



ASX/Media Announcement

24th February 2011

Significant Copper-Cobalt and Rare Earth Element (REE)-Uranium mineralisation at Elaine Dorothy, Mary Kathleen JV with Goldsearch Limited

- **New zone of copper-cobalt sulphide mineralisation grading;**
49 metres @ 0.44% copper, 283ppm cobalt, from 25 metres inc. 24 metres @ 0.63% copper, 301ppm cobalt from 46 metres
- **Broad rare earth element+/-uranium mineralisation grading;**
25 metres @ 2043ppm TREO, 0.07 kg/t U₃O₈ from 69 metres
13 metres @ 2550ppm TREO, 0.09 kg/t U₃O₈ from 149 metres inc. 7 metres @ 3300ppm TREO, 0.13 kg/t U₃O₈ from 151 metres
- **Copper mineralisation not reported by historical percussion drillhole visual sulphide intersection.**
- **New zone of TREO (Total rare earth oxides) and uranium mineralisation 200m along strike from the Elaine Dorothy JORC Inferred Resource.**
- **Next step is resource growth; both at surface and down plunge at the Elaine Dorothy deposit and exploratory drilling targeting Cerium in soil anomalies at the Elaine 2 and Elaine 3 prospects.**

China Yunnan Copper Australia Limited (**ASX: CYU**) and Mary Kathleen Joint Venture partner Goldsearch Limited (**ASX: GSE**) today announce the results of the recently completed diamond drillhole (**MKED004**) targeting potential REE and copper mineralisation at the **Elaine Dorothy uranium-REE-copper prospect**, Mary Kathleen Joint Venture, Northwest Properties, Queensland. The Northwest Properties comprise CYU's 100% owned Cloncurry North and Mount Isa projects and the **Mary Kathleen Joint Venture** area (joint venture partner Goldsearch Limited (**ASX: GSE**)) (**Figure 1**).

MKED004 was drilled to a total depth of 207.8m (**Table 1**). The hole was designed as an exploratory drillhole following up a historical percussion drillhole, EP004 (TD 136m, 1983), which reported a visual zone of sulphide mineralisation of **42m averaging 38% sulphide from 28 metres, not previously assayed for REE, copper or gold.**

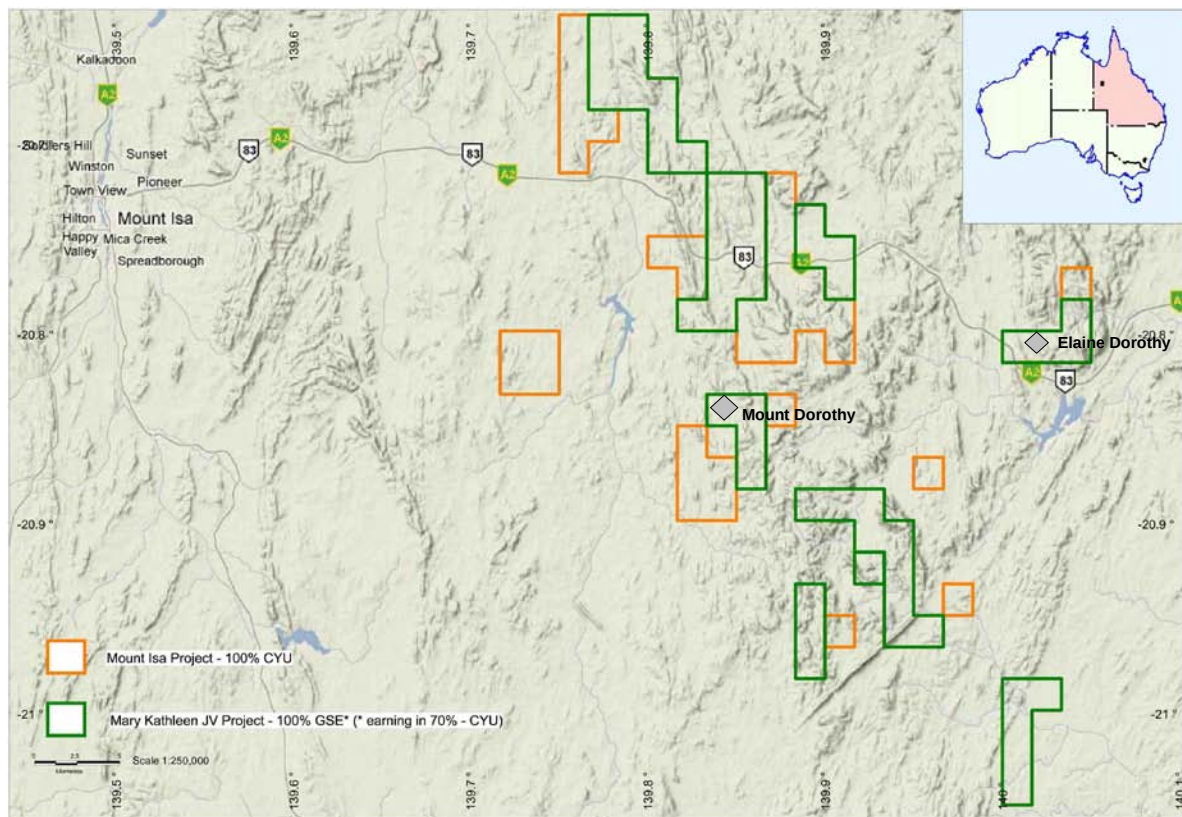


Figure 1. Tenement location plan of Mount Isa Project (CYU 100%) and Goldsearch Limited Joint Venture Project). Mt Dorothy is located approximately 50 kilometres east of Mount Isa.

EP004 is located 200 metres northwest of the Elaine Dorothy uranium-REE JORC inferred resource of **83,000t @ 0.28kg/t U_3O_8 and 3200ppm TREO** undertaken by independent resource consultants Hellman and Schofield Pty Ltd in 2010 (**Figure 2**).

Table 1: *Drillhole location information. Datum in GDA94 Z54 UTM co-ordinates and Azimuth is True North.*

Hole ID	East	North	RL	Azi	Dip	Depth
MKED004	398,054	7,699,542	405	177	-70	207.80m
EP004	398,053	7,699,540	405	177	-70	136.00m

MKED004 was collared 2 metres to the NNE of EP004 within a 5 to 10 metre wide NNE trending, steeply dipping gossanous shear zone that contains minor malachite, within garnet skarn (garnetite). The hole passed through the oxidised shear at 11 metres into massive garnetite with minor patchy diopside rich calc-silicate that continued to 205 metres. The hole was terminated in a biotite schist unit at 207.8 metres.

The oxidised shear at the top of the hole contains minor malachite and mineralisation continued in fresh garnetite to 15 metre with moderate pyrite and minor chalcopryrite. Significant sulphides, dominated by stringer and disseminated pyrrhotite with pyrite and patchy chalcopryrite, occurs between 27 metres and 70 metres. This zone corresponds well with the sulphides recorded in EP004.

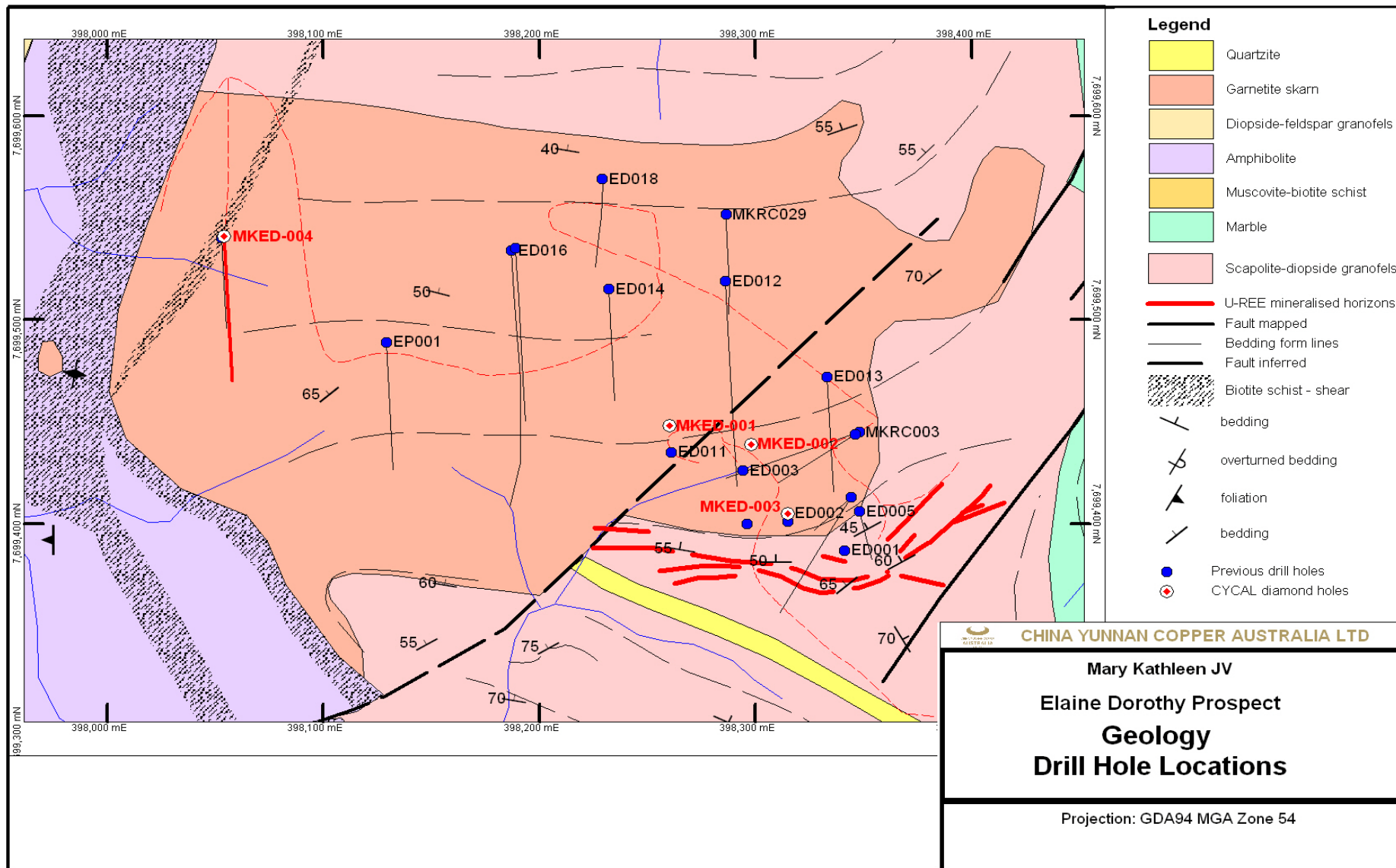


Figure 2. Drillhole Location and Geology Plan

The sulphides are generally fracture controlled with pyrrhotite exceeding 50% from 43 metres to 60 metres, associated with moderate amounts of pyrite upto 10% and minor chalcopyrite up to 2%. The more intense fracture zones develop into narrow breccias (5 to 10cm) with sulphide fill. Chalcopyrite is best developed between 59 metres and 70 metres with several zones of flat lying tensional veins observed.

Assay results have been returned for MKED004 and significant copper-cobalt intersections are shown in **Table 2**. A summary section of MKED004 and EP004 is displayed in **Figure 3**.

Several copper - cobalt intercepts relating to the visible mineralisation described above are reported above in **Table 2**. The shear zone at the top of the hole returned **15m @ 0.33% copper, 162ppm cobalt from surface**. The broad zone of visible sulphides returned **49m @ 0.44% copper, 283ppm cobalt from 25m**, including **24m @ 0.63% copper, 301ppm cobalt from 46m** and **8m @ 0.30% copper, 217ppm cobalt from 81m**. Copper values reach a maximum of 1.75% copper with 325ppm cobalt and 0.18g/t gold at 59 metres – 60 metres, associated with the chalcopyrite tension veins (**Photo 1**).

Table 2: Summary of *Significant Copper + Cobalt Intersections – Elaine Dorothy Prospect*

Hole ID	From (m)	To (m)	Width (m)	Cu (%)	Co (ppm)	Au (g/t)	Comment (150ppm Co & 0.10g/t Au cut-offs)
MKED004	0	15	15	0.33	162	0.07	inc. 4m @ 325ppm Co from 11m
MKED004	25	74	49	0.44	283	0.05	inc. 5m @ 325ppm Co from 27m inc. 28m @ 398ppm Co from 41m inc. 2m @ 1,430ppm Co from 43m
including	46	70	24	0.63	301	0.09	0.50% Cu cut-off
including	66	70	4	1.03	238	0.22	1.00% Cu cut-off
MKED004	81	89	8	0.30	217	0.02	inc. 3m @ 492ppm Co from 86m
MKED004	174	175	1	0.12	134	0.03	

* 0.10% Cu cut-off with a maximum of 3m internal dilution



Photo 1: MKED004, ~57.00 to 60.00 metres - Strong fracture controlled pyrrhotite+pyrite+chalcopyrite mineralisation in a garnetite and diopside calc-silicate units. Assays returned for **interval = 3m @ 1.04% copper, 361ppm cobalt and 0.09g/t gold**.

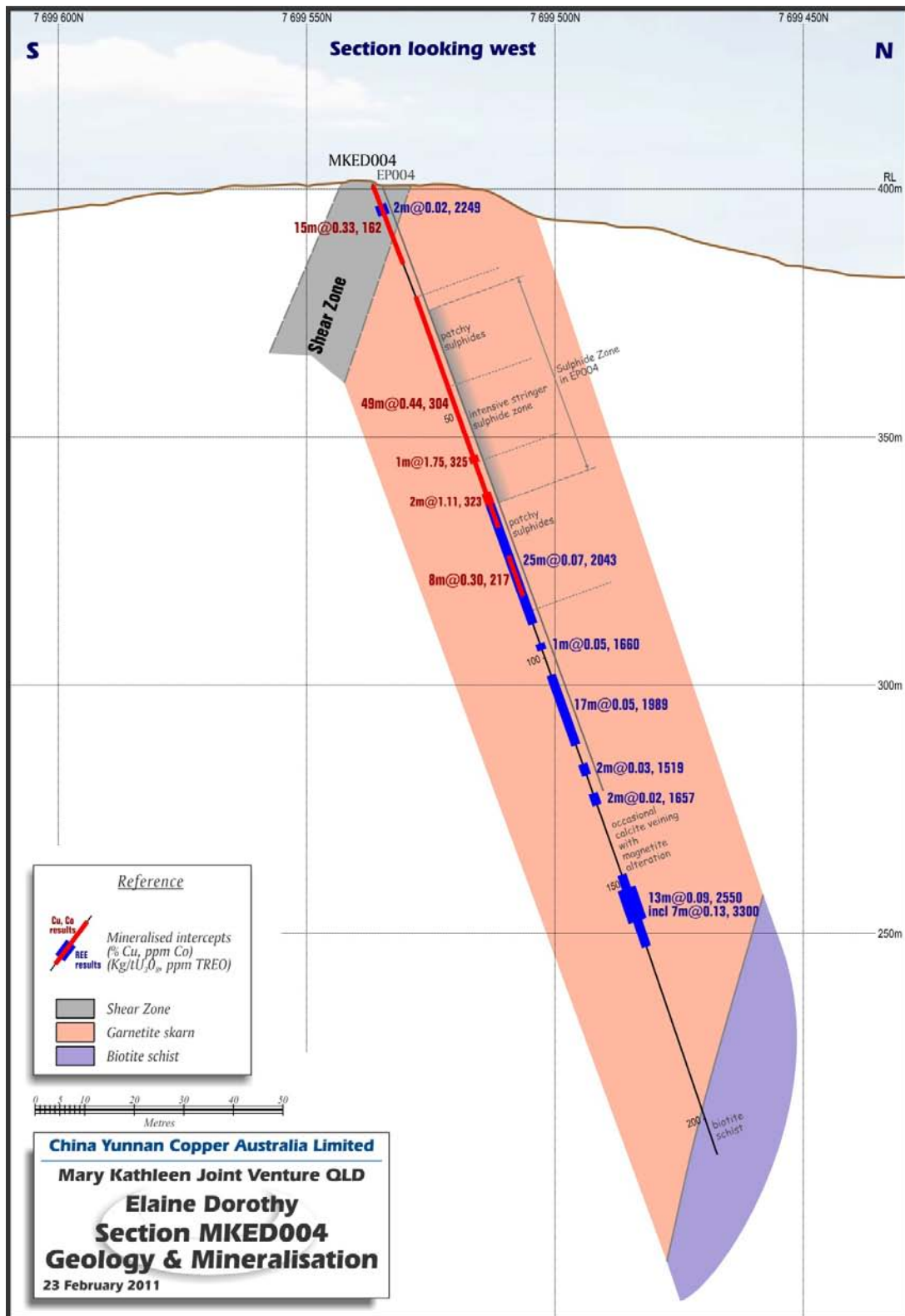


Figure 3. Section 398050mE – MKED004 & EP004. Red intercept depicts copper cobalt zone and blue is REE Uranium Zone. This polymetallic intercept is open to the north and south and will represent resource growth for REE and a new copper cobalt zone for further delineation.

These results open up the potential for significant copper mineralisation along strike and at depth in an area of limited drilling.

Significant uranium and rare earth mineralisation has also been returned from MKED004. Summary of significant intersections for uranium and TREO are shown in **Table 3**.

Table 3: Significant Rare Earth Oxide and Uranium Intersections – Elaine Dorothy Prospect:

Hole ID	From (m)	To (m)	Width (m)	U ₃ O ₈ (kg/t)	TREO* (ppm)	Comment
MKED004	4	6	2	0.02	2249	
MKED004	69	94	25	0.07	2043	
MKED004	97	98	1	0.05	1660	
MKED004	103	120	17	0.05	1989	
MKED004	125	127	2	0.03	1519	
MKED004	133	135	2	0.02	1657	
MKED004	149	162	13	0.09	2550	
<i>including</i>	<i>151</i>	<i>158</i>	<i>7</i>	<i>0.13</i>	<i>3300</i>	<i>at a 0.30% TREO cut off</i>

* 0.15% TREO (total rare earth oxide) cut-off with a maximum of 3m internal dilution

** TREO is the sum of REE assays converted to REO (rare earth oxide) for Ce, La, Dy, Er, Eu, Gd, Ho, Lu, Nd, Pr, Sm, Tb, Tm, Yb and Y.

88% of the TREO is dominated by the LREO (light rare earth oxides) of CeO₂ (46%), La₂O₃ (25%), NdO₂ (13%) and Pr₆O₁₁ (4%) The HREO (heavy rare earth oxides) average 7% of TREO and Y₂O₃ averaging 5%. A summary of the breakdown of TREO is outlined in Table 4.

Table 4: Dominate REO as a percentage of TREO

From (m)	To (m)	Width (m)	TREO (ppm)	CeO ₂ (%)	La ₂ O ₃ (%)	NdO ₂ (%)	Pr ₆ O ₁₁ (%)	Y ₂ O ₅ (%)
4	6	2	2249	46	23	17	5	4
69	94	25	2043	47	26	12	4	5
97	98	1	1660	50	28	12	4	3
103	120	17	1989	45	25	14	4	5
125	127	2	1519	43	23	14	4	8
133	135	2	1657	43	23	15	4	6
149	162	13	2550	46	23	14	4	5
<i>151</i>	<i>158</i>	<i>7</i>	<i>3300</i>	<i>47</i>	<i>24</i>	<i>14</i>	<i>5</i>	<i>4</i>

MKED004 returned two significant TREO intersections of 25 metres @ 2043ppm TREO, 0.07 kg/t U₃O₈ from 65 metres and **7 metres @ 3300ppm TREO, 0.13 kg/t U₃O₈ from 151 metres** contained in a broader zone of 13 metres @ 2550ppm TREO and 0.09 kg/t U₃O₈ from 149 metres.

The uranium-rare earth mineralisation is dominated by cerium and is generally fracture related with narrow breccias (to 5cm) developed, within the garnetite-dipside skarn (**Photo 2**). The mineralisation may be related to the presence of black laths, tentatively identified as allanite and is associated with carbonate-magnetite-tremolite alteration and fracture fill. This style of mineralisation is thought to be similar to that of the Mary Kathleen deposit.



Photo 2: MKED004, ~151.00 to 153.00 metres – REE mineralisation associated with carbonate-magnetite-tremolite alteration. Presence of black mineral laths, tentatively identified as allanite Assays returned for interval = 2m @ **4427ppm TREO** and **0.15 kg/t U_3O_8**

The Elaine Dorothy Inferred uranium and rare earth resource contains **83,000t @ 0.28kg/t U_3O_8** and **3200ppm TREO** and was undertaken by independent resource consultants Hellman and Schofield Pty Ltd (**H&S**) in 2010.

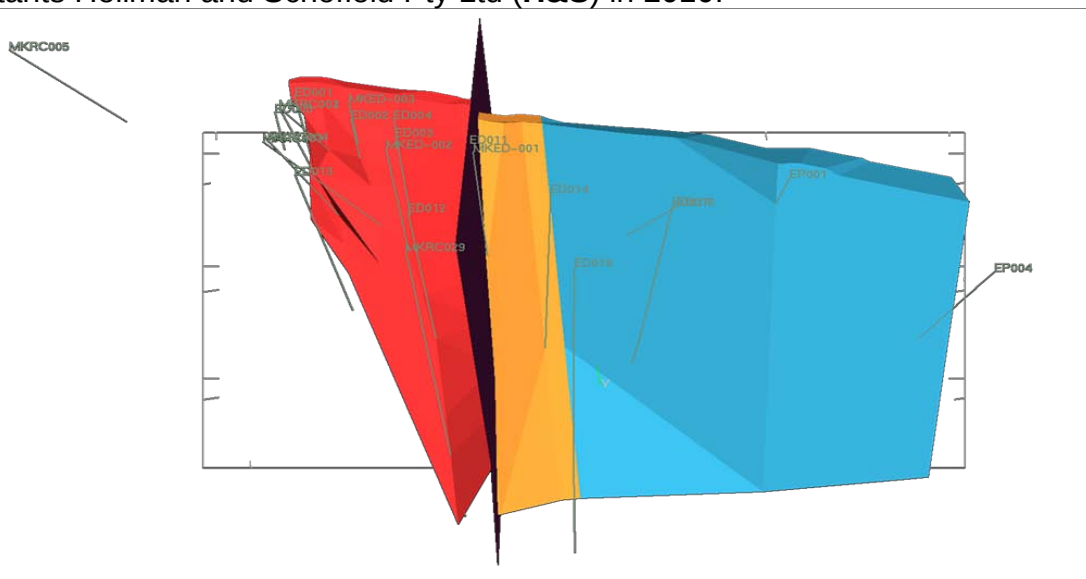


Figure 4. Mineralised zones – Elaine Dorothy JORC Inferred Resource (H&S 2010) south view. Zones – blue = potential extension. The red eastern zone (higher grade) remains open to the east. Note location EP004 on extreme west with obvious implication for resource growth.

This resource remains open with potential extension to the west down plunge and along the surface in the east (**Figure 3**). The intersections in MKED004 are comparable in grade and stratigraphically with the Inferred resource supporting the extension of mineralisation.

Planning and preparations are underway for an infill drill program of the 200 metre zone between MKED004 (EP004) and the Elaine Dorothy resource to confirm the continuation of the uranium - rare earth mineralisation.

Scout drilling is also being planned to be undertaken on the Elaine 2 and Elaine 3 prospects located to the south east of the Elaine Dorothy resource where higher magnitude cerium (Ce – LREE) soil anomalies have been identified (**Figure 5**).

Two (400m long and 190m long) >200ppm cerium soil anomalies have been identified at the Elaine No.2 (peak value 980ppm cerium) and Elaine No.3 (peak value 668ppm cerium – soil anomaly remains open) prospects respectively. Notably the Elaine Dorothy resource is co-incident with a 220m >200ppm cerium soil anomaly with a peak value of 990ppm cerium.

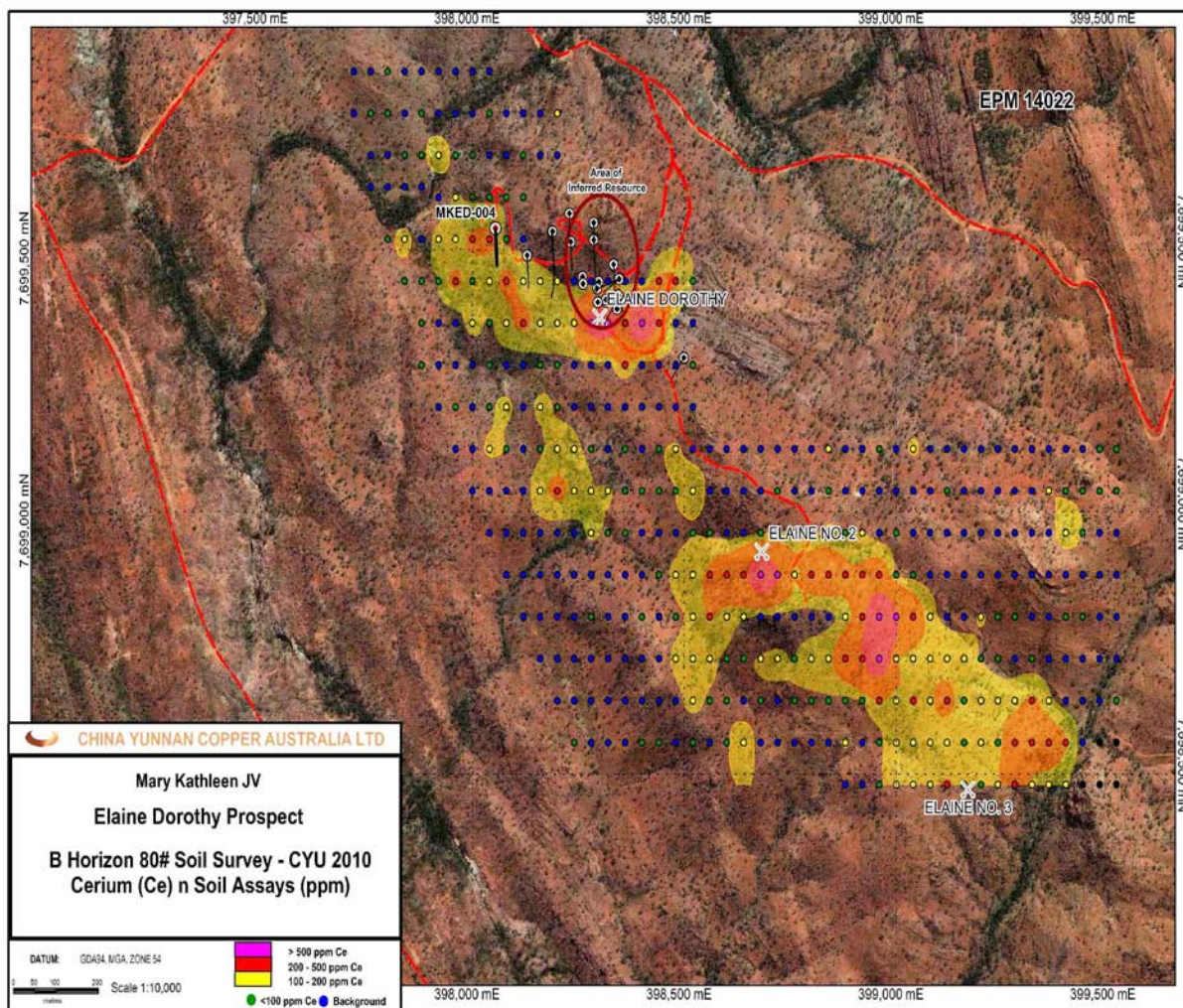


Figure 5: CYU's 2010 B Horizon Soil Survey Location Plan – Cerium soil assays (ppm)

From the drilling and the resource calculation, cerium is the dominated REE associated with mineralisation analysed to date. The presence of significant concentrations of this element in soils elsewhere in the prospect area represents targets for further investigation.

Competent Person's Statement

The information regarding to Exploration Activities in this report that relates to the Elaine Dorothy (EPM 14022) prospect and the Elaine Inferred Resource is based on information compiled by Mr. Richard Hatcher, who is a Member of the Australian Institute of Geologists 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 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.

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.

Apart from the Elaine REE Copper exploration program other current activities include;

- Drilling concluded this month at the Mount Dorothy Copper+Cobalt+HREE-Y prospect. The drill is currently being processed and samples submitted to the lab. Compilation of drill results will be ongoing as assays are returned.
- Compilation of drill results this month from the recently completed drill program at the Humitos Copper Porphyry project in Copiapo district, Chile. This drilling targeted a series of shallow covered magnetic targets.
- Finalisation of project acquisition in Northern Laos as part of the Memorandum of Understanding with CYU's cornerstone investor Yunnan Copper Industries (YCI) to undertake regional exploration and project generation work in Yunnan Province, China and Laos.

For further information please contact;

Mr Jason Beckton
Managing Director
CYU
0438 888 612

Richard Hatcher
Exploration Manager
CYU
0400 720 792

or visit the website, www.cycal.com.au