



ASX/Media Announcement

20th September 2010

MOUNT DOROTHY AND ELAINE DOROTHY PROSPECTS UPDATE

- **MT DOROTHY: Phase 2 diamond drilling to commence.**
- **ELAINE DOROTHY – New copper zone discovered and to be drilled.**

China Yunnan Copper Australia Limited (**ASX: CYU**) announces today an update on work currently underway on its **Mount Dorothy and Elaine Dorothy prospects**, part of the Mary Kathleen joint venture with Goldsearch Limited (**ASX: GSE**) in Northwest Queensland. The Joint Venture comprises three granted EPM's (EPM's 14019, 14022 and 15257) within the Mount Isa Inlier (**Figure 1**). CYU is currently earning a 70% interest in the area from Goldsearch Limited by spending A\$1.5 million on exploration.

Mount Dorothy: Copper – Cobalt Prospect

A mineralised zone, as defined by a >200ppm copper soil geochemical anomaly, was partially tested by five drill holes in the 1990's returning a best intercept of **110m @ 0.57% Cu from 22m** in drill hole WW201 including **26m @ 1.05% Cu from 106m (Open at Depth)**.

In July 2010 CYU completed ~ 600m in four (4) RC drillholes (**Figure 2**) and returned a significant sulphide ("primary") copper – cobalt intersection of **35m @ 1.52% copper and 397ppm cobalt from 17m in MDR002 (Figure 3)**.

Utilising the information generated from the July 2010 drilling campaign, CYU has developed a 3D model of the mineralisation to assist define a five hole (**Table 1**) second phase 1,000m diamond drill program which is planned to start in late September 2010.

The 3D modelling undertaken by CYU suggests that previous drilling may have been sub-parallel to a north northeast trending mineralised zone branching off a prominent northwest trending surface structure.

Hole ID	East*	North*	RL	Azi**	Dip	Depth	Target
PDT001	380,720	7,694,999	449	278	-60	50	Diamond tail of MDR001
PDT002	380,293	7,695,296	429	160	-60	50	Diamond tail of MDR004
PDH003	380,623	7,695,016	449	119	-75	250	Test down dip MDR002
PDH004	380,650	7,695,058	448	119	-60	250	Test strike extension MDR002
PDH005	380,682	7,695,045	450	225	-60	400	Test orientation of mineralisation

* Datum GDA94 zone 54

** UTM Grid Azimuth

Table 1: Mount Dorothy Prospect proposed diamond drill collar locations

Proposed holes PDT001 and PDT002 are extensions (diamond tails) to the previously drilled RC drillholes of MDR001 and MDR004 respectively. Both these RC drillholes are believed to have been terminated before a primary sulphide zone. PDH003 is planned to target the down dip

extension to the significant intersection of MDR002 while PDH004 is planned to step out 50m from MDR002 and test the strike extent of the mineralisation. PDH005 is planned to drill the dip of the mineralised zone testing the geometry and continuity of mineralisation. All diamond core is to be orientated and regularly surveyed.

Elaine Dorothy: Uranium – REE – Copper Prospect

CYU has undertaken a follow up program of petrographic studies of selected diamond core as well as field check mapping and ground scintillometer / soil geochemical surveys to track the potential surface expression of the uranium + REE mineralisation and follow up on a significant copper – molybdenite intersection returned from the bottom of CYU's 2009 diamond hole MKED003 of **2m @ 0.32% copper and 964ppm molybdenum from 71m.**

Petrographic studies on 15 samples selected from MKED003 were undertaken by Dr Nick Oliver of JCU – ERGU and confirms the mineralization at Elaine Dorothy uranium deposit is dominated by an allanite (REE silicate mineral) – uraninite – titanite – garnet ± calcite – apatite – pyrite - pyrrhotite association overprinting a skarn body.

A ground survey grid area was established on east west lines spaced 80 metres apart with 40 metre sampling centres for soil geochemistry and 10 metre sampling centres (down to 5m in parts) for the scintillometer survey encompassing the Elaine 1 (Elaine Dorothy uranium deposit), Elaine 2 and Elaine 3 prospects.

Preliminary data compilation of the soil geochemical results has identified a **~1km long copper anomaly at >200 ppm copper** trending northwest through the prospect area (**Figure 4**).

The copper potential for this area has never been targeted. A prime example is the exposed drill pad cuttings for historic percussion hole EP004 (130m depth – drilled 1979), located in the centre of the copper anomaly, which is dominated by malachite stained calc-silicates and biotite schist. Review of the geological drill log for EP004 (**QDEX Company Report: CR 9295**) also identifies a visible sulphide mineralisation intersection of **>42 metres averaging ~30% sulphides.**

The sulphides are generally termed “sulphides” but where identified are dominated by pyrite +/- pyrrhotite +/- chalcopyrite. This hole was only assayed for uranium and thorium and not for copper despite the surface mineralisation and sulphide intercepts downhole. CYU is currently compiling the data and generating drill targets to test these anomalies with a proposed diamond core program (~500m) to be undertaken following on from the September 2010 Mount Dorothy drilling program.

Competent Person's Statement

The information regarding to Exploration Activities in this report that relates to the Mount Dorothy (EPM 14019) and Elaine Dorothy (EPM 14022) prospects is based on information compiled by Richard Hatcher, who is a Member of the Australian Institute of Geologists and is Exploration Manager of China Yunnan Copper Australia Ltd. Mr Hatcher has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results and Mineral Resources". Mr Hatcher consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Inferred Resource 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.

About CYU

CYU is an Australian company formed to explore for and develop minerals in Australia and overseas. Cornerstone investor, Yunnan Copper Industry (Group) Co Ltd (YCI), is one of China's largest copper producers. YCI's largest shareholder is Chinalco.

CYU's principle focus is to identify commercial copper sulphide deposits and develop these into profitable mining operations. In addition CYU has goals of resource definition and development for copper oxides, gold and uranium.

Apart from the Mt Dorothy and Elaine Dorothy exploration programs other current activities include;

- Data compilation and drillhole targeting from recently completed ground geophysical, geochemical and mapping programs at the Humito Copper Porphyry project in Chile.
- Data compilation and three dimensional model of recently completed diamond drilling at Stanley's Hope Gold, Pentland.
- Project review under a Memorandum of Understanding with CYU's cornerstone investor Yunnan Copper Industries (YCI) to undertake regional exploration and project generation work in Yunnan Province and Laos, China.

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See below Figures 1 to 4.

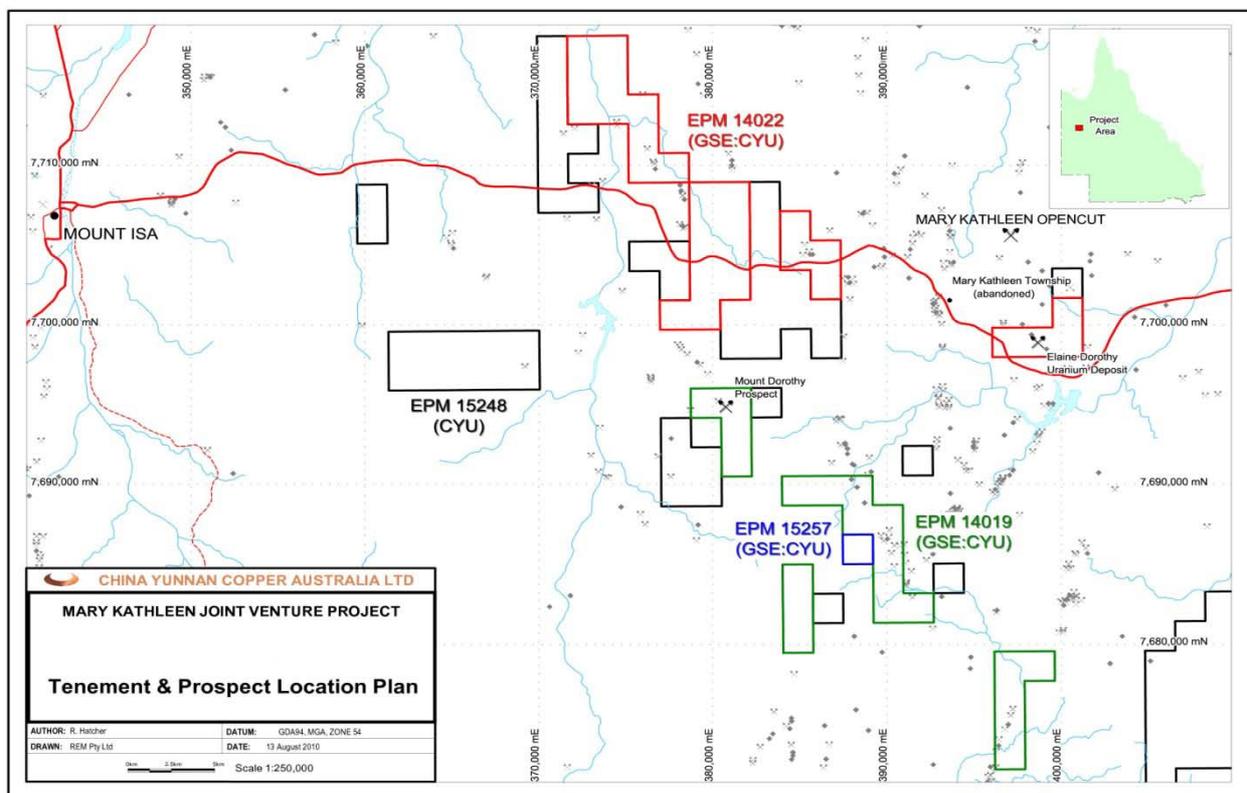


Figure 1: Tenement location plan of Mount Isa Project (CYU 100%) and Goldsearch Limited Joint Venture Project). Elaine Dorothy is approximately 5 kilometres south of Mary Kathleen. Mt Dorothy is located approximately 50 kilometres southeast of Mount Isa.

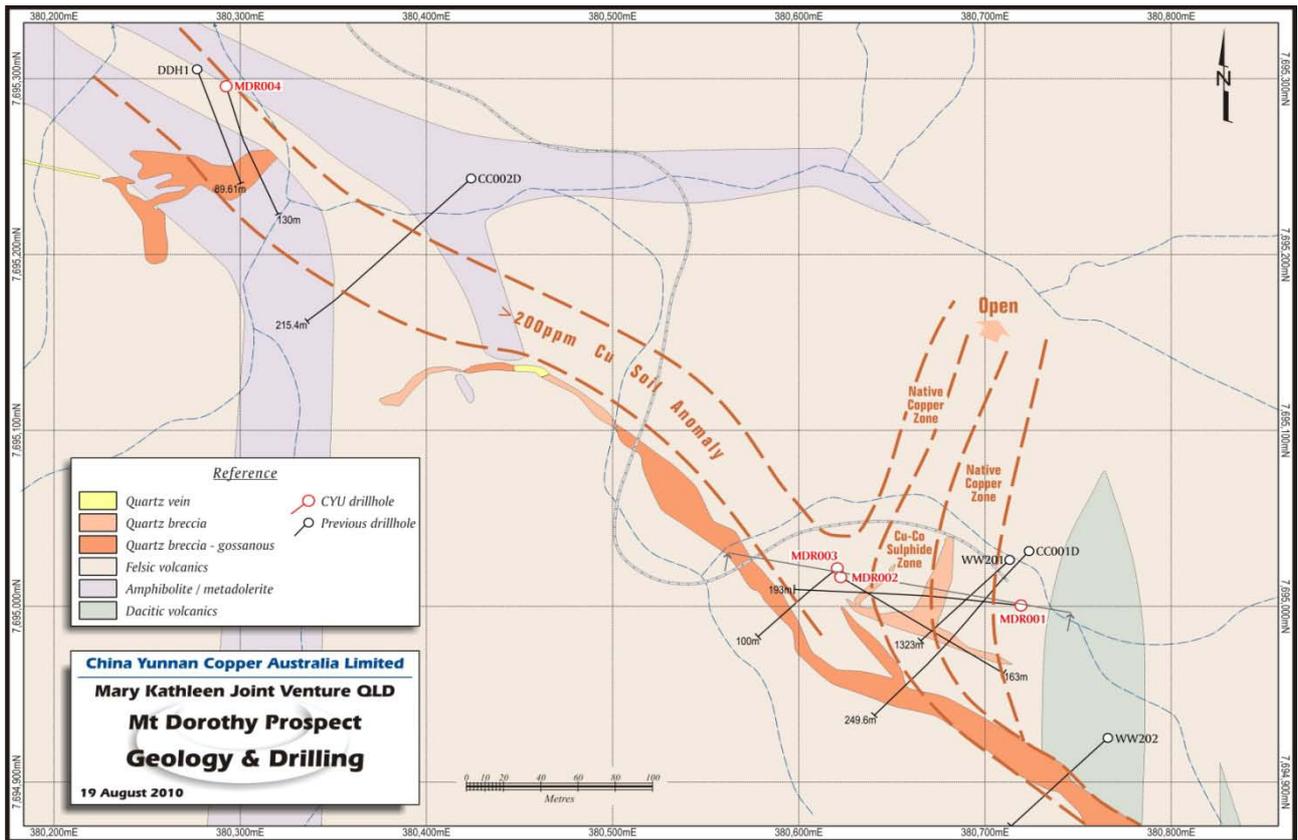


Figure 2: EPM 14019 – Drillhole Location Map with interpreted > 500m surficial mineralised zones.

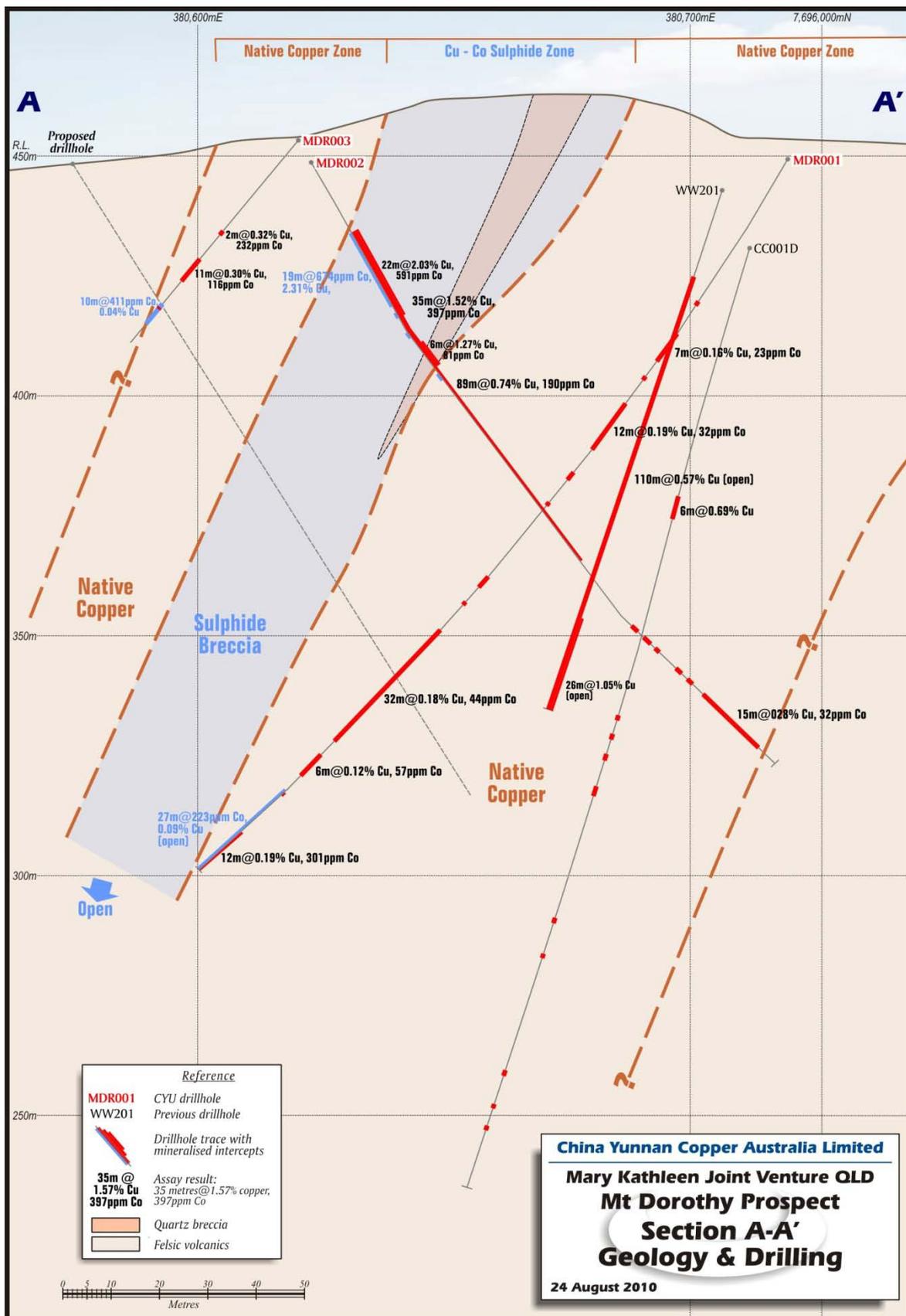


Figure 3: EPM 14019 Mount Dorothy – Section A-A' looking north-northeast highlighting the broad copper mineralisation intersected in MDR001 and MDR002.

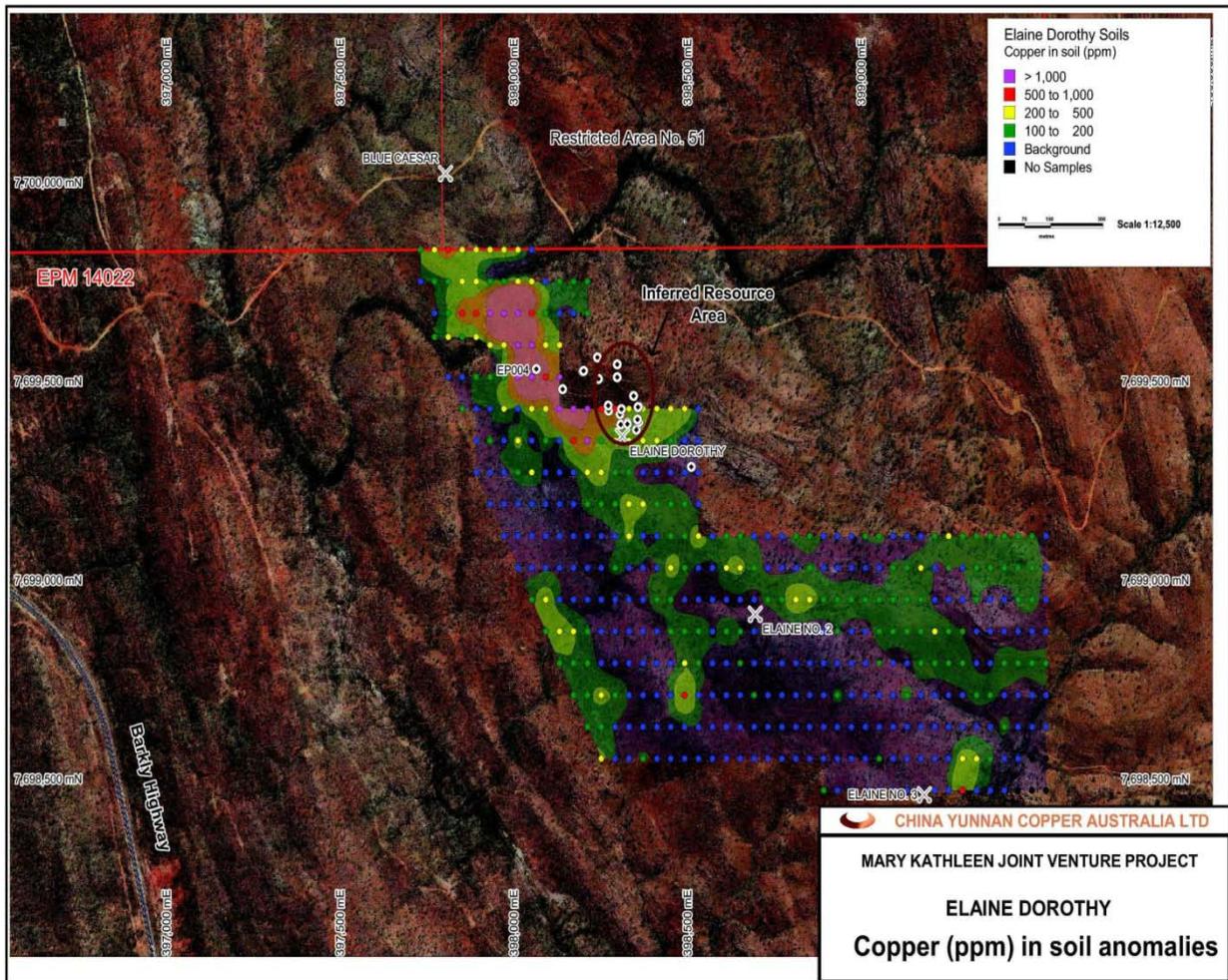


Figure 4: EPM 14022 Elaine Dorothy – B Horizon 80# copper in soil geochemical anomaly centred on EP004 drilled in early 1980's with non assayed sulphide intercept of 42 metres. A follow up hole is planned to be drilled on this new copper zone. In the hanging wall of this new copper zone is the previously reported JORC Inferred Resource of Elaine Dorothy of 83,000 tonnes @ 280 ppm U_3O_8 and 3,200 ppm Total Rare Earth Oxides (TREO) at a lower cutoff of 200ppm U_3O_8 .