



ASX Announcement

1 September 2009

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Rights Issue Offer Document Pursuant to S708AA(2) Corporations Act

Please find attached a copy of the Rights Issue Offer Document for China Yunnan Copper Australia Limited.

Paul Marshall
Company Secretary

China Yunnan Copper Australia Ltd
ACN 070 859 522

Rights Issue Offer Document
Pursuant to S708AA(2)
Corporations Act

A non-renounceable rights issue to existing shareholders of China Yunnan Copper Australia Ltd of 2 New Shares at an issue price of \$0.15 each for every 5 existing Shares held to raise up to approximately \$4.66 million capital raising before costs of the Offer.

Important Notice

This document is not a prospectus. This document does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.

The New Shares offered by this document should be considered speculative.

This document should be read in its entirety. If after reading this document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional advisor.

Underwriter to the Issue:
BBY Ltd
ACN 006 707 777
of Level 17, MetCenter
60 Margaret Street, Sydney NSW 2000

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Entitlement and Acceptance Forms

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance.

A number of terms and abbreviations used in this Offer Document have defined meanings, which are explained in the Glossary.

Money as expressed in this Offer Document is in Australian dollars or else as indicated.

Key Dates for Investors

Record Date for determining entitlements under the Issue: 15 September 2009, 7.00pm
Offer Opens: 21 September 2009, 9.00am
Offer Expected to Close: 6 October 2009, 5.00pm
Expected Date for Despatch of New Share holding statements: 14 October 2009
Normal Trading Resumes: 15 October 2009

Offer Statistics

Number of New Shares to be issued*: 31,046,457
Issue Price: \$0.15

*Assuming no Options on issue are exercised before the Record Date

All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

Important Notice

The offer made pursuant to this Offer Document is for a rights issue of continuously quoted securities (as defined in the *Corporations Act*) of the Company. This Rights Issue Offer Document is not a disclosure statement for the purposes of Chapter 6D of the *Corporations Act*. The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the *Corporations Act* pursuant to section 708AA of the *Corporations Act*. Accordingly, the level of disclosure contained in this Offer Document is significantly less than that required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to the ASX and should consult their professional advisors before deciding whether to accept the Offer.

This Offer Document is dated 1 September 2009 and was lodged with the ASX on that date. The ASX does not take any responsibility for the contents of this Offer Document.

Securities will only be issued on the basis of this Offer Document in accordance with the terms set forth in this Offer Document.

As at the date of this Offer Document, the Company has complied with:

- the provisions of Chapter 2M of the *Corporations Act*, as they apply to the Company; and
- section 674 of the *Corporations Act*.

No Excluded Information

As at the date of this Offer Document the Company is not aware of any excluded information of the kind which would require disclosure in this Offer Document pursuant to subsections 708AA (8) and (9) of the *Corporations Act*.

Foreign Shareholders

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia, in which the Company's Shareholders may reside. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

The Company has decided that it is unreasonable to make offers under the Issue to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

Please read this document carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarized in Section 4.

Chairman's Letter

1 September 2009

Dear Shareholder,

On behalf of the Directors I am pleased to invite you to take up your entitlement to new ordinary fully paid shares (**New Shares**) in China Yunnan Copper Australia Ltd (**the Issue**).

The Company is making a non-renounceable rights issue of 2 New Shares for every 5 existing Shares held in China Yunnan Copper Australia Ltd on the Record Date, at \$0.15 per Share, to raise up to approximately \$4.66 million.

It is proposed that the funds raised from the Issue will be applied to the costs of the Issue, to provide working capital and to progress the Queensland copper gold projects, including our recent Gem discovery. In addition funds will be used to evaluate and potentially acquire further assets that will add value for CYU shareholders. Importantly, Yunnan Copper Industries has recently invited CYU to assess possible joint ventures in three copper gold properties in the Yangla Copper Belt of Southern China.

Pursuant to the *Corporations Act*, China Yunnan Copper Australia Ltd is not required to prepare a prospectus for the Issue. A summary of the key information with respect to the Issue is set out in this Offer Document. Please read the Offer Document carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

A personalised Entitlement and Acceptance Form is also attached to this Offer Document. If you are eligible and you wish to accept your entitlement pursuant to the Issue, you will need to complete the Entitlement and Acceptance Form and return it together with the appropriate application monies to the Company's share registry before the closing date of 5pm on 6 October 2009.

On behalf of the Directors, I commend this investment to you.

Yours sincerely,

Mr Norman Joseph Zillman
Co Chairman
China Yunnan Copper Australia Ltd

1. Offer details

The Offer

This Offer Document is for the non-renounceable rights issue of approximately 31,046,457 New Shares at an issue price of \$0.15 per New Share, on the basis of 2 New Shares for every 5 existing Shares held by Eligible Shareholders as at the Record Date.

The Issue may be increased to a total of 38,837,885 New Shares if holders of Existing Options exercise their Existing Options prior to the Record Date.

Minimum Subscription

There is no minimum subscription to the Issue.

New Share Terms

Each New Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Acceptance of Entitlement to New Shares

The number of New Shares to which each Eligible Shareholder is entitled is calculated as at the Record Date and is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document. This Offer Document is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Offer Document in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

Underwriting

The Offer is fully underwritten by BBY Limited. The Underwriter has agreed to manage and underwrite the Issue to the extent of any shortfall shares.

Where there is a Shortfall in acceptance of the New Shares the Underwriter agrees to underwrite the Underwritten Shares by subscribing for (or causing subscriptions for) the Shortfall shares. All Shortfall Shares issued as part of the underwriting will be on the same terms as the Issue. A summary of the Underwriting Agreement is set out in Section 4.

In the event that there is a Shortfall in subscriptions under the Issue, the Directors reserve the right, as contemplated within the Listing Rules and in conjunction with the Underwriter, to allocate any Shortfall of New Shares in their discretion.

Sub-underwriting

Norman Joseph Zillman as trustee for the Bannerblock Superannuation Fund, an entity associated with Norman Joseph Zillman, Director of the Company, has entered a sub-underwriting agreement with BBY Limited to participate as a partial sub-underwriter. Details regarding this Sub-underwriting Agreement are set forth more particularly in Section 4 of this Offer Document.

Purpose of the Issue

The Directors intend to apply the proceeds from the Issue to fund the costs of the Issue, to provide working capital to the Company and focus on exploring its tenements in Queensland for copper, gold and uranium but is actively evaluating other acquisition and joint venture opportunities to grow its business rapidly.

Capital is required to enable the Company to continue to grow a new copper discovery at the Gem prospect. CYU is going forward with a program of geophysical and geological evaluation and drilling to continue to grow the known extents of the mineralisation, and to acquire further assets. Upon successful completion of the Issue it is expected funds will be allocated in the following manner:

Proposed use of funds	\$
Costs of issue	0.1 million
Working capital	0.4 million
Assessment of brown field JV exploration in Yunnan province, China (as proposed by YCI)	0.3 million
Assessment and generation of potential acquisitions	0.6 million
Further explorations and drilling of existing projects	3.2 million
Total	4.6 million

However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

Important Dates

Announcement and application for official quotation of New Shares	1 September 2009
Notice provided to option holders	1 September 2009
Section 708AA notice given to ASX	1 September 2009
Ex Date	9 September 2009
Record Date for the Issue	15 September 2009 7.00 pm (Brisbane time)
Dispatch of Offer Document and Acceptance Form	21 September 2009
Opening Date of Offer	21 September 2009 at 9:00am (Brisbane time)
Closing Date of Offer	6 October 2009 at 5:00pm (Brisbane time)
Allotment of New Shares	14 October 2009
Lodgement of section 708A Notice	14 October 2009
Despatch of New Shares holding statements	14 October 2009
Normal Trading Resumes	15 October 2009

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice.

How to accept your entitlement

Eligible Shareholders may accept their Entitlement either in whole or in part.

The number of New Shares to which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Offer Document.

If Eligible Shareholders take no action in respect of their Entitlement they will have no right to subscribe for the New Shares pursuant to this Offer.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Offer Document in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with payment for the full amount so as to reach the Share Registry by no later than 5.00pm (Brisbane time) on the Closing Date. Payment may be made by cheque, bank draft or BPAY®. Where payment is made by BPAY, there is no need to return the Entitlement and Acceptance Form.

The Issue Price of \$0.15 per New Share is payable in full on acceptance of part or all of your Entitlement.

Cheques should be in Australian currency and made payable to China Yunnan Copper Australia Ltd - Rights Issue Account" and crossed "not negotiable".

Completed Forms and accompanying cheques should be lodged at or forwarded to the following address:

OR

**China Yunnan Copper Australia Ltd -
Entitlement Offer
C/- Link Market Services Limited
Locked Bag 3415
BRISBANE QLD 4001**

**China Yunnan Copper Australia Ltd -
Entitlement Offer
C/-Link Market Services Limited
Level 19
324 Queen Street
Brisbane QLD 4000**

Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Offer Document. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

Allotment and Allocation Policy

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

In the case that there is less than full subscription by Eligible Shareholders to their Entitlements under this Offer Document, the Shortfall will be managed and underwritten by the Underwriter. The Directors reserve the right to issue any Shortfall at their discretion.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

ASX Listing

The Company applied for the listing and quotation of the New Shares on the ASX on 1 September 2009. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within three (3) months after the date of this Offer Document, none of the New Shares under this Offer Document will be issued and all Acceptance Money will be refunded without interest to Applicants within the time prescribed by the *Corporations Act*.

Investment Risks

Investors should carefully read the section on Risk Factors outlined in Section 4. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

CHESS

The Company will apply for the New Shares to participate in CHESS, in accordance with the ASX Listing Rules and ASTC Settlement Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, Shareholders who are issuer-sponsored will be provided with an issuer sponsored statement and those who are CHESS Holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Offer Document. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

No rights trading

Entitlements to New Shares pursuant to the Issue are non-renounceable and accordingly will not be traded on the ASX.

Optionholders

Optionholders will not be entitled to participate in the Issue unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Issue as a result of being a holder of Shares registered on the share register at 7.00pm (Brisbane time) on the Record Date.

There are currently 19,478,571 Existing Options on issue each exercisable at \$0.40 in the following quantities on or before the following dates:

- 18,428,571 options expire 29 October 2010;

- 350,000 options expire 19 December 2009;
- 350,000 options expire 19 December 2010;
- 350,000 options expire 19 December 2011.

However, in the event that all entitled Optionholders elect to exercise their Existing Options prior to the Record Date to participate in the Issue, a further 7,791,428 New Shares may be issued under this Offer Document.

Overseas Shareholders

This Offer Document and accompanying forms do not, and are not intended to, constitute an offer of New Shares in any place outside Australia in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer or that Form. The distribution of this Offer Document and the accompanying form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document and the accompanying form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Company has decided that it is unreasonable to make offers under the Issue to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Issue is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

2. The Company and its operations

China Yunnan Copper Australia Limited (CYU) is an Australian resource company formed to explore and develop minerals in Australia and overseas.

CYU has a two pronged strategy of project generation and operating current projects that comprise high quality copper, gold and uranium projects in eleven wholly owned Exploration Permit for Minerals (EPM's) in the highly mineralised Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier of Queensland, Australia.

Initially, the company is focused on exploring its tenements in Queensland for copper, gold and uranium and is actively evaluating other acquisition and joint venture opportunities to grow its business rapidly. This strategy has been justified with the recent exploration success at Gem. In the current year, CYU intends upon expanding the business in terms of joint ventures and acquisitions with the short term goal of being a profitable production company.

The management and technical team of CYU has extensive commercial and technical experience. Discovery track record of the current team and a background in commodities trading and Australian corporate experience renders CYU in a strong position going forward.

This strategy is supported and assisted by CYU's cornerstone shareholder, Yunnan Copper Industry (Group) Co Ltd. (YCI) which is China's third largest copper producer. Chinalco is the major shareholder of YCI. YCI provides ongoing support in CYU's goal of becoming YCI's international investment arm and mining house. Yunnan Copper Industries has recently invited CYU to assess possible joint ventures in three copper gold properties in the Yangla Copper Belt of Southern China. This prolific porphyry copper belt is host to some of the largest copper producing operations in China with minimal competitor activity. These opportunities will be balanced with the many projects that are available to the Company at this time.

CYU has recently released promising drill results at its prospective Gem copper prospect and is targeting a maiden resource by 2010. The Cloncurry exploration program resulted in the Gem discovery with results including 38m @ 1.25% copper and 0.20 g/t gold from 33m. The Gem mineralisation is hosted in granite which is unique in the region.

CYU considers these results very important in terms of discovering a significant new style of iron oxide-copper-gold (IOCG) system. Mineralisation remains open down dip and along strike and is being developed at present with geophysical techniques to determine the trend of the mineralisation under cover.

Control issues arising from the offer on the Company

Present Position

At the date of this Offer Document the Company is of the view that there is no one entity who controls the Company.

The top 20 shareholders of the Company as at 13 August 2009 are as follows:

Name	Shares	%
CHINA YUNNAN COPPER (AUSTRALIA) INVESTMENT AND DEVELOPMENT CO	16,428,571	21.2%
MR NORMAN JOSEPH ZILLMAN	8,000,000	10.3%
ELLIOTT NOMINEES PTY LTD <ELLIOTT EXPLORATION CO S/F A/C>	7,000,000	9.0%
FLATOAK PTY LTD	5,000,000	6.4%
MS MARIA ANTOINETTE GREER	3,025,000	3.9%
MR BRUCE JAMES WOOD	3,000,000	3.9%
HIPETE PTY LTD <PJ THOMSON S/F A/C>	2,473,042	3.2%
YUNNAN & HONG KONG METAL CO LTD	2,400,000	3.1%
RICHARD JOHN HAREN & SUSAN MARY HAREN <ATF R&S HAREN S/F A/C>	2,000,000	2.6%
KING FAITH GROUP LIMITED	1,600,000	2.1%
MS JULIE HEATH MCCONAGHY	1,340,000	1.7%
PACIFIC CAPITAL SECURITIES PTY LTD	1,232,855	1.6%
BISCAY INVESTMENTS LIMITED	1,000,000	1.3%
HIPETE PTY LIMITED	1,000,000	1.3%
MR ROSS THOMAS	1,000,000	1.3%
TIMING TECHNOLOGY CO LTD	800,000	1.0%
MR ROGER GARY HUTH & MRS JENNIFER ANN HUTH	700,000	0.9%
CLEAR STAR HOLDINGS PTY LIMITED	608,000	0.8%
CLYDE DOXFORD	600,000	0.8%
TIMING TECHNOLOGY COMPANY LIMITED	600,000	0.8%
TOTAL	59,807,468	77.1%

The Company's largest shareholder, China Yunnan Copper (Australia) Investment & Development Co Ltd (**CYC**) owns 21.2% of the Company and is entitled to 6,571,428 New Shares under the Offer. The Company understands that CYC proposes to take up its full Entitlement.

As the Offer is fully underwritten, even with CYC participating in the Issue to the full extent of its Entitlement, it will not increase its holding beyond 21.2% (assuming no existing Options are exercised and the Underwriter subscribes for the Shortfall as contemplated by the Underwriting Agreement).

Capital Structure

Assuming full subscription under the Offer, the share capital structure of the Company immediately following the Issue will be as follows:

	Shares
Ordinary Shares on issue at the date of the Offer Document	77,616,073
Maximum number of New Shares under the Offer Document	31,046,457
Total:	108,662,530*

* Assuming no Options are exercised prior to the Record Date

As at the date of this Offer Document, the Company has the following Existing Options on issue:

No of options	Exercise price	Expiry date
18,428,571	\$0.40	29 October 2010
350,000	\$0.40	19 December 2009
350,000	\$0.40	19 December 2010
350,000	\$0.40	19 December 2011

Potential effect of the offer

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their entitlements and none of the Optionholders exercise their Existing Options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of the Company.

However, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand will be diluted as those Shareholders are not entitled to participate in the Issue. Additionally, if an Eligible Shareholder does not take up their entitlement in full, there will be a dilutionary effect on that Shareholder's proportional shareholdings.

The Issue will be underwritten. In the event of a Shortfall, the directors of the Company reserve the right to place the Shortfall at their sole discretion in conjunction with the Underwriter as contemplated by the Underwriting Agreement.

3. Risk factors

Introduction

The activities of the Company, as in any business, are subject to risks which may impact on its future performance. The Company has appropriate actions, systems and safeguards for known risks, however, some are outside its control. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Offer Document before you decide whether to accept New Shares.

Nature of investment

Any potential investor should be aware that subscribing for New Shares involves risks. The New Shares to be issued pursuant to this Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares. An Applicant may not be able to recoup his or her initial investment. More specifically, the risks are that:

- the price at which the Applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- the Applicant is unable to sell the New Shares;
- the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- the Company fails to generate sufficient profit in order to pay dividends.

Stock Market

The New Shares may trade on the ASX at higher or lower prices than the Issue Price. Investors who decide to sell their New Shares after listing may not receive the entire amount of their original investment.

The Shares of the Company are currently listed on the ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the New Shares will increase.

The price at which the New Shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

Economic factors

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance.

Exploration Risk

Most of the tenements in which the Company holds an interest are at various stages of exploration and accordingly, the Shares offered by this document are considered speculative in nature. The investment of capital by the Company in exploration involves a high degree of risk.

The success or failure of the exploration programs to be undertaken by the Company will affect the future performance of the Company and its Shares.

In the event of the Company being successful in the discovery of deposits of economic mineralisation, development, mining and production from the deposits will be subject to technical, financial, legislative and other factors prevailing at the time, affecting a decision to mine.

Management actions

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

Regulatory risk, Government policy

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes and Government policies in Australia, may have an adverse affect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

Acquisition, integration and expansion risk

It is the Company's intention to add to its asset base through strategic acquisitions. There is no guarantee that the Company will be successful in expanding its operations either organically or by way of acquisition.

The Company may consider further acquisitions of assets or entities. There is a risk that appropriate acquisition opportunities or alliances may not be available or that the target companies may not enter into dealings with the Company. There is no guarantee that future potential acquisitions will be available on favourable terms or that they will be integrated successfully.

Factors such as a downturn in the national or international economy can impact on the Company's expansion strategy and the Company's performance.

Insurance arrangements

The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Carbon Risks

Through its exploration and extraction activities, the Company is a potential emitter of greenhouse gases. If an Australian Government implements a regime for carbon emissions trading, the Company may face additional costs, for example costs associated with the monitoring of the Company's carbon emissions or measures taken by the Company to reduce its emissions or purchase carbon credits. As the imposition of any regulatory emissions regime in Australia is not expected in the immediate future, the Company cannot assess what effect, if any, the introduction of an emissions regime would have.

Any application of such a regime may have an adverse effect on the Company's financial position, financial performance, cash flows, growth prospects, ability to pay dividends and Share price.

Operational risks and costs

If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

Land Access & Native Title Risk

Land access is critical for exploration and evaluation to succeed and the acquisition of prospective tenements is a competitive business.

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Commonwealth). The Directors believe that the impact of Native Title with respect to land access on the project for the purpose of exploration, other than causing delays, is likely to be minimal.

Rights to mineral tenements carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area.

Environmental Risk

The Company's operations and projects are subject to State and Federal laws and regulation regarding environmental hazards.

The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. The Company may however, still be limited by the inability to obtain an approval or limited by the terms and conditions governing guidelines. These restrictions may have a material adverse effect on the Company.

Additional Capital Requirements

The Company may require additional funds in the future to achieve its objectives. There is no assurance that these funds will be available in the future, or if they are available, that they will be on commercially acceptable terms to the Company. If adequate additional funding is not available or acceptable on the Company's terms, the Company's business will be materially and adversely affected.

Any additional equity financing may also have the affect of diluting the existing share holdings.

The Company may decide to raise additional funds in the future through further capital raising. This may result in the Company issuing additional shares in the Company to third parties who are not presently shareholders of the Company. As a result, existing shareholdings may be diluted.

Other risks

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may, in the future, materially affect the financial performance of the Company and the value of the New Shares.

4. Additional information

Section 708AA Corporations Act

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Offer Document is issued under Section 708AA(2)(f) of the *Corporations Act*. This section enables disclosing entities to issue an Offer Document in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Offer Document or options to acquire such securities. Apart from formal matters this Offer Document need only contain:

- (a) information that is excluded information as at the date of the Offer Document pursuant to section 708AA (8) and (9); and
- (b) that states:
 - (1) the potential effect the issue of the New Shares and New Options will have on the control of the Company; and
 - (2) the consequences of that effect.

Rights and liabilities attaching to New Shares

The New Shares will have from issue the same rights attaching to all existing Shares on issue. The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

This Offer Document does not contain a summary of the principal rights and liabilities of holders of the New Shares.

Terms of the Underwriting Agreement

The Offer is fully underwritten by BBY Limited. BBY Limited does not currently hold any Shares. Accordingly, in the unlikely event that BBY Limited was required to subscribe for all of the New Shares which it has agreed to underwrite, upon completion of the Offer, BBY Limited would have an interest in 31,046,457 Shares, representing 28.5% of the Shares on issue in the Company after completion of the Offer.

The Company is however aware that the Underwriter intends to enter into sub-underwriting arrangements with other parties (including the agreement referred to below) and that CYC and a certain number of the directors intend to take up all or part of their entitlements, such that it is likely that the number of Shares that the Underwriter will be obliged to subscribe for will be lower.

Set out below is a summary of the material terms of the Underwriting Agreement.

- (a) The Underwriter will be paid by the Company an underwriting fee based on 4% of the Shares issued under the Offer and a management fee of 2% of the Shares issued under the Offer.
- (b) The Company has agreed to indemnify the Underwriter in respect of losses arising out of the Offer, this Offer Document, the Offer and a termination event.
- (c) The Underwriting Agreement provides that the Underwriter may terminate its obligations to underwrite the Offer upon the happening of the following:

- (1) **(Change of laws):** introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law, or any new regulation is made under any law, or a Government Agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency or such a law or regulation will be introduced or policy adopted (as the case may be);
- (2) **(Unauthorised alterations):** the Company or any Related Body Corporate alters its share capital (other than pursuant to this document, an employee incentive scheme or the exercise of any options on issue or agreed to be issued as at the date of the Underwriting Agreement) or its Constitution without the prior written consent of the Underwriter;
- (3) **(Breach):** breach by the Company of the Underwriting Agreement, and failure to remedy the breach;
- (4) **(Misrepresentation):** representation or warranty made or given by the Company under the Underwriting Agreement proving to have been untrue or incorrect and the matters rendering the representation or warranty untrue in that respect are not remedied to the reasonable satisfaction of the Underwriter;
- (5) **(ASX approval):** unconditional approval (or conditional approval on terms usually imposed by ASX, provided the conditions would not in the reasonable opinion of the Underwriter, have a material adverse effect on the Issue) by the ASX for official quotation of the Shares under the Issue is refused, is not granted before the Shares under the Issue are issued or if approval is granted, the ASX withdraws it or imposes additional conditions which in the opinion of the Underwriter (acting reasonably) will have a material adverse effect of the Issue;
- (6) **(All Ordinaries):** the "All Ordinaries Index" of the ASX is at any time at a level which is 7.5% or more below its level at the close of trading on the last Business Day immediately before the date of the Underwriting Agreement;
- (7) **(S&P/ASX Indices):** either the "S&P/ASX 200 Index" or the "S&P Materials Index" is at any time at a level which is 7.5% or more below its level at the close of trading on the last Business Day immediately before the date of the Underwriting Agreement;
- (8) **(Board and senior management changes):** there is a removal, resignation, or death of a director; an appointment or election of a person to the board of directors of the Company, or a change in the senior management of the Company to which the Underwriter does not consent within 5 Business Days of the cessation, appointment or election (as the case may be), which consent shall not be unreasonably withheld;
- (9) **(Hostilities):** hostilities, political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member of the European Union, Japan, Indonesia, North Korea, China, or a terrorist act is perpetrated on any of those countries anywhere in the world;
- (10) **(Material adverse change):** a change occurs to the condition, trading or financial position and performance, profits and losses, or prospects of the Company and its related body corporate which in the reasonable opinion of the Underwriter constitutes a material adverse change;

- (11) **(Trading of Shares):** the closing price of the Shares for 3 consecutive days is a price which is at least 10% lower than the closing price of the Shares on the date of this agreement, trading in any Shares is suspended by ASX for more than 3 consecutive Business Days, or any securities of the Company quoted on the official list of ASX cease to be so quoted;
- (12) **(Allotment):** subject to the Underwriter having complied with its obligations in relation to the Issue, if allotment and issue of the Shares does not occur on or before close of business 10 Business Days after the Closing Date (or any later date agreed in writing by the Underwriter);
- (13) **(ASIC):**
- (A) ASIC gives notice of its intention to hold a hearing in relation to the Issue under section 793(2) of the Corporations Act or makes an order under sections 739(1), 739(2) or 739(4) of the Corporations Act; or
- (B) makes or threatens to make a determination under section 708AA(3) of the Corporations Act in relation to the Company; or makes an application or a Court makes an order under sections 1324A or 1324B in relation to the Issue;
- (14) **(Indictable offence):** a director or senior manager of the Company or any Related Body Corporate is charged with an indictable offence or is the subject of a court proceeding which makes an adverse finding as to the conduct, honesty or ability to manage a corporation;
- (15) **(Return of capital or financial assistance):** the Company or a Related Body Corporate takes any steps to undertake a proposal contemplated under section 257A of the Corporations Act or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter which will not be unreasonably withheld;
- (16) **(Banking facilities):** the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing debt or loan facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (17) **(Failure to comply):** the Company or any Related Body Corporate or any of their directors, proposed directors or officers fail to comply with a provision of its Constitution; any statute; a requirement, order or request, made by or on behalf of ASIC, ASX, or any Governmental Agency in Australia or the US including any practice note, policy statement, class order, declaration, guideline, policy or procedure of ASIC or ASX, including ASIC giving notice of an intention to prosecute any of them;
- (18) **(Extended force majeure):** a force majeure event which prevents or delays an obligation under this document, lasting in excess of 2 weeks occurs;
- (19) **(Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Body Corporate;
- (20) **(Due diligence):** there is a material omission by the Company from the material supplied to the Underwriter for the purpose of due diligence before the date of the Underwriting Agreement or the results of the investigations under the Due Diligence Program or the verification material are or becomes materially false or misleading;

- (21) **(Suspension of debt payments):** the Company suspends payment of debts generally;
- (22) **(Insolvency Event):** an Insolvency Event (as defined in the Underwriting Agreement) occurs in respect of the Company or a Related Body Corporate;
- (23) **(Judgment):** a judgment in an amount exceeding \$100,000 is obtained against the Company or a Related Body Corporate for which the Company or the relevant Related Body Corporate is not indemnified or such judgement is not set aside or satisfied within 7 days;
- (24) **(Issue Documents):** this Offer or related documents contains a statement which is misleading or deceptive including a representation as to a future matter becoming false, misleading or deceptive; or omits a matter which renders the document false, misleading or deceptive or is required under the Corporations Act;
- (25) **(Material Contracts breached, varied or terminated):** the Company breaches any of the Material Contracts or any of the Material Contracts is varied or terminated without first getting the Underwriter's written consent, such consent not to be unreasonably withheld;
- (26) **(Natural disaster):** there is a natural disaster which the Underwriter reasonably believes is likely to have a material adverse effect on the operations of the Company;
- (27) **(Public statements):** a public statement is made, without the Underwriter's consent, by the Company and its Related Body Corporate including their directors, officers, employees, agents, advisors or contractors relating to the Issue;
- (28) **(Litigation):** any litigation, arbitration or other legal proceeding (including an application to the Takeovers Panel) is commenced against any entity in the Company and its Related Body Corporate; or
- (29) **(Failure to accept allocation):** any of the directors of the Company fail to take up at least that percentage of their Shares set out in the table below:

Directors	Minimum Percentage
Mr Norman Joseph Zillman (Chairman)	3.13%
Mr Jason Michael Beckton (Managing Director)	100%
Mr Zewen Yang (Executive Director)	0%
Mr Chao Yang (Non Executive Director)	0%
Mr Liang Zhong (Non Executive Director)	0%
Yunnan Copper Industry (Group) Co Ltd	100%

The Underwriter may not exercise its rights to terminate the Underwriting Agreement in respect of a matter specified in paragraphs 1, 9, 10, 16, 17, 20 and 27 above unless it reasonably believes that the event has or is likely to have a materially adverse effect on

the outcome of the Issue or could give rise to liability for the Underwriter under any law or regulation.

Sub Underwriting Agreement

Mr Zillman, a director of the Company, proposes to take up his Entitlement to the extent of 100,000 New Shares under the Offer.

Norman Joseph Zillman as trustee for the Bannerblock Superannuation Fund, an entity associated with Mr Zillman, has entered a sub-underwriting agreement with BBY Limited (**Underwriter**) on 24 August 2009 to participate as a partial sub-underwriter.

Set out below is a summary of the material terms of the Sub-Underwriting Agreement.

- (a) Bannerblock Superannuation Fund, has agreed to sub-underwrite a maximum of 1.6 million New Shares, representing a maximum sub-underwritten amount of \$240,000.
- (b) No sub underwriting fee shall be payable by the Company or the Underwriter to Bannerblock Superannuation Fund for the provision of the sub-underwriting arrangements.
- (c) The Sub Underwriting agreement is subject to the final Shortfall, scale back and final allocation, which will be determined by the Underwriter.
- (d) Bannerblock Superannuation Fund has no right to unilaterally terminate the Sub-Underwriting Agreement. The Sub Underwriting Agreement will terminate if the Offer does not proceed or the Underwriting Agreement is terminated.
- (e) Any Valid Applications submitted with respect to any Entitlement of Mr Norman Zillman will not relieve the obligation of the Bannerblock Superannuation Fund to subscribe for New Shares in accordance with the above formula.

If the maximum number of New Shares under the sub-underwriting commitment are undertaken by the Bannerblock Superannuation Fund, then together with the New Shares subscribed for by Mr Zillman, the total New Shares subscribed for represents 54% of Mr Zillman's full Entitlement.

Limitation on foreign ownership

The Foreign Acquisitions and Takeovers Act (**the FATA**) places limitations on the rights of non-Australian residents to hold or vote the shares of an Australian company. The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares. The FATA prohibits:

- (a) any natural person not ordinarily resident in Australia; or
- (b) any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA) holds a substantial interest (defined below); or
- (c) two or more such persons or corporations which hold an aggregate substantial interest (defined below),

from entering into an agreement to acquire shares if after the acquisition such person or corporation would hold a substantial interest in a corporation, without first applying in the prescribed form for approval thereof by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 15 percent of the voting power in the corporation or holds interests in not less than 15% of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40% of the voting power in that corporation or hold not less than 40 % of the issued shares in that corporation.

The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$300,000

Consents and Disclaimers

Written consents to the issue of this Offer Document have been given and at the time of this Offer Document have not been withdrawn by the following parties:

Link Market Services Limited has given and has not withdrawn its consent to be named in this Offer Document as the share registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Offer Document other than recording its name as share registrar to the Company. It takes no responsibility for any part of the Offer Document other than the references to its name.

BBY Limited has given and has not withdrawn its consent to be named in this Offer Document as underwriter to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Offer Document other than references to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Offer Document as solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Offer Document other than references to its name.

Directors' Statement

This Offer Document is issued by China Yunnan Copper Australia Ltd. Each director has consented to the lodgement of the Offer Document with ASX.

Signed on the date of this Offer Document on behalf of China Yunnan Copper Australia Ltd by:

Mr Jason Michael Beckton
Managing Director
China Yunnan Copper Australia Ltd

5. Definitions and glossary

Terms and abbreviations used in this Offer Document have the following meaning:

Acceptance	An acceptance of Entitlements
Acceptance Monies	The Issue Price multiplied by the number of New Shares accepted for
Applicant	A person who submits an Entitlement and Acceptance Form
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited ACN 008 624 691
Board	The board of directors of the Company
Chess	means the clearing house electronic sub-register system, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	The date by which valid acceptances must be received by the Share Registrar being 5.00pm (Brisbane Time) 5pm on 6 October 2009 (Brisbane time) or such other date determined by the Board
Company or CYU	China Yunnan Copper Australia Ltd (ACN 070 859 522)
Constitution	The Constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Eligible Shareholder	A shareholder of the Company that holds Shares in the Company on the Record Date
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form attached to this Offer Document
Entitlements	The entitlement to accept New Shares under this Offer Document
Existing Options	All existing options to subscribe for Shares currently on issue as at the date of this Offer Document
Issue or Offer	The issue of New Shares in accordance with this Offer Document
Issue Price	\$0.15 for each New Share applied for
Listing Rules	The official listing rules of the ASX
New Shares	The Shares offered under this Offer Document
Opening Date	The date of commencement of the Offer in respect of the New Shares, expected to be 21 September 2009 at 9.00am (Brisbane time).
Option Holders	The holders of the Existing Options

Options	Options on issue in the Company from time to time
Offer Document	This Offer Document dated 1 September 2009 as modified or varied by the Company
Record Date	Tuesday, 15 September 2009, 7.00pm (Brisbane time)
Register	The company register of the Company
Related Body Corporate securities	Has the same meaning as in Section 50 of the <i>Corporations Act</i> Has the same meaning as in Section 92 of the <i>Corporations Act</i>
Share Registry	Link Market Services Limited
Shares	Fully paid ordinary shares in capital of the Company
Shareholders	The holders of Shares from time to time
Shortfall	Those New Shares for which the Entitlement lapses
Sub Underwriting Agreement	The Sub Underwriting Agreement between the Company and Bannerblock Superannuation Fund executed on 24 August 2009.
Underwriter	BBY Ltd ACN 006 707 777
Underwriting Agreement	The Agreement between the Company and the Underwriter dated 1 September 2009

6. Corporate directory

Directors	Solicitors to the Offer
Mr Norman Joseph Zillman (Chairman) Mr Jason Michael Beckton (Managing Director) Mr Zewen Yang (Executive Director) Dr Stanley Mark Elliott (Non Executive Director) Mr Chao Yang (Non Executive Director) Mr Liang Zhong (Non Executive Director)	HopgoodGanim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000
Administration and Registered Office	Share Registry
China Yunnan Copper Australia Ltd Level 5 Santos House 60 Edward Street Brisbane QLD 4000	Link Market Services Limited Level 19 324 Queen Street Brisbane QLD 4000
Underwriter	
BBY Ltd Level 17, MetCenter 60 Margaret Street, Sydney NSW 2000	

China Yunnan Copper Australia Limited

ABN 29 070 859 522

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: (02) 8280 7454
Facsimile: (02) 9287 0303
ASX Code: CYU
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

**Number of Eligible Shares held as
at the Record Date, 7:00pm (AEST)
on 15 September 2009:**

**Entitlement to New Shares
(on a 2 New Share for 5 basis):**

**Amount payable on full acceptance
at A\$0.15 per Share:**

**Offer Closes
5:00pm (Brisbane time): 6 October 2009**

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 2 New Share for every 5 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.15 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Offer Document dated 1 September 2009. The Offer Document contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Document. This Entitlement and Acceptance Form should be read in conjunction with the Offer Document.

If you do not have a paper copy of the Offer Document, you can obtain a paper copy at no charge, by calling China Yunnan Copper Australia Limited on (02) 8280 7454.

PAYMENT OPTIONS

If you wish to take up all or part of your entitlement, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (Brisbane time) on 6 October 2009. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (Brisbane time) on 6 October 2009.



Billers Code: 115683
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment

China Yunnan Copper Australia Limited

ABN 29 070 859 522

SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)

B Payment amount (Multiply the number in section A by A\$0.15)

A\$

C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “China Yunnan Copper Australia Limited” and crossed “Not Negotiable”.

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

A\$

D CONTACT DETAILS – Telephone number

Telephone number – after hours

Contact name

()

()

CHINA YUNNAN COPPER AUSTRALIA LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Offer Document and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®.

- you represent and warrant that you have read and understood the Offer Document and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of China Yunnan Copper Australia Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.15.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Payment Amount

Enter into section B the total amount payable to you. To calculate the total amount multiply the number in Section A by A\$0.15.

C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "China Yunnan Copper Australia Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received.

If you provide a cheque or money order for the incorrect amount, China Yunnan Copper Australia Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Document electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

China Yunnan Copper Australia Limited
C/- Link Market Services Limited
Locked Bag 3415
BRISBANE QLD 4001

Hand Delivery

China Yunnan Copper Australia Limited
C/- Link Market Services Limited
Level 19, 324 Queen Street
BRISBANE QLD 4000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Brisbane time) on 6 October 2009. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. China Yunnan Copper Australia Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact China Yunnan Copper Australia Limited on (02) 8280 7454 between 8:30am and 5:30pm (AEST) Monday to Friday.