



ASX/Media Announcement

20th January 2011

Rare Earth Element (REE) Copper - Drilling Commences – Elaine and Mt Dorothy - Mary Kathleen JV with Goldsearch Ltd.

Elaine

- Diamond drilling of a zone of previously (1983) drilled sulphides of 42m @ 38% sulphide that was not previously assayed for REE Copper Gold. Sulphide zone is 200 metres north west of the Elaine REE – U inferred resource.

Mt Dorothy

- Drilling to test at depth and along strike a broad zone of REE mineralisation in MDD005 - an additional 2 holes testing along strike from MDD005, for approximately a further 300m diamond drilling.
- Program will test at depth and along strike a broad zone of Heavy Rare Earth Element+Yttrium (HREE+Y) including the previously reported: MDD005 - 16m @ 1249 ppm (1.24 kg/tonne) HREE+Y from 71m.

China Yunnan Copper Australia Limited (ASX: CYU) announces today a continuation of drilling on the REE and copper potential for its **Elaine REE** and **Mount Dorothy REE copper+cobalt prospects**, which are part of the Mary Kathleen joint venture with **Goldsearch Limited** (ASX: GSE) in Northwest Queensland.

All results have now been returned from the 2010 drilling campaign which confirms that the Mount Dorothy mineralisation for HREE+Y is open to the North and East on current interpretation. Follow up drilling will concentrate in this area with a minimum of three diamond holes to grow the extent of the identified HREE+Y zone in MDD005.

Importantly, four RC holes and three diamond holes are being re-assayed at present for Heavy REE (which was not done on the first pass) assaying for copper, cobalt and gold including 26 other non REE elements. The additional REE results are expected in January and February. The high grade REE zone is interpreted to run north from MDD005 and will be tested by the current drill program.

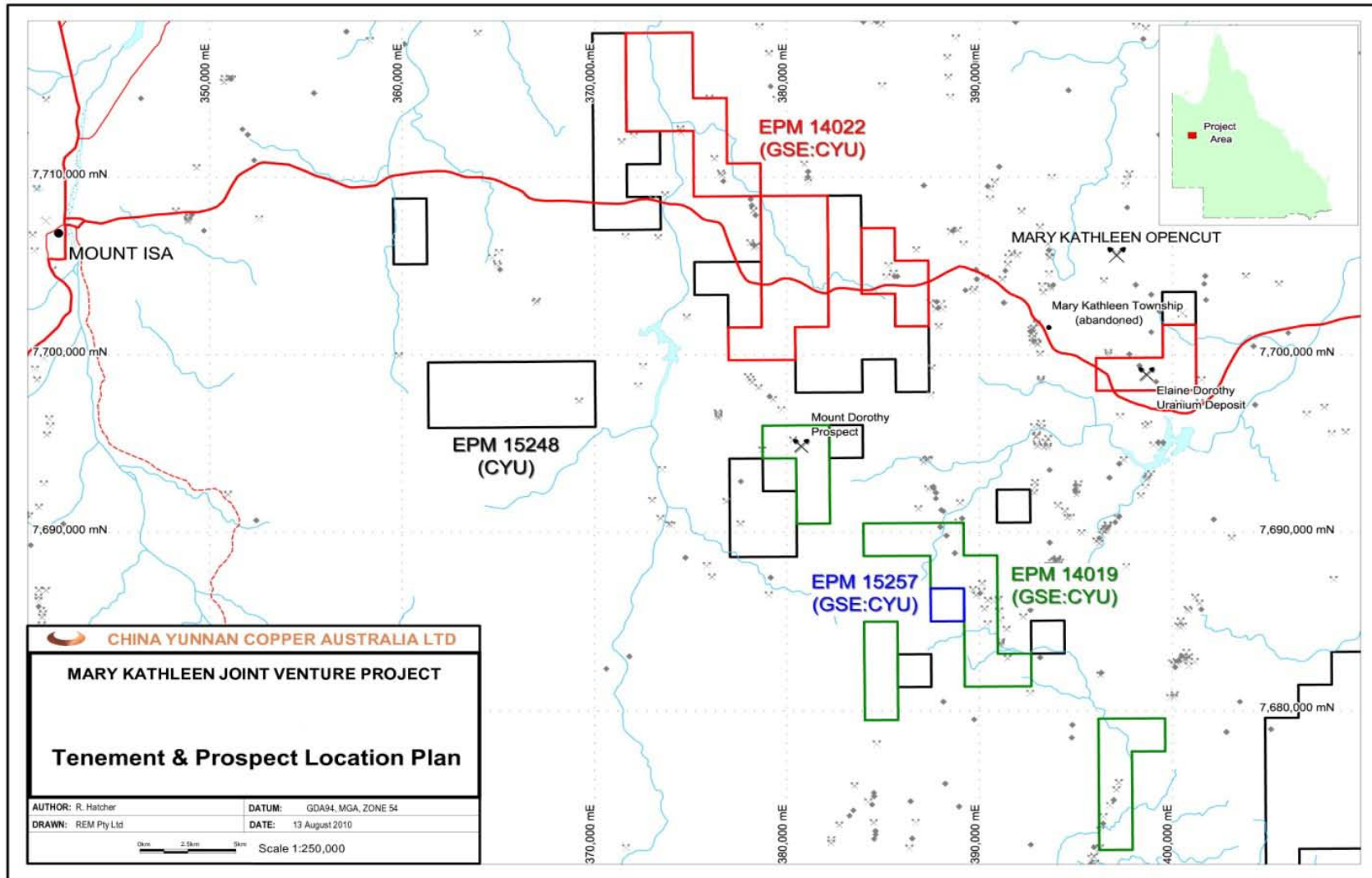


Figure 1. Tenement location plan of Mount Isa Project (CYU 100%) and Goldsearch Limited Joint Venture Project). Mt Dorothy is located approximately 50 kilometres east of Mount Isa. On the right side of the plan is Elaine which is within 2.5 kilometres from the sealed road between Mt Isa and Cloncurry and 4 kilometres south of the Mary Kathleen deposit (9Mt @ 1.3 kg/t U3O8).

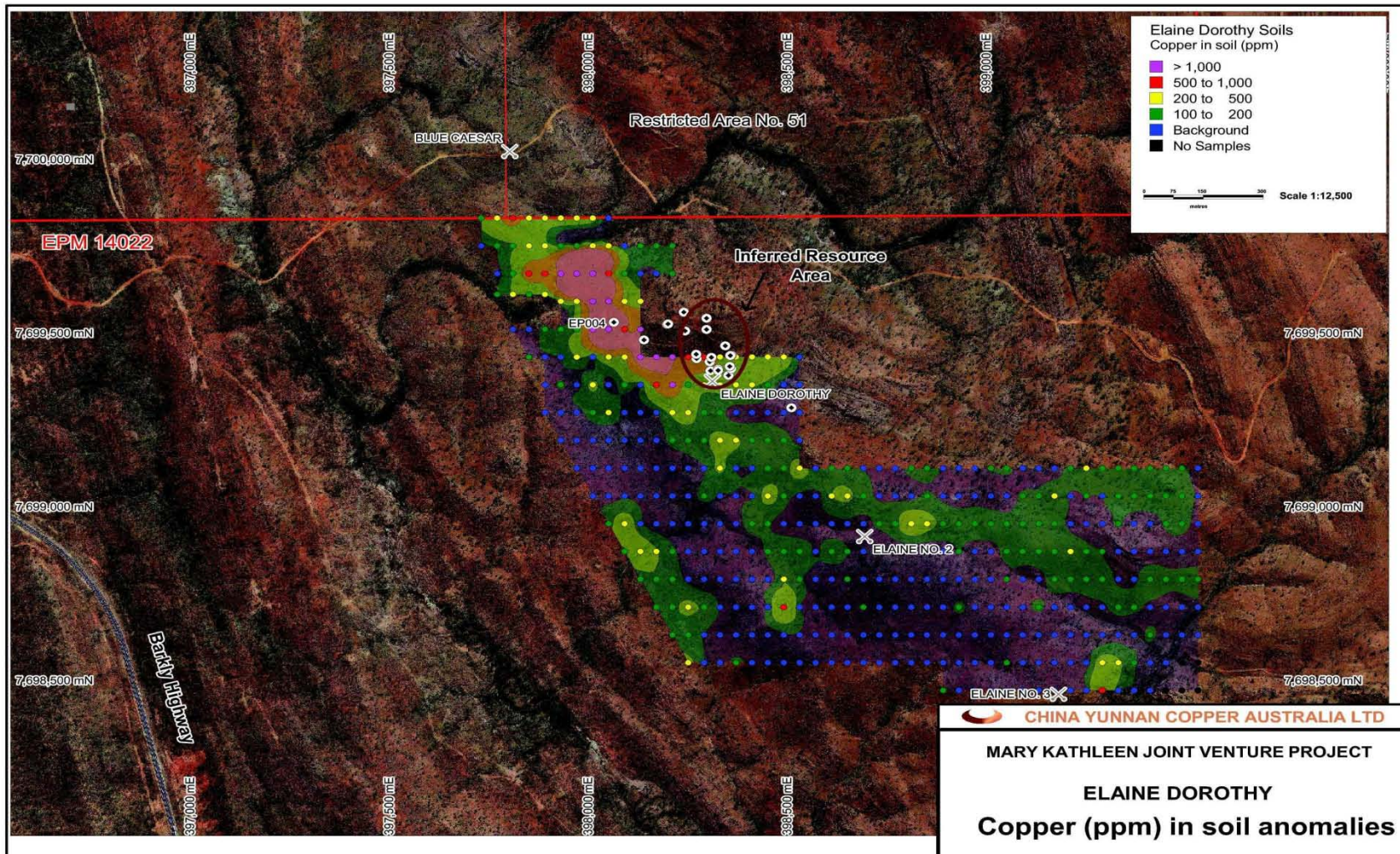


Figure 2. The Elaine diamond hole purpose is to twin a previously completed hole in the 1983 by CRA assayed for only Uranium and Thorium Oxide. **An intercept of 42 metres of 38% sulphide was not able to be assayed for Copper Gold REE** and this is the objective of the hole currently drilling. Note proximity to the sealed national highway of less than 3 kilometres and also accessible during the wet season.

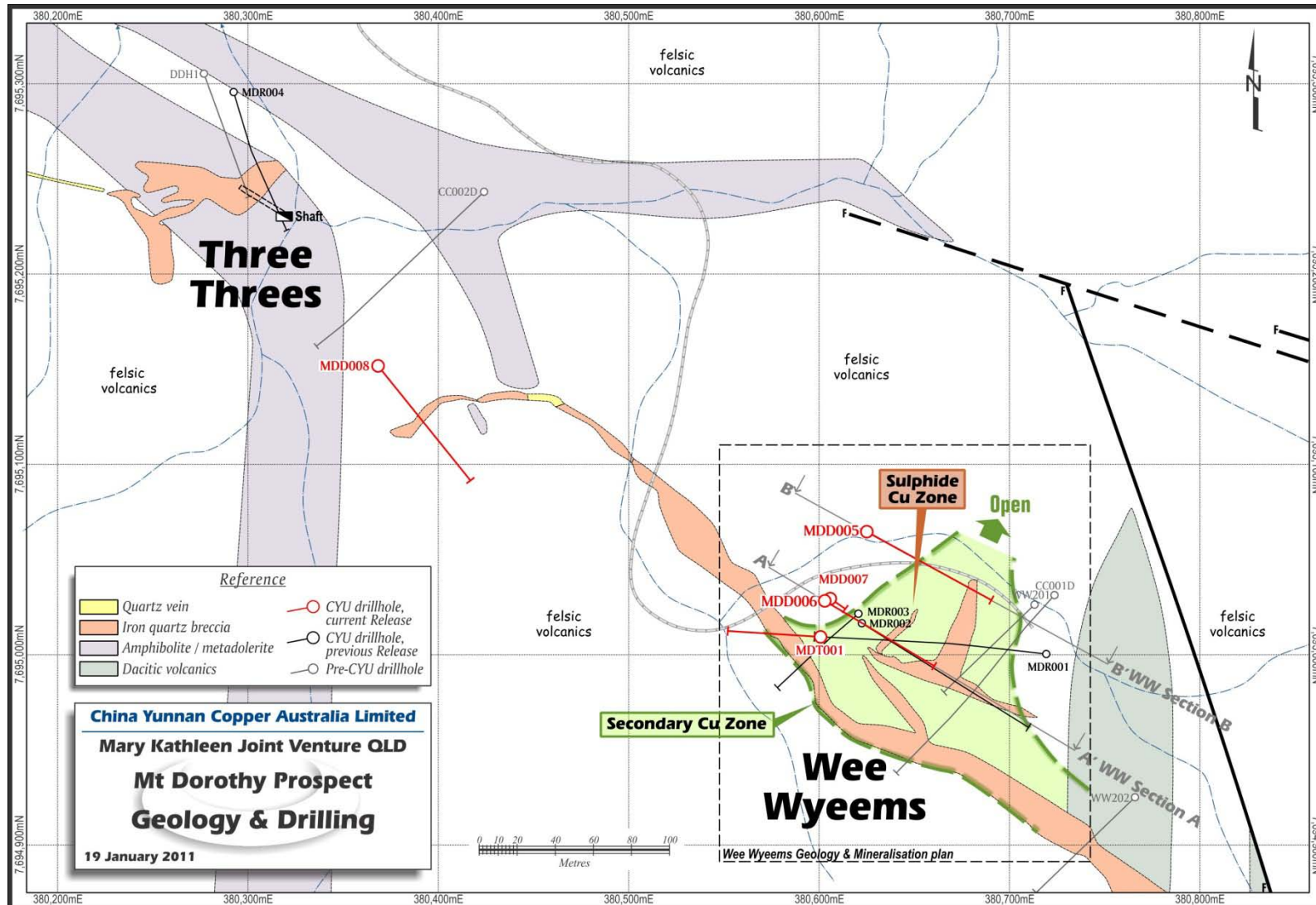


Figure 3. Within Mt Dorothy prospect area the Wee Wyeems area is of greatest interest presently. A HREE+Y zone was encountered in MDD005 within the same iron oxide breccia that hosts high grade copper to the south in MDR002 and MDD006, previously released but summarised in Table 1 below.

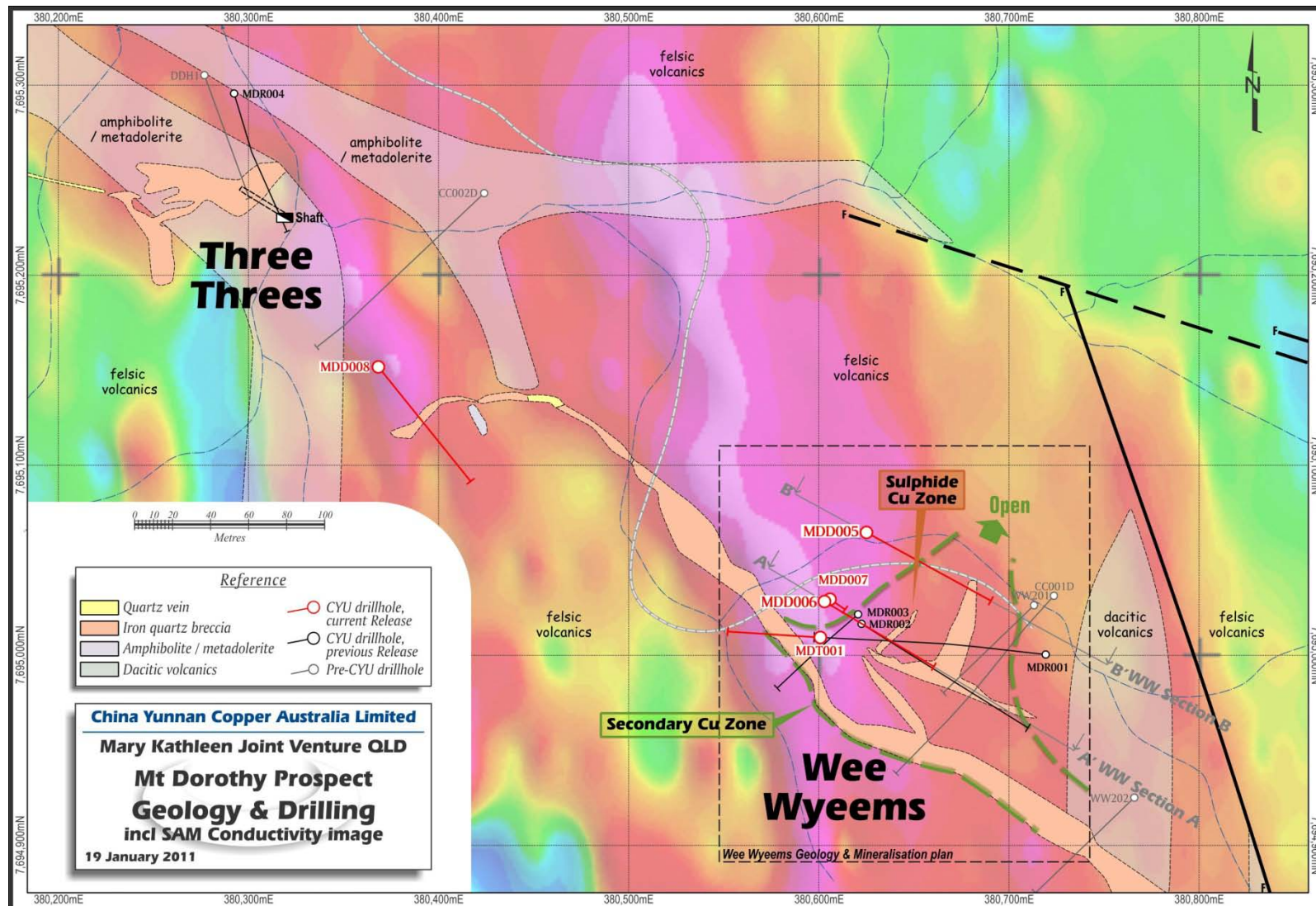


Figure 4. Recently compiled Sub Audio Magnetics (SAM) has defined a conductive zone running north south adjacent to the Sulphide copper zone and HREE+Y zone open to the North East as depicted. This may suggest an open zone more to the north rather than north east and will be tested by diamond drilling in January followed by wider spaced RC drilling February, weather permitting.

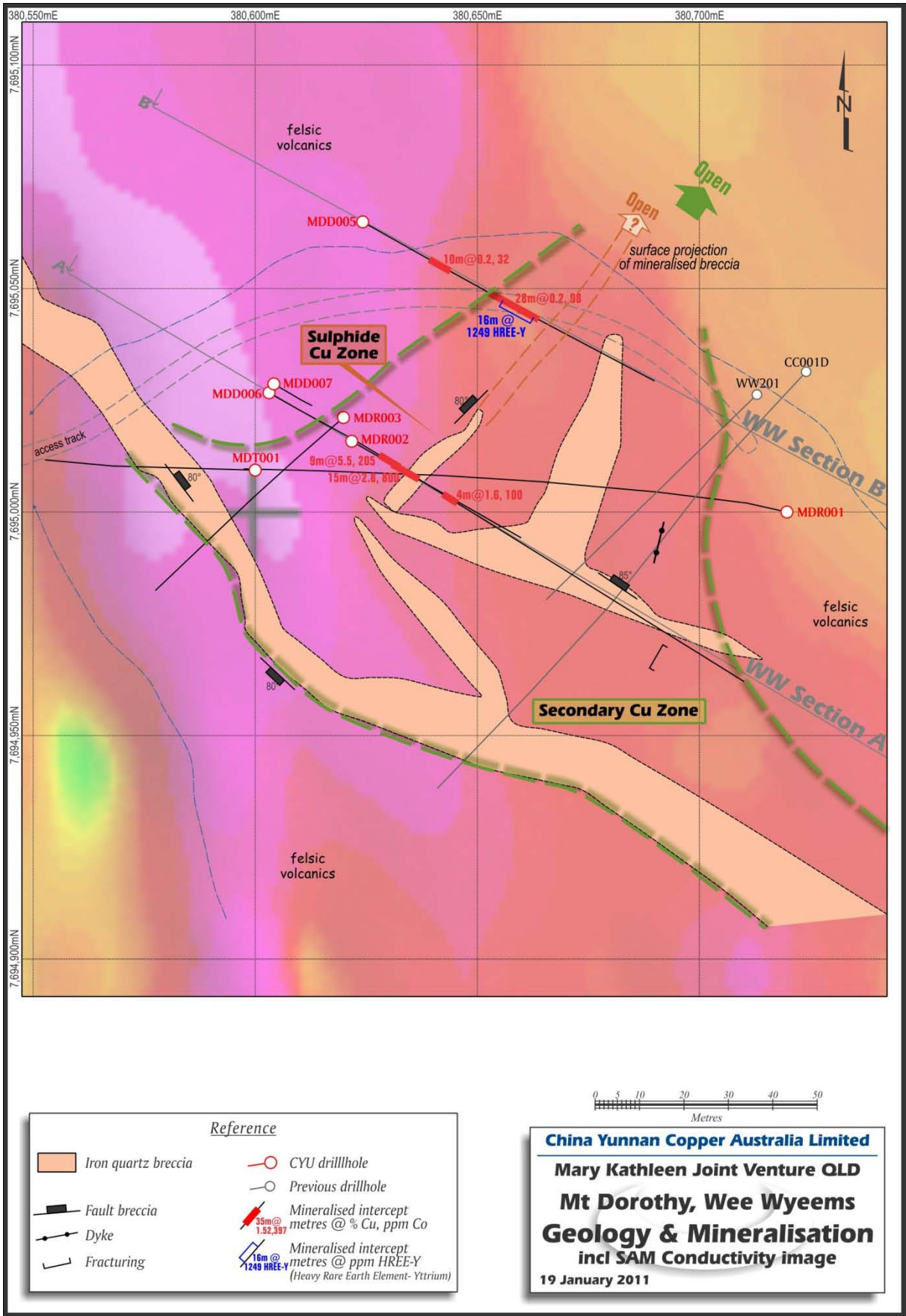


Figure 5. Plan of discovery Copper Cobalt HREE+Y breccia at Wee Wyeems area for Mt Dorothy prospect. **SAM suggests a conductive zone running North-South which will be tested by drilling under MDD005 and in subsequent RC drilling campaigns.**

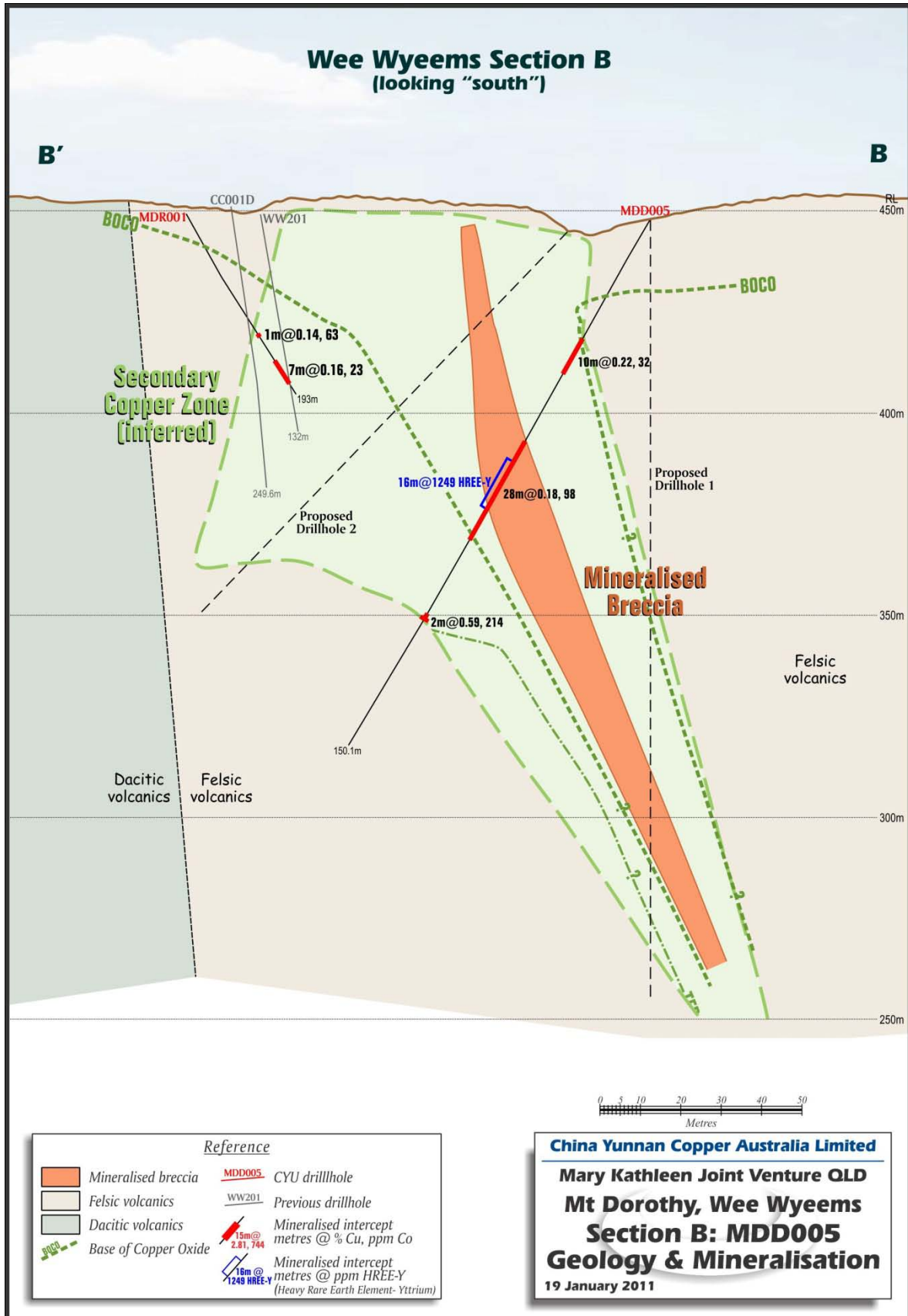


Figure 6. MDD005 section which confirmed northerly trend of the mineralised breccia. A hole at depth and up dip of MDD005 will test continuity of HREE+Y mineralisation in section and more drilling to the north will test horizontal continuity of the HREE+Y mineralised breccia.

Hole_ID	mFrom	mTo	Width	Cu_pct	Co_ppm	Y_ppm	Comment
MDR001**	35	36	1	0.14	63	60	
	43	50	7	0.16	23	39	
	54	55	1	0.13	62	70	
	61	73	12	0.19	32	38	
	79	81	2	0.12	36	48	
	87	88	1	0.10	39	51	
	107	110	3	0.22	60	42	
	114	115	1	0.13	40	53	
	122	154	32	0.18	44	32	
	158	164	6	0.12	57	40	
	168	169	1	0.06	242	103	
	181	193	12	0.19	301	104	Main NW berccia?
MDR002**	17	106	89	0.73	190	67	
including	19	34	15	2.81	744	150	sulphide breccia zone
including	143	144	1	1.04	83	84	
	139	154	15	0.28	31	51	
including	143	144	1	1.04	83	84	
MDR003**	45	47	2	0.32	232	81	biotite schist
	59	70	11	0.30	116	60	
	83	84	1	0.18	1390	129	
MDR004**	44	63	19	0.16	462	187	quartz breccia
	69	70	1	0.12	293	270	
	79	80	1	0.15	294	168	
	83	84	1	0.11	67	71	
MDD005*	34	44	10	0.22	32	54	
	63	91	28	0.19	98	567	quartz hematite breccia 63-83m
	112	114	2	0.59	214	136	
including	113	114	1	1.05	357	215	
MDD006**	50	86	36	1.54	198	106	
including	55	64	9	5.48	205	275	chalcocite breccia
including	61	64	3	12.26	496	290	
	90	91	1	0.14	48	213	
	96	97	1	0.15	27	33	
MDD007**	65	80	15	0.35	43	58	
including	72	76	4	0.58	48	61	
	96	131	35	0.26	126	171	quartz hematite breccia 93-112m
including	124	125	1	1.05	83	62	
MDD008**	52	54	2	0.12	217	194	
MDT001	no significant intersections						Core tail on MDR001

Table 1: Results for all drilling completed by CYU on Mt Dorothy to date. Lower Cut of 0.1% Copper applied with internal intercepts to a lower cut of 1% copper. Full REE are not reported here as all zones above 200ppm Yttrium being reassayed to detect full suite of REE not available by standard assaying and reported for MDD005 only to date. Complete REE Results during January and February.

*Y REE Results received

** Y REE Results awaited

Hole ID	East*	North*	RL*	Azi	Dip	Depth m	Comments
MDR001	380,720	7,694,999	449	278	-60	193	
MDR002	380,623	7,695,016	449	119	-60	163	Section A
MDR003	380,621	7,695,021	447	224	-60	100	
MDR004	380,293	7,695,296	429	160	-60	130	
MDD005	380,625	7,695,065	448	119.0	-60.0	150.10	HREE Zone, Section B
MDD006	380,604	7,695,027	448	120.5	-59.5	128.90	Section A
MDD007	380,605	7,695,029	449	113.5	-85.0	136.70	Section A
MDT001	380,601	7,695,010	304	271.9	-42.4	66.20	Core tail to MDR001
MDD008	380,368	7,695,152	438	134.0	-60.0	150.00	Testing a splay to NW

Table 2: Mount Dorothy Prospect drill collar locations drilled by CYU. This excludes previous drilling completed by MIM Exploration in 1992.

By CYU contributing a cumulative amount of \$1.5 million within a 3 year period from the commencement of the farm-in and joint venture agreement, CYU will have gained the right to earn a 70% participating interest in the tenements. During the farm-In period, CYU will solely fund and manage the exploration for all minerals within the tenement area.

CYU has currently expended \$1.13 million and the current diamond and proposed future RC drill campaigns to be approved by the joint venture will see a 70% equity position attained in the Mary Kathleen Joint Venture which includes both Mt Dorothy and Elaine by April 2011.

Competent Person's Statement

The information regarding to Exploration Activities in this report that relates to the Mount Dorothy (EPM 14019) prospect and the Elaine Inferred Resource is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and is Managing Director of China Yunnan Copper Australia Ltd. Mr Beckton 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 Beckton 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 (21.2%), Yunnan Copper Industry (Group) Co Ltd (YCI), is one of China's largest copper producers. YCI's 51% shareholder is Chinalco.

Apart from the Mt Dorothy and Elaine REE Copper exploration program other current activities include;

- Drilling recommenced January 6th at the Humitos Copper Porphyry project in Copiapo district, Chile. This has identified a series of shallow covered magnetic targets which warrant a 2000 metre RC program. **Drilling is concluded at report date and results will be reported in February.**
- Continued review of projects under Memorandum of Understanding with CYU's cornerstone investor Yunnan Copper Industries (YCI) to undertake regional exploration and project generation work in Yunnan Province, China and Laos.
- Proposed Reverse Circulation drilling in early 2011 at Stanley's Hope Gold and the Pentland JV with Activex Ltd, Pentland, North East Queensland.



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