



ASX/Media Announcement

5 April 2011

\$13M CAPITAL RAISING FOR EXPLORATION & PROJECT DEVELOPMENT

China Yunnan Copper Australia Limited (ASX:CYU) has entered into agreements for a \$13.127 million capital raising to develop deposits and fund drilling and exploration programs. The placement of 54,695,775 shares at 24 cents each will raise gross proceeds of approximately \$13.127 million.

This placement will complete a capital raising process that included a share purchase plan (SPP) completed in December 2010 when the company raised \$1.5 million at 15 cents per share.

The placement will be conducted in two tranches, the first comprising 8.9 million shares to raise \$2.1 million (before costs), which will be settled later this week. The second tranche, comprising approximately 45.8 million shares, is conditional upon shareholder approval. The second tranche requires shareholder approval as it is in excess of the maximum number of shares that may be issued by the company under the ASX Listing Rules in any 12 month period without shareholder approval (i.e. 15% of the company's share capital). The placement involves the participation of CYU's major shareholder and also a director of the company. The company intends to convene a meeting of shareholders mid May 2011 to seek the required approvals.

Proceeds from the placement will be used for drill-out programs on the company's copper, cobalt, yttrium and heavy rare earth elements discoveries in Queensland, for exploration drilling in Chile and to fund a recently announced joint venture (with cornerstone investor Yunnan Copper Industries) to develop copper-silver deposits in Laos.

The capital raising is being managed by Paterson Securities Limited.

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