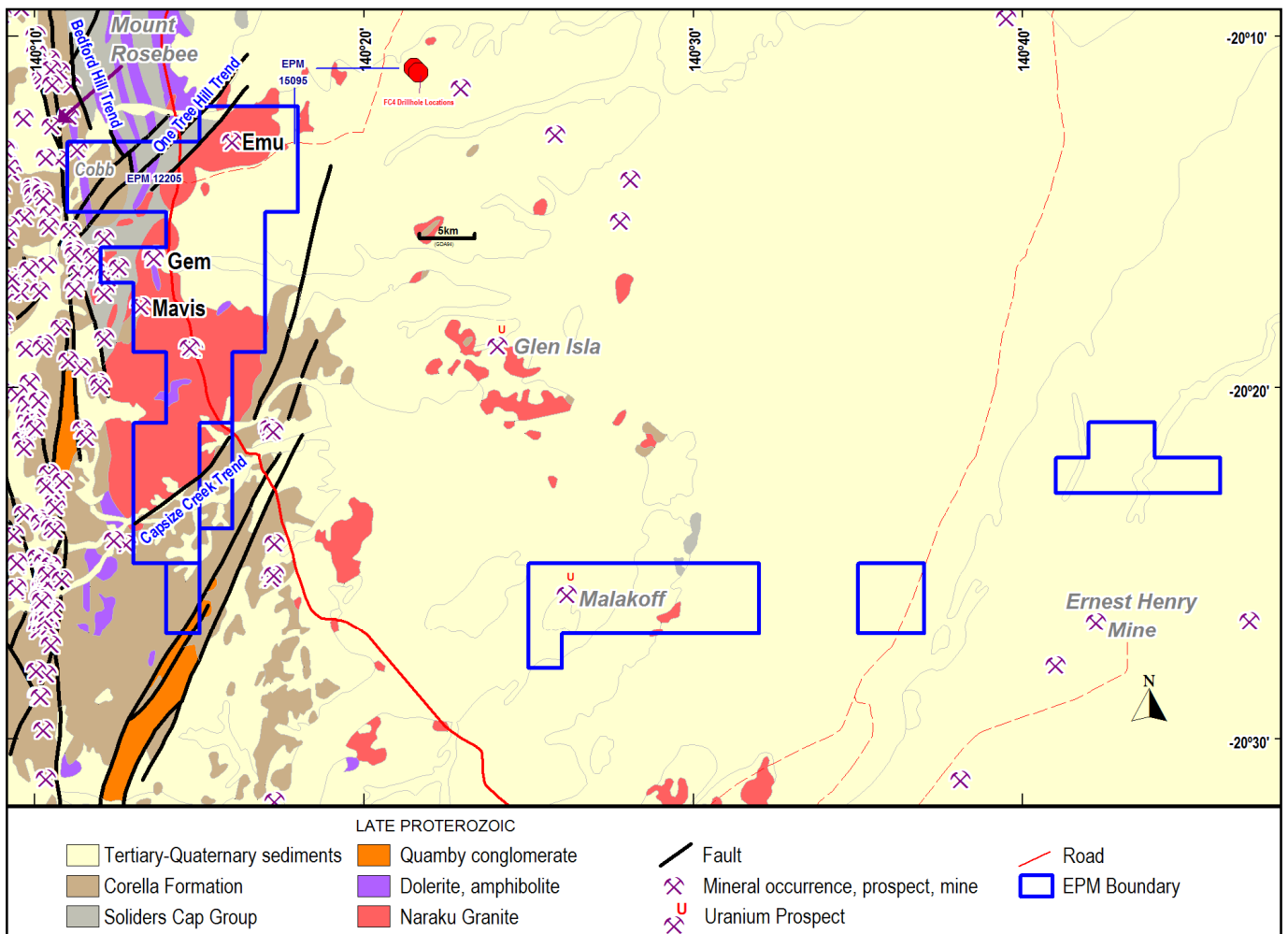


Figure 4. For the Cloncurry Project, the Gem Inferred Resource was the primary target investigated in the June 2010 Quarter.

Copper-REE-Uranium - Queensland - Mt Isa

MARY KATHLEEN JOINT VENTURE - GOLDSEARCH LIMITED

During the June quarter, mapping was finalised at Mt Dorothy prospect with drilling underway at report date of at least 450 metres to test strike extent and geometry of native copper and sulphide zones previously identified by MIM Exploration in 1992.

ELAINE DOROTHY RESOURCE

A mapping and sampling program has been completed to allow extension of the known Rare Earth Element-Uranium (REE-U) mineralised zone and potential drill testing of a footwall copper sulphide zone in association for the previously announced Inferred Resource of Elaine Dorothy.

Importantly, an independent petrographic mineral study has been completed confirming the Rare Earth

Element mineral as allanite and the Uranium mineral as uraninite which are both amenable to processing as per the previously-operating Mary Kathleen mine to the north. An association was also noted in this study with chalcopryite which is copper iron sulphide.

Table 2. Elaine Dorothy Inferred Resource Table at Increasing U₃O₈ Cut-offs

U ₃ O ₈ Cut-off (ppm)	kt	U ₃ O ₈	TREO (ppm)	SG	U ₃ O ₈ (t)	U ₃ O ₈ (k lb)
100	343	170	1889	3.09	58.3	129
150	151	230	2491	3.08	34.7	77
200	83	283	3236	3.07	23.5	52
250	40	344	3540	3.07	13.9	31
350	22	402	3714	3.07	8.9	20
400	6.7	552	6072	3.07	3.7	8
500	4.3	617	8069	3.07	2.6	6

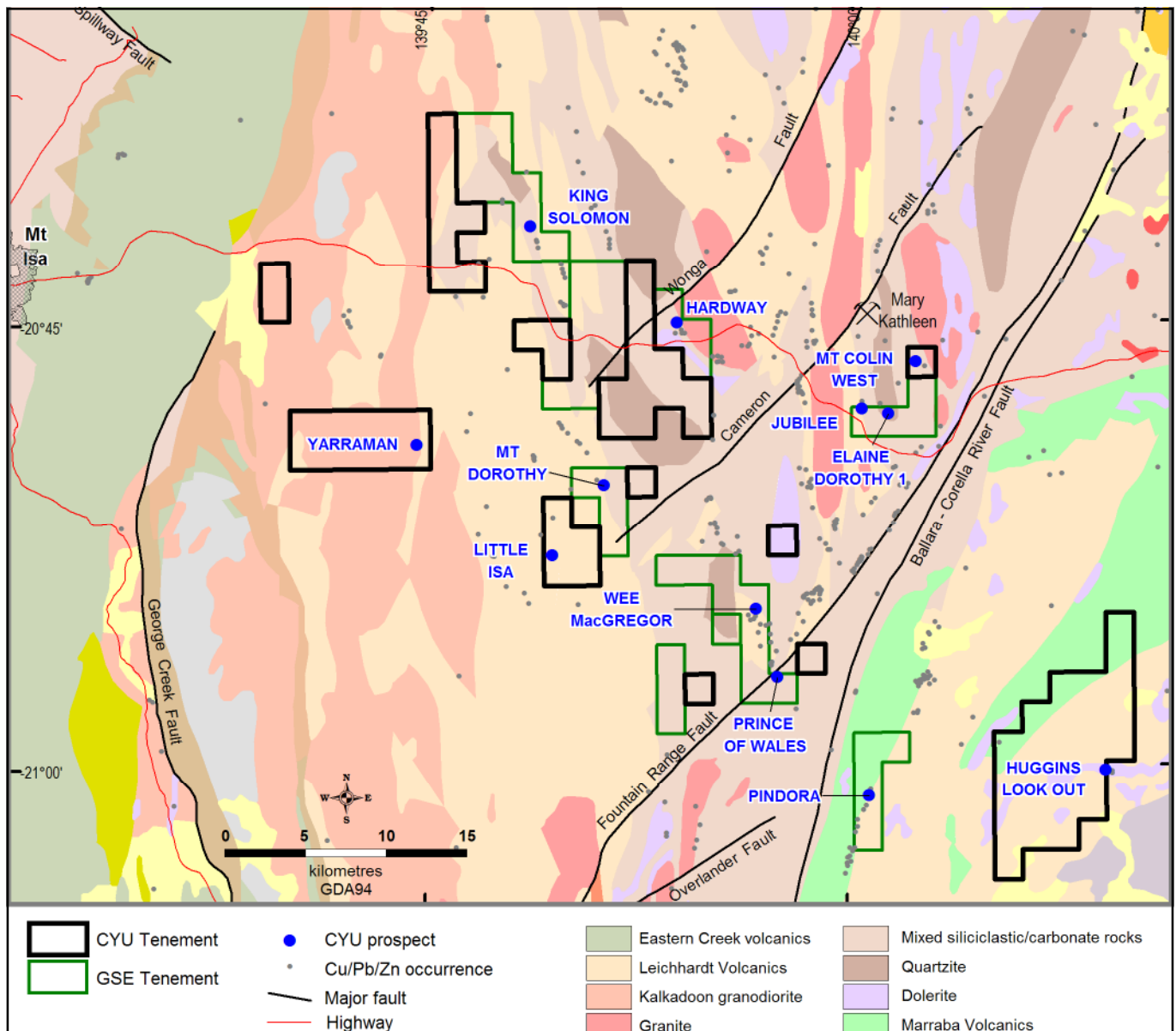


Figure 5. The Mt Isa Project has highly prospective drill targets 50km across strike from Mt Isa.

Copper – Chile - Humitos



In February, for the first time, a Chinalco or Yunnan Group related company, in the form of CYU, has entered the world-leading Chilean copper industry as a direct participant.

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.

CYU's Chief Geologist commenced check mapping and collating previous work at the end of the quarter and oversaw the commencement of ground magnetics which should allow identification of mineralised centres under the current altered cap.

Magnetics is known in Chile to regularly identify mineralised centres of this vertical 'cylinder' style of target and it is unusual that this property has not been previously tested by this technique.

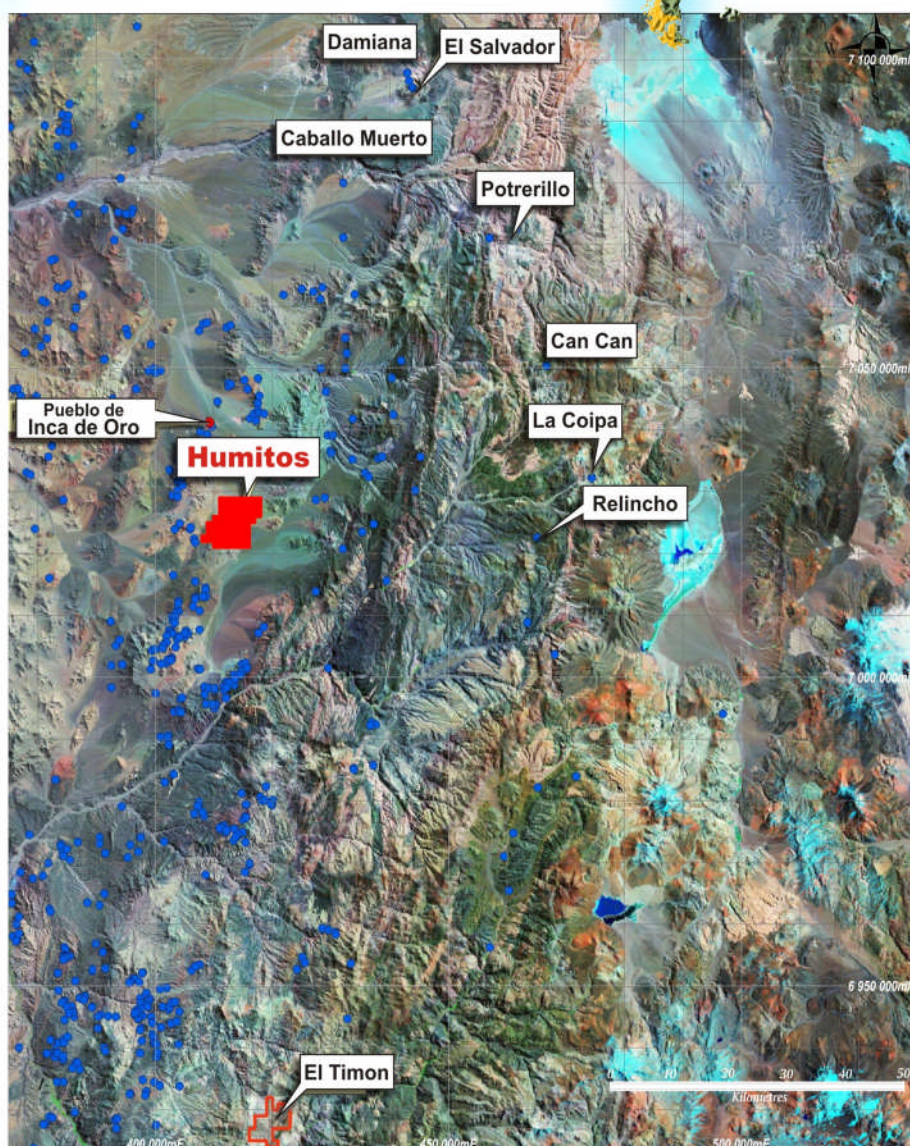


Figure 6. The Humito project is a copper porphyry project located 90km north of Copiapo, approximately 10km to the south of the village of Inca de Oro, an historic mining centre. Tenure comprises 17 tenements for a total area of 4,500ha. The project area is a comfortable 1500 to 2,600 metres above sea level.

Gold - Queensland - Pentland

PENTLAND JOINT VENTURE – ACTIVEX LIMITED

The program consisted of three holes totalling 1,257.30 metres of diamond (HQ3-NQ2) core drilling at two prospect areas, Mt Remarkable and Norwood (Table 3, Figure 7).

Table 3. Drillhole Location Co-ordinates

Hole ID	East* (m)	North* (m)	RL (m)	Azimuth GDA (°)	Dip (°)	Depth (m)
MRD001	322,702	7,731,613	497	102.5	-80	501.00
NWD001	320,642	7,726,741	453	15.5	-75	354.10
NWD002	320,928	7,726,713	458	7.5	-75	402.20

* Datum GDA94 Zone 55

Abundant sulphide mineralisation, dominated by pyrite was observed throughout the core in all holes. No significant occurrence of breccias or quartz stockwork veining was identified. All assays have been returned with minor gold mineralisation intersected (Table 4).

Table 4. Significant Mineralisation (0.25g/t Au cut-off)

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)
MRD001	No Significant Intersections			
NWD001	29.00	30.00	1.00	1.70
	34.00	36.00	2.00	0.84
NWD002	No Significant Intersections			

STANLEY'S HOPE (ML 1631 – 100% CYU)

Epithermal gold Pajingo style mineralisation. Drilling results included 1,016 metres drilled in 2 diamond holes on granted mining lease ML1631, 100km west of Charters Towers, Queensland. Interpretation is that the old silver epithermal system occurs at depth, hence the use of drilling at significant vertical separation from previous drilling.

Drilling has confirmed the tenor of previous historic campaigns at depth and this will lead to a step out drilling program of the shallow gold zone (Table 5). Stanley's Hope is located in north east Queensland, well known for Intrusive Related Gold/Copper styles (IRGS) and Mesothermal Charters Towers style of mineralisation.

Table 5. Stanley's Hope Drillhole Locations

Hole ID	East* (m)	North* (m)	RL (m)	Azimuth (°)	Dip (°)	Depth (m)
SHD001	331,164	7,733,733	445	195	-60	518.4
SHD002	331,057	7,733,349	438	15	-60	497.6
* Easting and Northing UTM MGA Zone 55 - GDA94.						1,016.0

The township of Pentland is located 5km south of the tenement area. The area is well serviced by road, rail, water and electricity infrastructure. The ML is held 100% by CYU and lies within Exploration Licences subject of our Pentland Joint Venture with ActivEx Ltd (AIV:ASX).

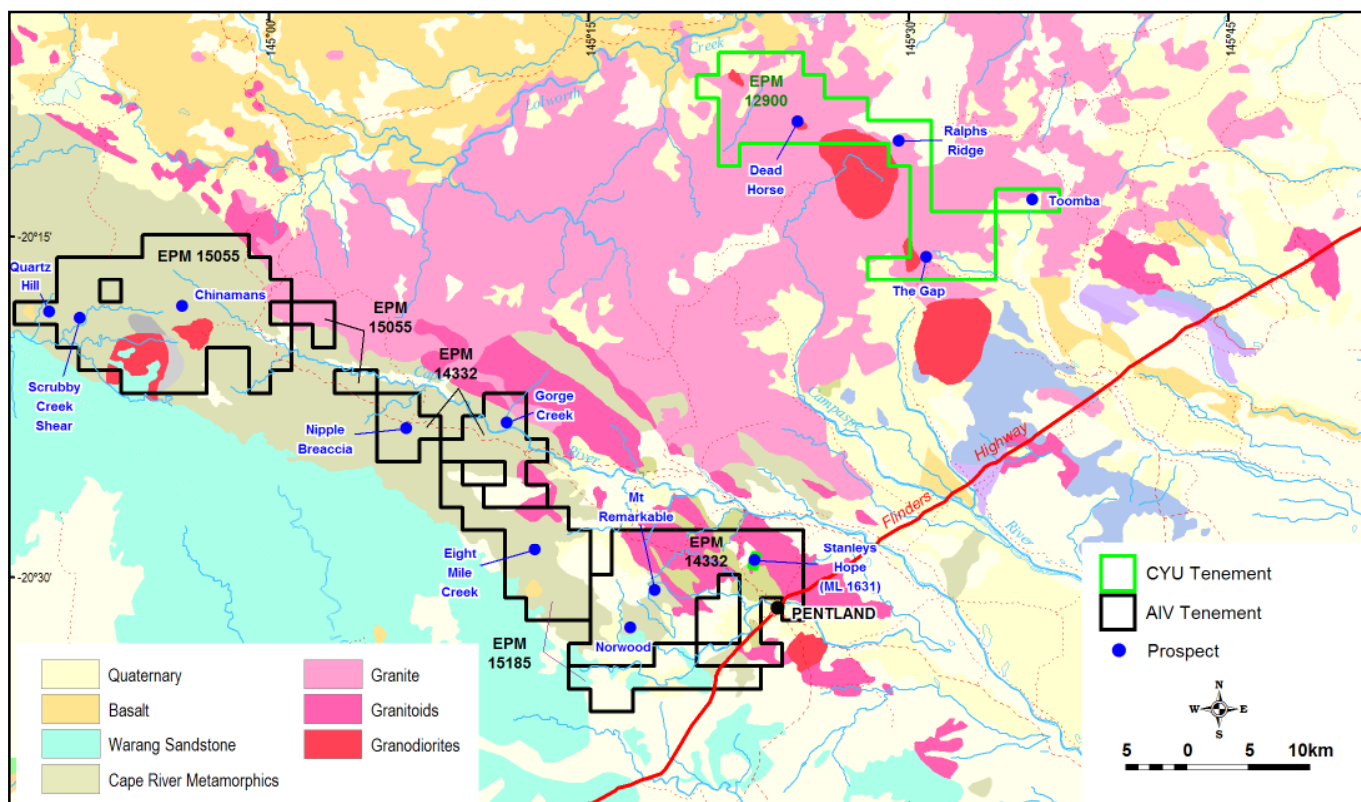


Figure 7. Location of AIV's JV tenure approximately 100 kilometres west of Charters Towers. Mt Remarkable and Norwood are defined porphyry gold targets on which drilling was completed.

Gold mineralisation in the area is related to post-metamorphic intrusives thought to be of Permo-Carboniferous age which equates with the age of Mt Leyshon, Mt Wright and other significant gold bearing breccias of the region and the epithermal gold deposits at Pajingo, Wirrallee, Yandan and Mt Coolon.

Gold mineralisation at Stanley's Hope is hosted in granitic gneiss, and within and adjacent to rhyodacite dykes. Both zones contain chalcedonic quartz + sulphide veins and stringers with associated intense alteration (sericite + silica + clay + pyrite). Anomalous gold within these zones, as throughout the prospect, is associated with elevated silver.

Table 7. Significant Mineralisation drilled by previous explorers.

Hole ID	From (m)	Au (g/t)	Accum.* (gm)	Intercept (g/t Au)
PD04	14	1.09	4.7	4.3m @ 1.09g/t Au
	47.25	5.24	17.8	3.4m @ 5.24g/t Au
PPD01	12	5.87	11.7	2m @ 5.87g/t Au
PPD03	18	2.61	5.2	2m @ 2.61g/t Au
PPD04	18	4.49	9.0	2m @ 4.49g/t Au
PSAC317	60	2.27	4.5	2m @ 2.27g/t Au
PSRC335	21	5.74	11.5	2m @ 5.74g/t Au
	including 22	10.64	10.6	1m @ 10.64g/t Au
PSRC344	24	2.06	16.5	8m @ 2.06g/t Au
	including 27	3.24	9.7	3m @ 3.24g/t Au
	including 28	4.34	4.3	1m @ 4.34g/t Au
	111	1.77	26.6	15m @ 1.77g/t Au E.O.H.
including	112	3.44	6.9	2m @ 3.44g/t Au
	including 113	4.39	4.4	1m @ 4.39g/t Au
including	117	2.1	14.7	7m @ 2.1g/t Au
PSRC349	145	0.80	6.4	8m @ 0.8g/t Au
SPD07	16	4.40	4.4	1m @ 4.4g/t Au
SPD11	12	2.38	33.3	14m @ 2.38g/t Au
SPD14	12	0.47	8.5	18m @ 0.47g/t Au
	56	2.96	23.7	8m @ 2.96g/t Au
SPD19	22	1.03	4.1	4m @ 1.03g/t Au

* Only intercepts with interval x grade => 4 included, denoted as Accumulation (Accum.)

Table 6. CYU Significant Drill Intersections
(nominal 0.25g/t gold cut-off)

Hole ID	From (m)	To (m)	Width (m)	Au (g/t)	Comment
SHD001	8.00	12.00	4.00	0.43	1g/t Au cut-off
	29.00	30.00	1.00	0.33	
	47.00	48.00	1.00	0.60	
	95.00	98.00	3.00	0.48	
	161.00	175.00	14.00	1.13	
	including 172.00	174.00	2.00	5.30	
	178.00	179.00	1.00	0.26	
	259.00	260.00	1.00	1.10	
SHD002	487.00	493.00	6.00	0.53	1g/t Au cut-off
	24.00	25.00	1.00	0.39	
	60.00	61.00	1.00	0.28	
	86.00	87.00	1.00	0.84	
	158.00	161.00	3.00	3.00	
	176.00	178.00	2.00	2.06	
	196.00	197.00	1.00	0.90	
	234.00	235.00	1.00	1.29	
	270.00	271.00	1.00	0.38	
	287.00	289.00	2.00	1.70	
	314.00	317.00	3.00	0.62	
	350.00	351.00	1.00	1.82	
	377.00	378.00	1.00	0.50	
	414.00	415.00	1.00	0.35	
	417.00	419.00	2.00	0.33	
	461.00	462.00	1.00	0.79	
	469.00	470.00	1.00	0.28	
	475.00	476.00	1.00	0.35	
	483.00	485.00	2.00	0.47	

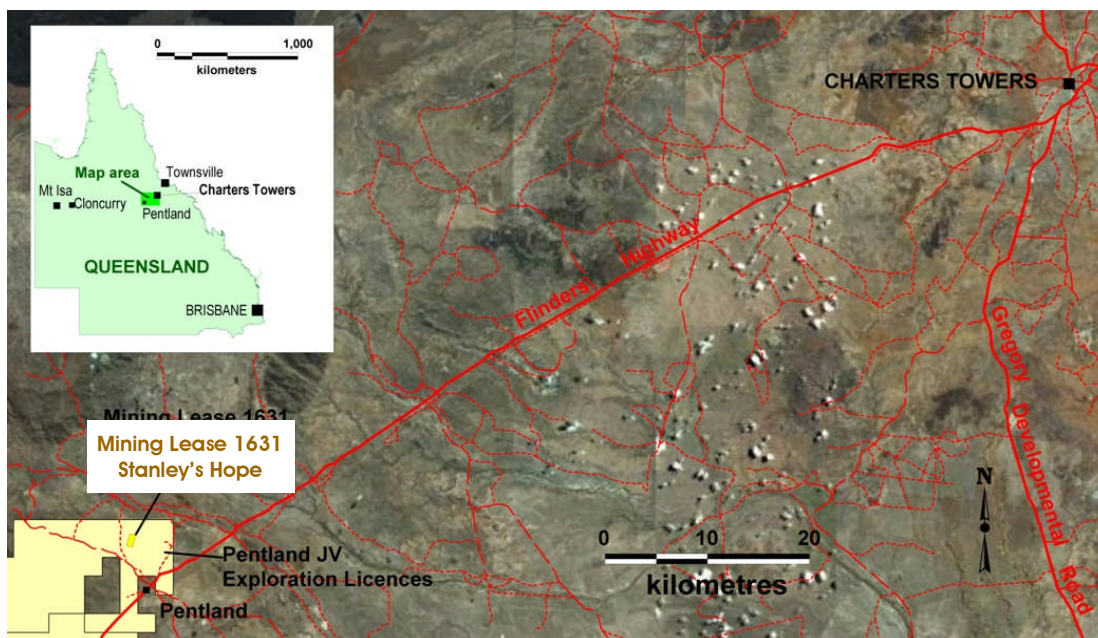


Figure 8.
Stanley's Hope Location Map.

Corporate

ABOUT CHINA YUNNAN COPPER AUSTRALIA LIMITED

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 is on the path to achieving its short term objective of resource definition and development for its three target commodities copper, gold and uranium-REE and to achieve this is targeting high quality projects in Queensland, Chile and China.

JORC Inferred Resource Estimate completed for Elaine Dorothy U-REE prospect with JV partner, Goldsearch Limited after only three diamond holes, growth expected.

JORC Inferred Resource estimate completed for Gem prospect, open at depth.

Completed diamond drilling the Pentland Gold JV and 100% owned Stanley's Hope.

For the Humito Copper Porphyry Project in Chile, mapping and ground geophysics should soon lead to drill targets. First field reconnaissance completed.

In a Memorandum of Understanding for project generation in China and Laos with cornerstone investor YCI.

STRATEGY

CYU has a strategy of project generation and operating current projects that comprise high quality copper, gold and uranium projects in Queensland's Mt Isa Inlier, Pentland Province and the Cordillera of Chile (Figure 1).

This strategy has been justified with an inferred resource being reported for Gem in Cloncurry. During the previous quarter CYU posted a JORC Inferred resource after drilling three diamond holes in the Mary Kathleen Joint Venture with Goldsearch Limited at the Elaine Dorothy Rare Earth Element Uranium prospect.

Gold exploration is active on the Joint Venture project with ActivEx Ltd (ASX: AIV) and the 100% CYU owned Stanley's Hope mining lease both in the Pentland district. An extensional drill program will be proposed to grow the Stanley's Hope project.

CASH POSITION

As at 30th June 2009, the Company has approximately \$1.6 million in cash and no debt. Cash exploration expenditure for the quarter was \$1 million with projected expenditure of \$450,000 for the September quarter.

Board of Directors

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

Registered Office

China Yunnan Copper Limited
Level 5, 60 Edward Street, Brisbane
QLD 4000 Australia
Phone (61 7) 3303 0653
Fax (61 7) 3303 0601

Issued Share Capital

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

Company Secretary

Paul Marshall

Exchange Listing

ASX : CYU

Further Information

Please contact:

Jason Beckton
Managing Director, CYU
0438 888 612

Share Registry

Link Market Services Limited
Level 12, 300 Queen Street,
Brisbane QLD 4000 Australia
Phone: 1300 554 474
Fax: (61 7) 3228 4999
www.linkmarketservices.com.au

Website

www.cycal.com.au

Quarterly Share Price Activity			
Quarter	High	Low	Last
Jun 2008	\$0.43	\$0.19	\$0.19
Sep 2008	\$0.25	\$0.12	\$0.12
Dec 2008	\$0.19	\$0.07	\$0.07
Mar 2009	\$0.10	\$0.07	\$0.068
Jun 2009	\$0.20	\$0.16	\$0.17
Sep 2009	\$0.35	\$0.16	\$0.24
Dec 2009	\$0.35	\$0.17	\$0.20
Mar 2010	\$0.35	\$0.205	\$0.205
Jun 2010	\$0.23	\$0.091	\$0.15

Competent Persons Statement

The information in this report that relates all prospects to and Inferred Resource at the Gem Prospect and Exploration Results in Queensland and Chile which 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 Inferred Resource for the Elaine Dorothy Prospect 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.