

ASX/Media Announcement

13th October 2009

Drilling to commence - Elaine Dorothy Uranium Target

- **Drilling to confirm and validate the historical drilling**
 - **Mary Kathleen Joint Venture, Mount Isa Region**

China Yunnan Copper Australia Limited (**ASX: CYU**) announces today with joint venture partner Goldsearch Limited (**ASX: GSE**) the commencement of drilling this month on one of the Mary Kathleen Project prospects considered prospective for uranium and rare earth elements (REE) mineralisation. Elaine Dorothy occurs within the Mount Isa Inlier, north west Queensland.

At Elaine Dorothy (**Figure 2**) previous exploration by Mary Kathleen Uranium (formerly operators of the Mary Kathleen Mine) and GSE has highlighted significant Mary Kathleen-style uranium (and REE) mineralisation.

An exploration target for the Elaine One Anomaly is assessed at between 150,000t and 250,000t of mineralisation with grades between 0.34 and 0.56 kg/t U₃O₈ (using a 0.15 k/t U₃O₈ cutoff grade) and will be tested by twinning previous high grade intercepts returned in 1955 and 1980. This target is based on historical data from 9 diamond core holes with chemical assays of unknown method and surface outcrops with scintillometer readings. This data has been reviewed and assessed by an independent consultant.

The purpose of the twinned holes is to confirm and validate the historical drilling results with a view to convert at least part of the exploration target to an Inferred Resource. The potential quantity and grade of the Elaine One Anomaly exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

Further drilling is required to adequately test mineralisation defined to date (**eg: 2.3 metres at 2.62 kg/t uranium oxide (U₃O₈) from 26 metres, 9.5 metres at 0.36 kg/t U₃O₈ from 13.5 metres and 2 metres at 1.34 kg/t U₃O₈ from 100 metres down hole depth**). For reference the mined out Mary Kathleen Mine yielded 9.2 million tonnes at a grade of 1.20 kg/t U₃O₈.

ASX Code: CYU

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Under the terms of the Mary Kathleen Joint Venture, CYU is obligated to carry out exploration programs to investigate a number of high priority targets identified by GSE and previous tenement holders within a period of three years. After sole funding expenditure of \$750,000, CYU will have gained the right to earn an initial 49% participating interest in the tenements.

By contributing additional expenditure to a cumulative amount of \$1.5 million within a three year period from the commencement of the farm-in and joint venture agreements, CYU will have gained the right to earn a 70% participating interest in the tenements. During the farm-In period, CYU will solely fund and manage the exploration for all minerals within the tenement area.

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, is one of China's largest copper producers. CYU is targeting high quality copper, gold and uranium projects with eleven wholly owned Exploration Permit for Minerals (EPM's) in the Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier in Queensland.

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Competent Person's Statement

The information in this report that relates to the Exploration Target for the Elaine One Anomaly 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.

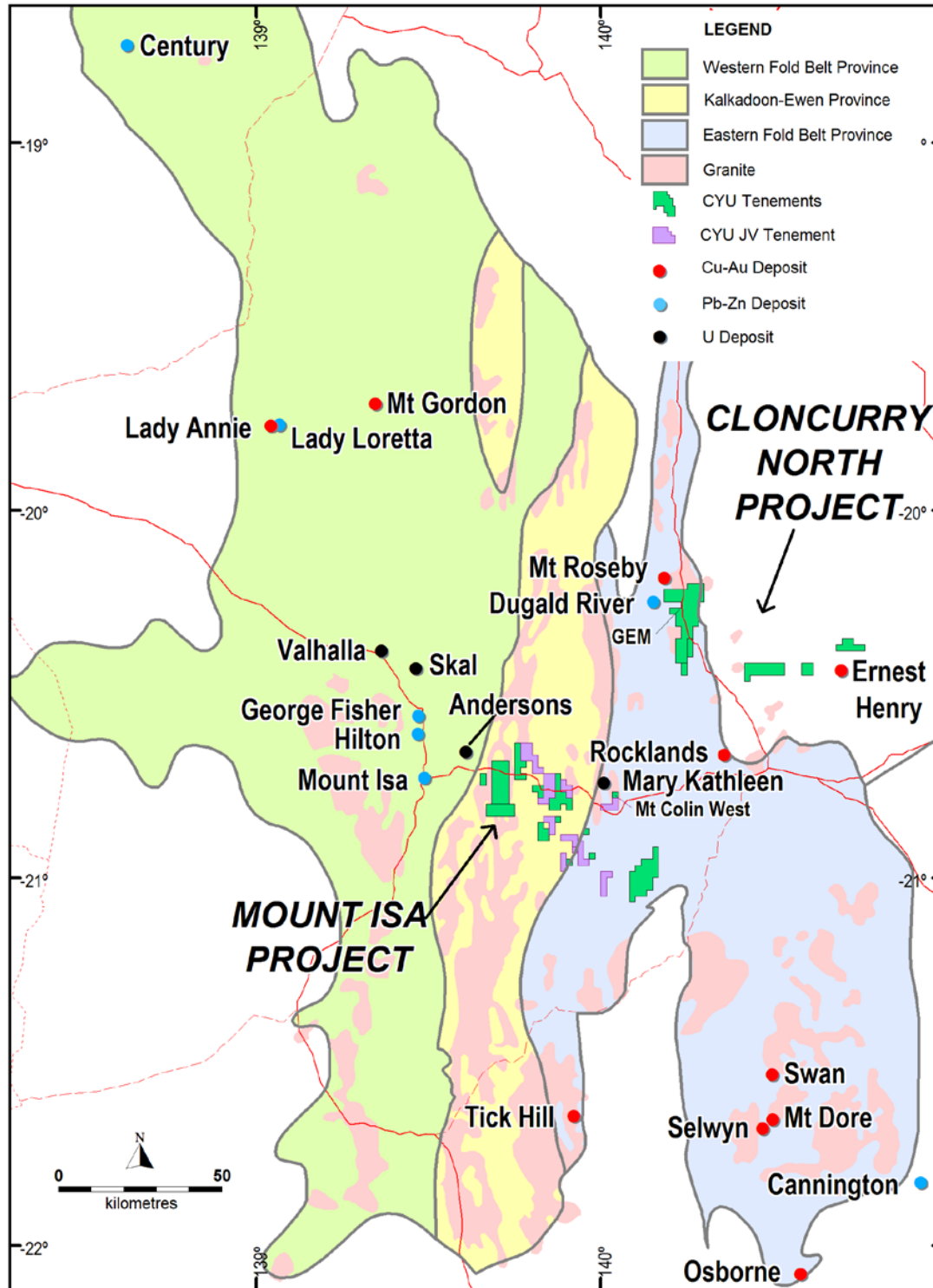


Figure 1. CYU – GSE tenement locations in the Mount Isa Project area. The Mary Kathleen JV is a good strategic fit for CYU as it is consistent with CYU’s successful exploration program underway within the Cloncurry North Project.

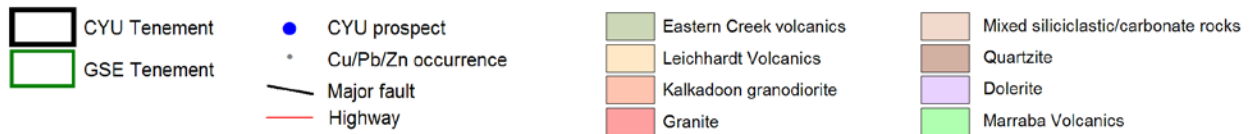
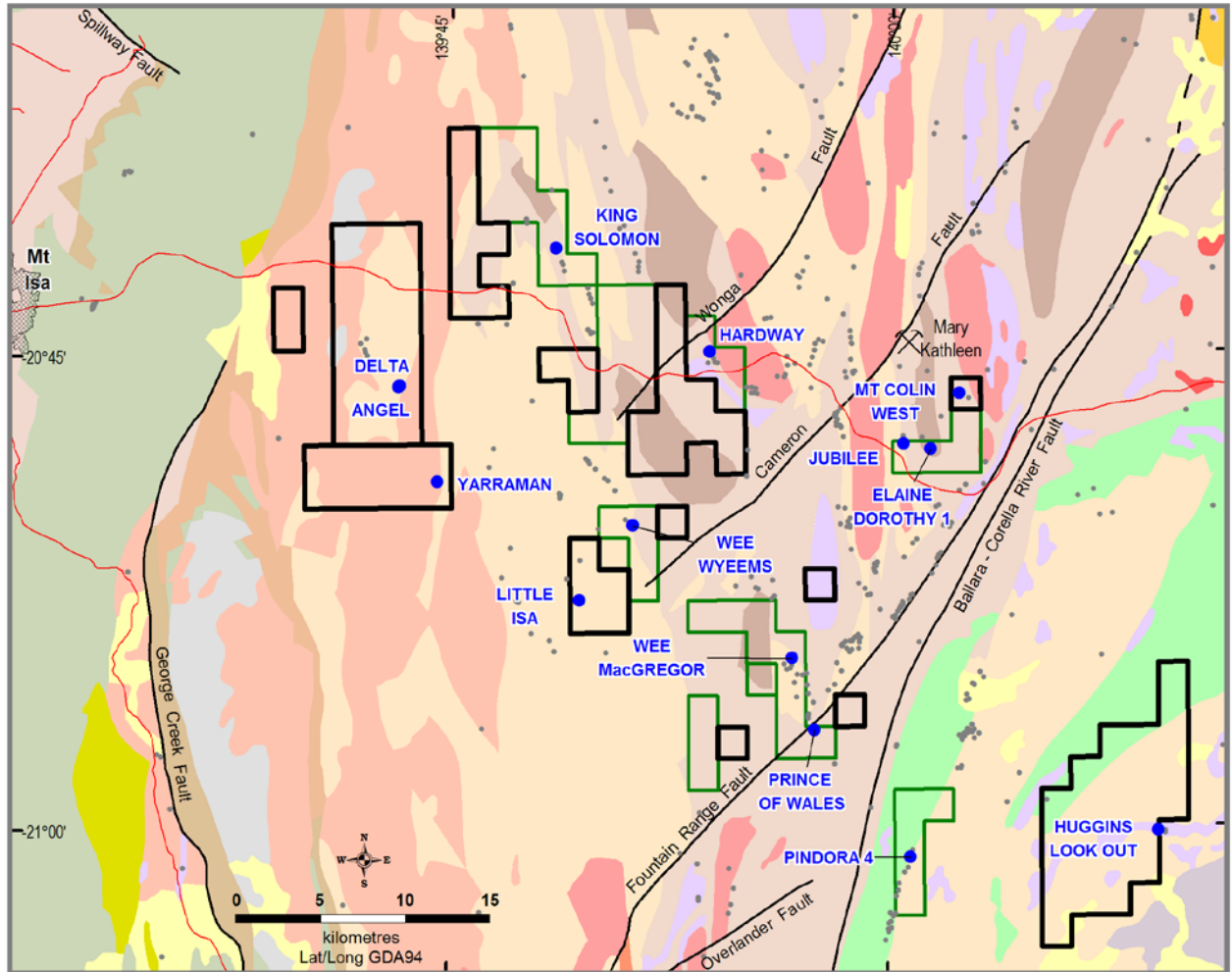


Figure 2. Elaine Dorothy is approximately 5 kilometres south of the previously mined Mary Kathleen deposit. Mary Kathleen was worked as a Uranium mine but also had a grade of 3% Rare Earth Elements (REE).