

## ASX/MEDIA ANNOUNCEMENT

23rd October 2008

# Copper-Gold Mineralisation Drilled at the Cloncurry North Project

## Key Points

- ⇒ 19 metres at 0.21% copper, 0.04g/t gold from 105 metres including 6 metres at 0.34% copper, 0.08g/t gold from 105 metres from the Emu Prospect (inc. 1m @ 1.02% Cu, 0.38g/t Au from 106m).
- ⇒ 6 metres at 0.31% copper, 0.04g/t gold from 15 metres including 5 metres at 0.36% copper, 0.05g/t gold from 15 metres from the Cobb Prospect.
- ⇒ 11 metres at 0.11% copper, 0.05g/t gold from 89 metres including 3 metres at 0.22% copper, 0.04g/t gold from 89 metres from the Mavis Prospect.

China Yunnan Copper Australia Limited (ASX:CYU) today announced encouraging results from its first pass exploration reconnaissance reverse circulation "RC" drilling programme at the Emu, Cobb and Mavis prospects on its Cloncurry North Project. **All three prospects have not previously been drilled.** The RC drilling programme was undertaken in August – September 2008. The programme has returned encouraging results for the three prospects where drilling indicates mineralisation extending down dip from surface expressions. **Significantly, results from the Emu Prospect indicate a potential increase in grade and width with depth. At the Mavis Prospect the zone of elevated gold values coincides with copper mineralisation.**

## **CLONCURRY NORTH PROJECT**

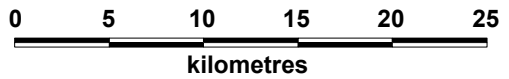
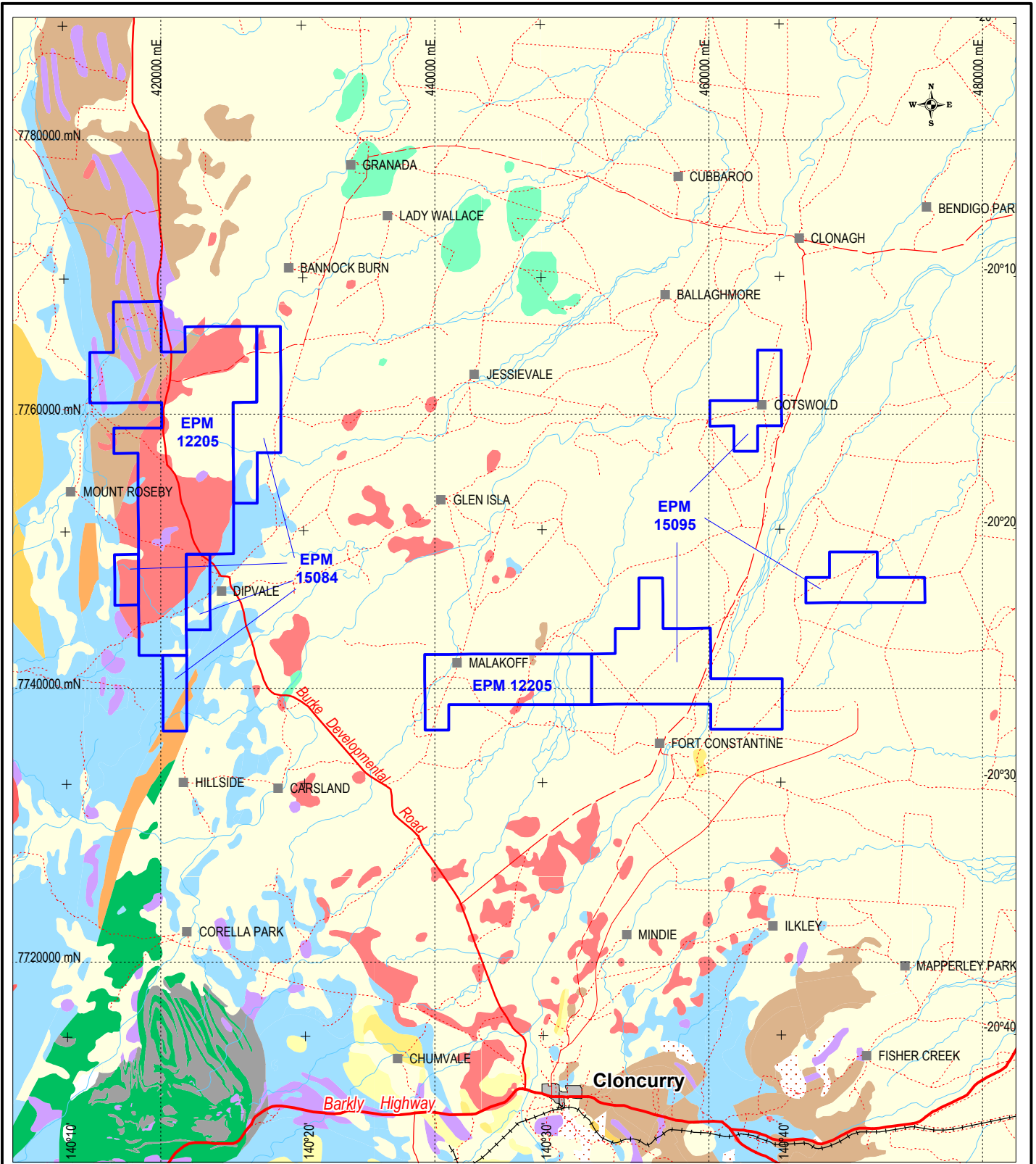
The Cloncurry North Project consists of two distinct areas, the eastern and the western areas (**Figure 1**). The eastern area consisting of EPM's 12205 and 15095 contains the prospective Proterozoic age sequence that hosts the Ernest Henry copper-gold deposit and is overlain by younger Mesozoic age sediments that host roll front uranium mineralisation. The western area consisting of EPM's 12205 and 15084 also contains the prospective Proterozoic age sequences that host the Dugald River lead-zinc deposit and the Mount Roseby copper deposit. A large elongated pluton of the Naraku Granite, part of the Williams Supersuite, that hosts the Ernest Henry Cu-Au deposit, has intruded these country rocks and is exposed in the area.

Several prominent aeromagnetic features which are considered prospective for iron oxide-copper-gold mineralisation similar to that of the Ernest Henry deposit have been identified in both areas of the project. Following review and compilation of historical fieldwork, reconnaissance mapping, and prospect scale surface geochemical sampling CYU has defined three prospective areas of Emu, Cobb and Mavis in the western area of EPM 12205 (**Figure 2**) to undertake a limited first pass exploration RC drill programme of 15 holes totalling 2,552 metres.

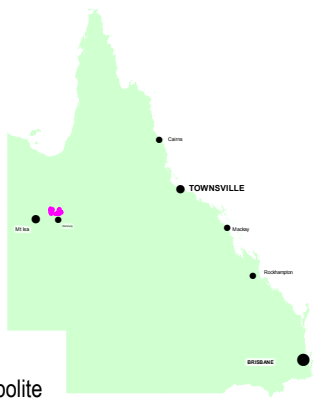
### **EMU PROSPECT**

Historic regional surface geochemical surveys defined a series of soil copper anomalies, up to 810 parts per million (ppm) copper, discontinuously along a 12 kilometre strike length. These anomalies are coincident with a major northeast trending magnetic high that marks the contact between basement rocks and the Naraku Granite. The Emu Prospect is situated on the north eastern extent of this soil and magnetic anomaly.

The Emu Prospect comprises several old prospecting pits that have been sunk on the main northeast mineralization trend for a strike length of 111 metres. An additional prospecting pit has been located 110 metres to the northwest and was sunk on a sub-parallel mineralized trend. Previous explorers have conducted costeaning programmes around the old workings. No historic drilling has been undertaken in the prospect. Two additional prospecting pits were discovered situated along the main trend of mineralisation that extend the strike length to greater than 1000 metres.



- EPM boundary
- Cainozoic
- Mesozoic
- Mount Albert Group
- Mary Kathleen Group
- Quamby Conglomerate
- Soldiers Cap Group
- Metadolerite and amphibolite
- Granodiorite



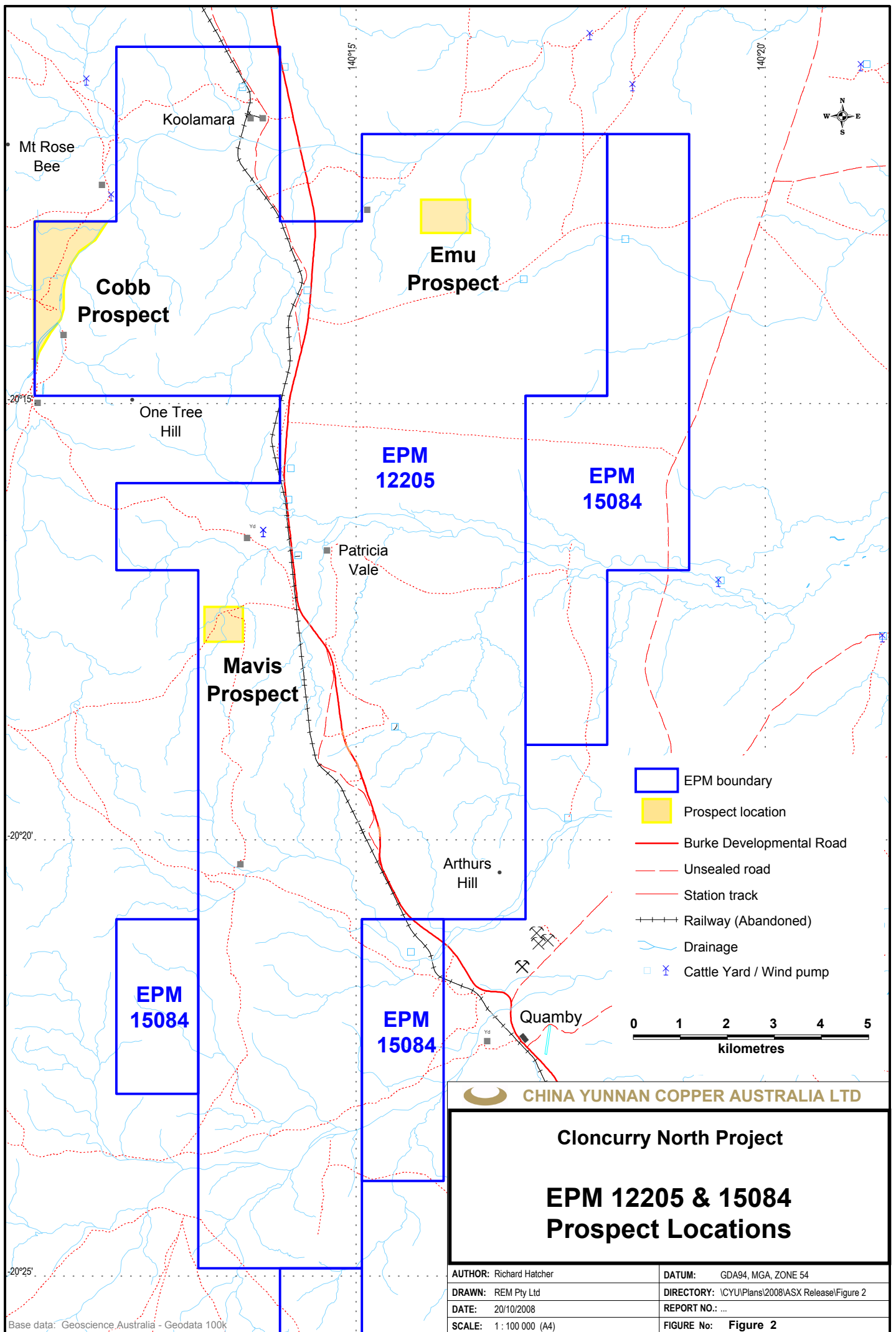
Base data  
 Topography: Geoscience Australia  
 Geology: Mt Isa 1:500,000

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**Cloncurry North Project**

**Location Map**

AUTHOR: Richard Hatcher	DATUM: GDA94, MGA, ZONE 54
DRAWN: REM Pty Ltd	DIRECTORY: \CYUI\Plans\2008\ASX October Release\Fig1
DATE: 20/10/2008	REPORT NO.: ...
SCALE: 1:400 000 (A4)	FIGURE No: <b>Figure 1</b>



## EMU PROSPECT (continued)

Rock chip sampling has also been undertaken both by CRAE and CYU with the focus around the historic workings. Peak values of 7g/t gold and 0.89% copper were returned by CRAE and peak values of 0.88g/t gold and 17.3% copper were returned from CYU's rock chips.

The prospect is dominated by medium grained pink granite to the northwest and fine – medium grained granodiorite to the southeast. Dykes of quartz-pegmatite breccia, greisen and a massive tourmaline dominant (greisen?) rock occur all displaying various amounts of copper staining and haematite alteration. These dykes (and mineralization) occur sub-parallel to parallel with each other and generally trend northeast dipping steeply to the northwest. Common quartz blows and quartz+magnetite veins on the same trend as the dykes were also observed. In the southeast of the prospect a large area of calcrete and bleached granodiorite and quartz-pegmatite dykes occur with rare copper staining observed.

A total of 6 holes for 1,152 metres were completed in August 2008 (**Table 1**). Holes ER-001 to ER-005 were designed to test strike and down dip extensions of surface mineralisation and beneath historic workings. Hole ER-006 was designed to drill below a soil anomaly of 592 parts per billion (ppb) gold in the calcrete and bleached zone in the southeast of the prospect. Minor mineralisation was identified during drilling with pyrite and chalcopyrite being the dominant sulphides.

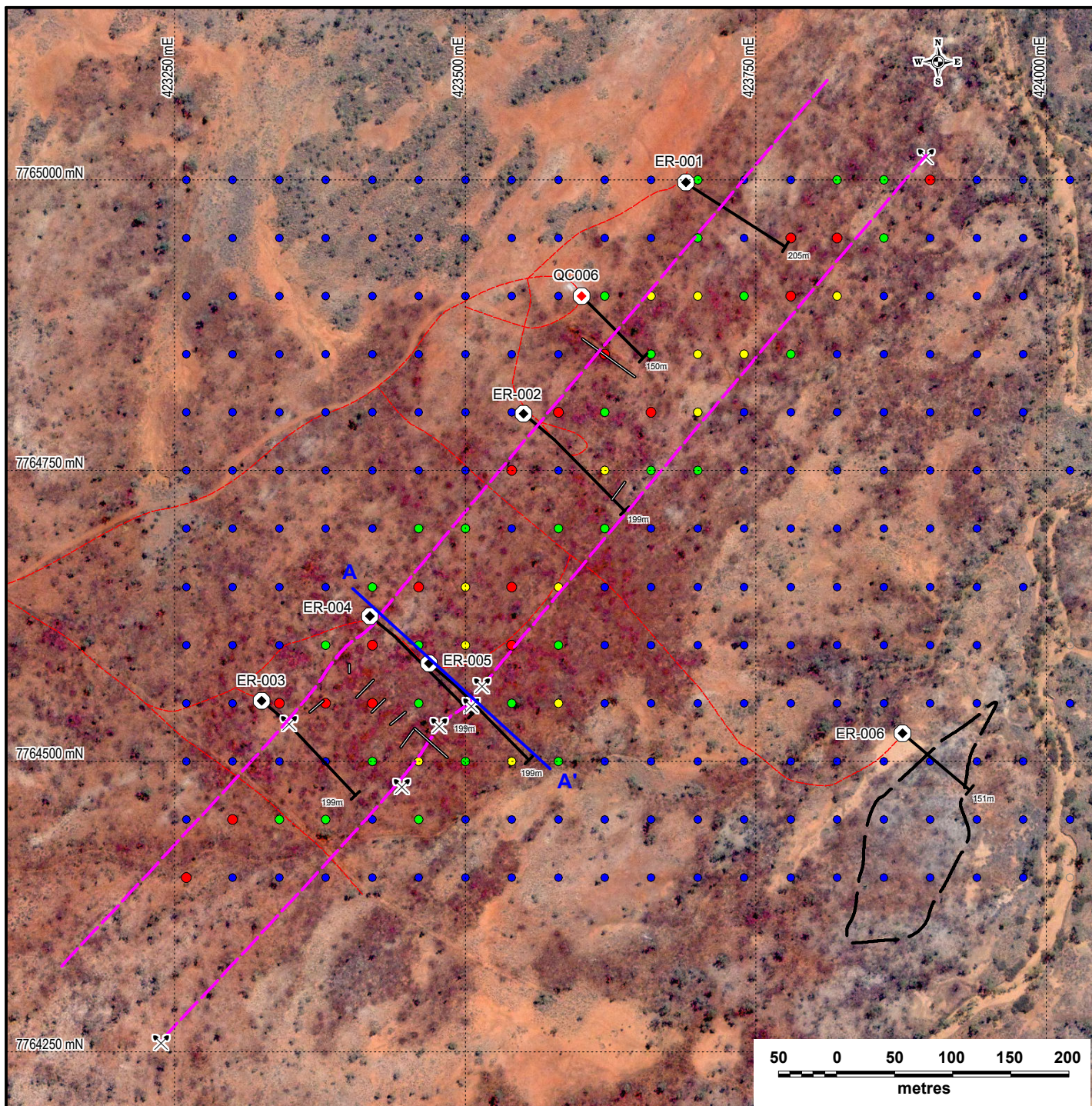
**Table 1: Emu Prospect RC drillcollar location:**

HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
ER-001	423690	7764998	175	-60	130	205.00
ER-002	423550	7764799	177	-60	130	199.00
ER-003	423325	7764552	180	-60	130	199.00
ER-004	423418	7764625	182	-60	130	199.00
ER-005	423469	7764584	184	-60	130	199.00
ER-006	423876	7764524	178	-60	130	151.00

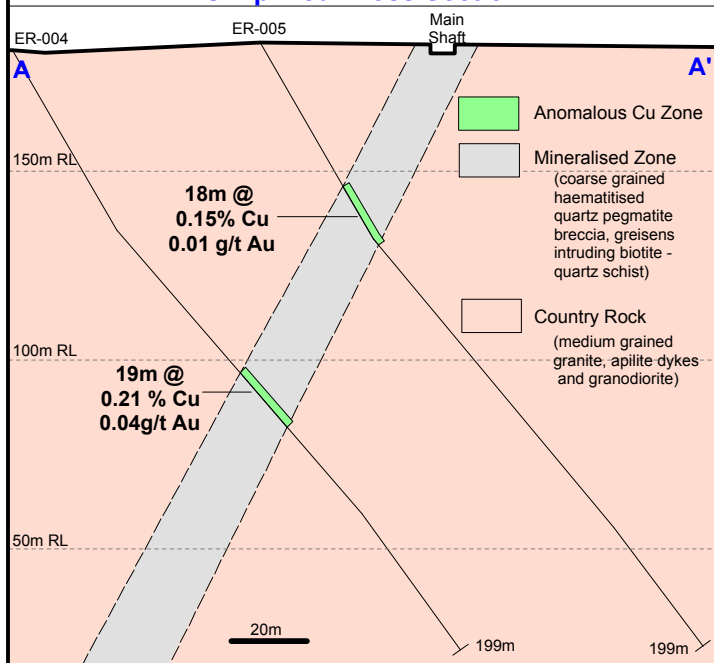
\* Easting and Northing UTM MGA Zone 54 – GDA94

Results from the recent RC drilling (**Table 2**) have confirmed anomalous copper mineralisation over 2 to 19 metres down hole widths, with the best intersection in the two holes (ER-004 and ER-005) drilled under the main working, with **19 metres @ 0.21 % copper and 0.04 g/t gold** from 105 metres down hole depth and **18 metres @ 0.15% copper, 0.01g/t gold** from 44m down hole depth (**Figure 3**). While being of no economic value there is enrichment in a number of additional elements such as barium, light rare earth elements (cerium and lanthanum), molybdenum and nickel.





### Simplified Cross Section



- 150.0m Drillhole (March 2008)
  - 200.0m Drillhole (August 2008)
  - Mineralised Trend (Inferred)
  - Calcrete Zone
  - Old Workings
  - Costean
  - Access Track
  - Cross Section
- Copper in Soil (100ppm)**
- >200ppm Cu
  - 150 - 200ppm Cu
  - 100 - 150ppm Cu
  - <100 ppm Cu
  - Site not sampled

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## Cloncurry North Project Emu Prospect RC Drillhole Locations and Simplified Cross Section August - September 2008

AUTHOR: Richard Hatcher	DATUM: GDA94, MGA, ZONE 54
DRAWN: REM Pty Ltd	DIRECTORY: \CYU\Plans\2008\ASX Release\Fig3
DATE: 20/10/2008	REPORT NO.: ...
SCALE: 1 : 5000	FIGURE No: <b>Figure 3</b>



## EMU PROSPECT (continued)

This is significant since these elements are also notably enriched in the Ernest Henry and other iron oxide-copper-gold deposits of the Cloncurry area. Enrichment of phosphorus and vanadium was also observed but their relevance to a depositional model is still being determined. The mineralisation remains open at depth with indication of widening and slight increase in grade with depth.

**Table 2: Emu Prospect Significant Drill Results:**

HOLE ID	FROM (m)	TO (m)	WIDTH (m)	Cu (%)	Au (g/t)	Comment
ER-001	90	95	5	0.20	0.03	inc. 1m @ 0.54% Cu, 0.04g/t Au from 91m
ER-002	32	37	5	0.15	0.06	inc. 1m @ 0.41% Cu, 0.09g/t Au from 34m
ER-003	84	86	2	0.13	0.01	
ER-004	105	124	19	0.21	0.01	inc. 6m @ 0.34% Cu, 0.08g/t Au from 105m inc. 1m @ 1.02% Cu, 0.38g/t Au from 106m inc. 1m @ 0.51% Cu, 0.12g/t Au from 110m inc. 1m @ 0.83% Cu, 0.08g/t Au from 117m inc. 8m @ 0.22% Cu, 0.04g/t Au from 113m
ER-005	44	62	18	0.15	0.01	inc. 1m @ 0.56% Cu, 0.09g/t Au from 48m inc. 8m @ 0.18% Cu, 0.02g/t Au from 53m
ER-006	No Significant Intersections					

Mineralisation while appearing to narrow laterally from the main historic workings remains open along strike at the end of the trend. The host sequence and structural corridor trend continues to the southwest and northeast under alluvial cover. Detailed prospect scale mapping has recently been completed. The future exploration program will include ground based gravity, EM geophysical surveys and follow-up drilling.

## COBB PROSPECT

The Cobb Prospect is a newly identified area with no significant historical work having been undertaken in the vicinity. The prospect was identified as occurring along a regional north trending magnetic anomaly proximal to a major fault (Mount Rosebee Fault). Situated approximately 1.8 kilometres to the north of the prospect is Universal Resources NL's Bedford Deposit with an Inferred Resource of 1.77 million tonnes at 0.93% copper, 0.24g/t gold.

The prospect hosted in the Corella Formation is intruded by mainly pegmatites of the Narku Granite. A series of dolerite dykes intrude the sequence sub-parallel to the Mount Rosebee Fault.

In early 2008 CYU undertook a soil sampling program over the prospect area based on 200 metre line spacing on 40 metre sampling centres. Two

main anomalies have been identified from results, a northwest trending copper soil anomaly in the southern part of the grid remains open and a minor north trending copper-gold soil anomaly in the northern part of the grid (**Figure 4**).

A total of 6 holes for 935 metres were completed in August 2008 (**Table 3**). Holes CR-001 and CR-002 were designed to test the northern soil geochemical anomaly. Hole CR-003 was designed to test a geobotanical anomaly and beneath an old prospecting pit. Holes CR-004 to CR-006 were drilled to test the southern soil geochemical anomaly generated by CYU. Discreet and narrow zones of copper mineralisation, predominately chalcopyrite, were observed in the drill chips. Mineralisation appears to be hosted by a biotite-quartz schist. Country rock consisted of metasediments with varying degrees of haematite alteration interbedded with quartzite and calc-silicates.

**Table 3: Cobb Prospect RC drillcollar location:**

HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
CR-001	414994	7764998	173	-60	90	199.00
CR-002	415000	7764799	173	-60	90	211.00
CR-003	415060	7764552	176	-60	270	151.00
CR-004	414916	7764625	181	-60	270	199.00
CR-005**	414997	7764584	188	-60	270	24.00
CR-006	414998	7764399	187	-60	270	151.00

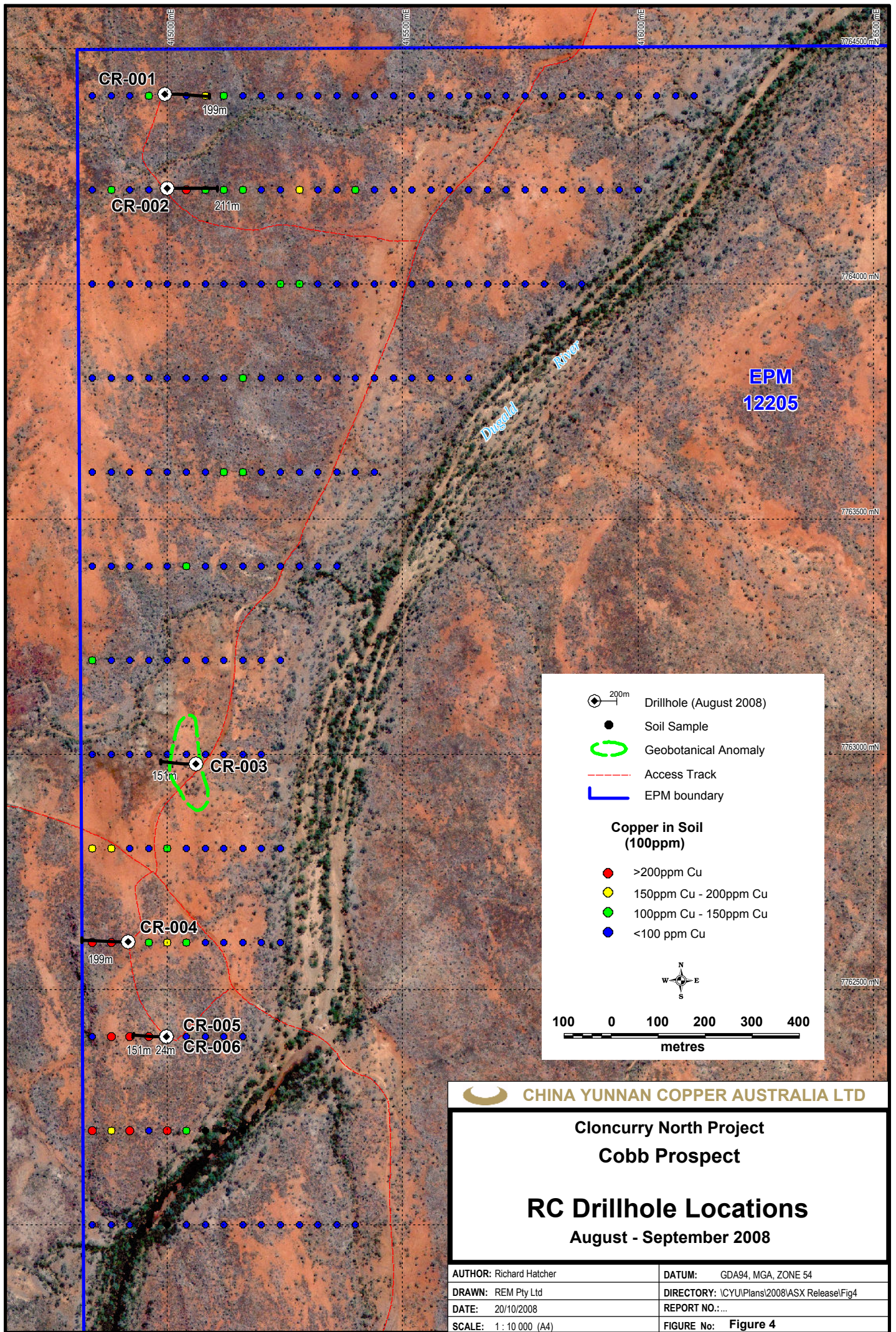
\* Easting and Northing UTM MGA Zone 54 - GDA94

\*\*CR-005 was abandoned at 24m due to drilling problems. Re-drilled as CR-006.

Results from the recent RC drilling (**Table 4**) have confirmed anomalous copper mineralisation over 2 to 12 metres down hole widths, with the best intersection in hole CR-006, returning **6 metres at 0.31 % copper and 0.04 g/t gold** from 15 metres down hole depth. While being of no economic value there is enrichment in a number of additional elements such as barium, light rare earth elements (cerium and lanthanum), molybdenum and nickel. Unlike at Emu there is also enrichment in cobalt. This is significant in the fact these elements are also notably enriched in the Ernest Henry and other iron oxide-copper-gold deposits of the Cloncurry area. Enrichment of phosphorus and vanadium is also observed.

The mineralisation remains open at depth with indication of widening and slight increase in grade with depth. Hole CR-003 had an intense clay altered zone intersected at 80 – 85 metres. This type of alteration is typical of the host material for native copper at the Mount Roseby oxide deposits (Blackard and Scanlan) but unfortunately no native copper was observed.





**EPM  
12205**

200m Drillhole (August 2008)  
 Soil Sample  
 Geobotanical Anomaly  
 Access Track  
 EPM boundary

**Copper in Soil (100ppm)**

- >200ppm Cu
- 150ppm Cu - 200ppm Cu
- 100ppm Cu - 150ppm Cu
- <100 ppm Cu

100 0 100 200 300 400  
 metres

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**Cloncurry North Project  
Cobb Prospect**

**RC Drillhole Locations  
August - September 2008**

AUTHOR: Richard Hatcher	DATUM: GDA94, MGA, ZONE 54
DRAWN: REM Pty Ltd	DIRECTORY: \CYU\Plans\2008\ASX Release\Fig4
DATE: 20/10/2008	REPORT NO:...
SCALE: 1 : 10 000 (A4)	FIGURE No: <b>Figure 4</b>



**Table 4: Cobb Prospect Significant Drill Results:**

HOLE ID	FROM (m)	TO (m)	WIDTH (m)	Cu (%)	Au (g/t)	Comment
CR-001	2	7	5	0.17	0.04	inc. 1m @ 0.37g/t Au, 0.14% Cu from 40m
	38	41	3	0.07	0.17	
CR-002	57	59	2	0.21	<0.01	
CR-003	No Significant Intersections					
CR-004	9	13	4	0.12	0.04	inc. 1m @ 0.31% Cu, 0.03g/t Au from 101m
	93	105	12	0.11	0.01	
CR-005	13	17	4	0.18	0.06	inc. 1m @ 0.40% Cu, 0.12g/t Au from 14m
CR-006	15	21	6	0.31	0.04	inc. 5m @ 0.36% Cu, 0.05g/t Au from 15m

Mineralisation remains open at depth and in the case of the southern geochemical anomaly, remains open laterally. The majority of the prospect is dominated by alluvial cover with minimal outcrop observed. Detailed prospect scale regolith mapping and further drilling will be completed in the next phase of work for this area.

## MAVIS PROSPECT

The Mavis Prospect consisting of a major shaft (6 metres by 6 metres by 10 metres) is present but no reported production has been located. A large area to the southwest has been disturbed in a small scale open cut operation. Very limited work has been undertaken over the prospect with only one reported rock chip (2.35g/t gold) taken by CRAE. CYU collected a number of rock chip samples around the old workings with peak values of 4.27% copper and 2.28g/t gold reported. During the follow up field visits a small prospecting pit was discovered southwest of the line of workings and copper stained outcrop and subcrop was identified and traced across the creek before going under cover. Subsequently these observations have extended the strike length of the surface trend to greater than 400 metres.

On a prospect scale the area is dominated by medium grained pink granite to the west and medium grained granodiorite to the east. Dykes of quartz-pegmatite breccias and greisens trending northeast occur, all displaying various amounts of copper staining and haematite alteration.

A total of 3 holes for 465 metres were completed in September 2008 (**Table 5**). Holes MR-001 and MR-002 were designed to test strike and down dip extension of surface mineralisation. Hole MR-003 was drilled to test the down dip extension of mineralisation associated with the main shaft. Narrow zones of sulphide mineralisation, predominately pyrite and chalcopyrite, were observed in the drill chips. Mineralisation appears related to the haematitic quartz-pegmatite breccias and greisens. Country rock consisted of fine grained aplite and medium grained granite.

**Table 5: Mavis Prospect RC drillcollar location:**

HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
MR-001	418933	7755954	320	-60	320	198.00
MR-002	418920	7756047	140	-60	140	117.00
MR-003	418787	7756022	140	-60	140	150.00

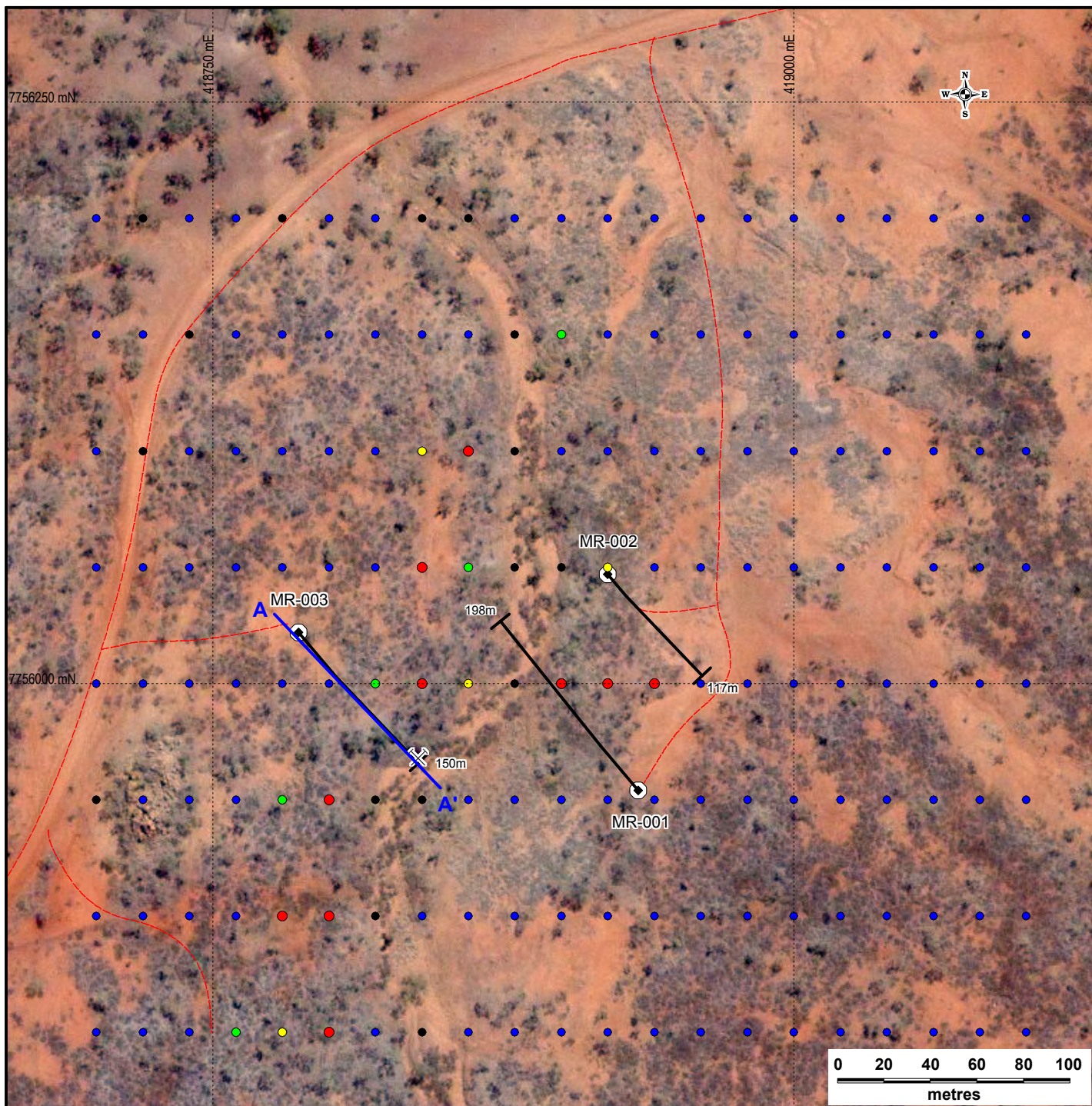
\* Easting and Northing UTM MGA Zone 54 – GDA94

Results from the recent RC drilling (**Table 6**) have confirmed anomalous copper – gold mineralisation over 2 to 18 metres down hole widths, with the best intersection in MR-003 drilled under the main working, with **11 metres at 0.11 % copper and 0.05 g/t gold** from 89 metres down hole depth. There is an apparent zonation of gold – copper mineralisation in MR-003 with anomalous gold mineralisation over 18 metres at 0.11g/t gold, 0.07% copper from 81 metres coincident with the main broad anomalous copper mineralisation (**Figure 5**).

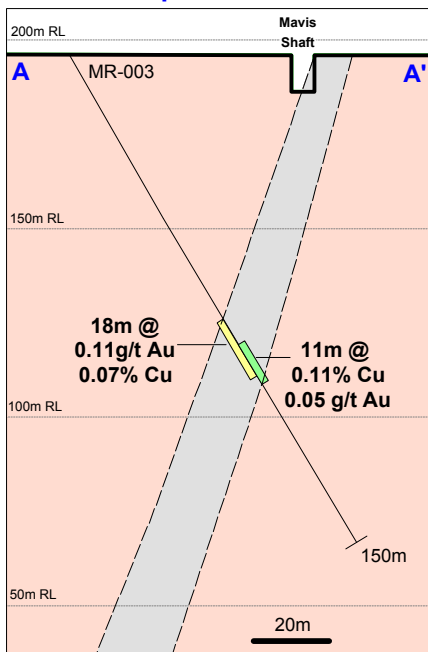
While being of no economic value there is enrichment in the elements barium and light rare earth elements (cerium and lanthanum). This is significant since these elements are also notably enriched in the Ernest Henry and other iron oxide-copper-gold deposits of the Cloncurry area. Enrichment of phosphorus and vanadium was also observed but their relevance to a depositional model is still being determined. Holes MR-001 and MR-002 both failed to intersect their targets with MR-001 being drilled sub-parallel with the dip of mineralisation and MR-002 collared in the mineralised zone with elevated copper values up to 500ppm copper returned from 2 to 17 metres down hole depth. The mineralisation remains open at depth.

**Table 6: Mavis Prospect Significant Drill Results:**

HOLE ID	FROM (m)	TO (m)	WIDTH (m)	Cu (%)	Au (g/t)	Comment
MR-001	99	100	1	0.01	0.10	
MR-002	15	16	1	0.19	0.18	
MR-003	49	53	4	0.02	0.20	
	81	99	18	0.07	0.11	inc. 2m @ 0.33g/t Au, 0.02% Cu from 81m inc. 3m @ 0.24g/t Au, 0.03% Cu from 85m
	89	100	11	0.11	0.05	inc. 3m @ 0.22% Cu, 0.04% Cu from 89m



### MR-003 Simplified Cross Section



- Anomalous Gold Zone
- Anomalous Copper Zone
- Mineralised Zone  
(coarse grained haematitised quartz pegmatite breccia and greisen dyke)
- Country Rock  
(medium grained granite, aplite dykes and granodiorite)

- 200.0m Drillhole (August 2008)
- Soil Sample
- Old Workings
- Access Track
- Cross Section

- Copper in Soil (100ppm)**
- >200ppm Cu
  - 150 - 200ppm Cu
  - 100 - 150ppm Cu
  - <100 ppm Cu

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**Cloncurry North Project  
Mavis Prospect  
RC Drillhole Locations and  
Simplified Cross Section  
August - September 2008**

AUTHOR: Richard Hatcher	DATUM: GDA94, MGA, ZONE 54
DRAWN: REM Pty Ltd	DIRECTORY: \CYU\Plans\2008\ASX Release\Fig5
DATE: 20/10/2008	REPORT NO.: ...
SCALE: 1 : 2500	FIGURE No: <b>Figure 5</b>



Detailed prospect scale mapping is currently underway on the Mavis Prospect. Early indication is mineralisation is more complex than expected, consisting of a series of discontinuous sub-parallel mineralised lenses trending northeast originating from a more structurally complex zone to the southwest of the main shaft. Subject to compilation of recent mapping information, further drilling will be completed in the next phase of work for this area.

### **Pentland, Gold Exploration**

For the Pentland Project in NE Queensland the Toomba prospect returned 36 samples averaging 6.5 g/t gold. Geophysical and geochemical programs were completed to support drill planning for this Intrusive Related Gold (IRG) target. Drilling of 11 holes for 1500m is planned to commence late October.

### **About CYU**

CYU listed on the ASX on 29 October 2007 by issuing 16,000,000 25c shares to raise \$4 million. 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.

The information in this report that relates to Exploration Results is based on information compiled by Richard Hatcher, who is a Member of the Australian Institute of Geologists and is a Senior Geologist 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.

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