



CHINA YUNNAN COPPER AUSTRALIA LIMITED

A.B.N. 29 070 859 522

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

CHINA YUNNAN COPPER AUSTRALIA LIMITED

CORPORATE DIRECTORY	
DIRECTORS Liang Zhong (Co Chairman) Norman Zillman (Co Chairman) Jason Beckton (Managing Director) Zewen Yang	STOCK EXCHANGE LISTING Australian Stock Exchange Ltd ASX Code: CYU
SECRETARY Paul Marshall	AUSTRALIAN BUSINESS NUMBER ABN 29 070 859 522
ADMINISTRATION AND REGISTERED OFFICE Level 5 60 Edward Street Brisbane QLD 4000 Telephone: 07 3303 0653 Facsimile: 07 3303 0601 Email: admin@cycal.com.au Website: www.cycal.com.au	SHARE REGISTRY Link Market Services Level 15 324 Queen St Brisbane Qld 4000 Telephone: (02) 8280 7454 Facsimile: (02) 9287 0303 www.linkmarketservices.com.au
SOLICITORS Hopgood Ganim Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000	AUDITORS WHK Horwath Level 16 WHK Horwath Centre 120 Edward Street Brisbane QLD 4000

CHINA YUNNAN COPPER AUSTRALIA LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors present their report on China Yunnan Copper Australia Ltd for the half-year ended 31 December 2009.

Directors

The names of persons who were directors of China Yunnan Copper Australia Ltd, during the whole of the half-year and up to the date of this report, unless otherwise stated, are:

Norman Zillman (Co Chairman)	Liang Zhong (Co Chairman)
Jason Beckton (Managing Director)	Zewen Yang (Executive Director)
Mark Elliott (resigned 23 November 2009)	Chao Yang (former Co Chairman, resigned 23 November 2009)

Review of Operations

China Yunnan Copper Australia Limited ('CYU' or 'Company') is an Australian company formed to explore for and develop minerals in Australia and overseas. Cornerstone investor China Yunnan Copper (Australia) Investment & Development Co. Ltd, who hold a 21% interest, is a subsidiary of Yunnan Copper Industry (Group) Co Ltd which is China's third largest copper producer and their largest silver and bismuth producer.

For the half year ended 31 December 2009 the Company made a loss of \$1,302,313 (2008: \$454,113).

Project Generation and Review

CYU has goals of resource definition and development for its three target commodities Copper, Gold and Uranium and to achieve this is targeting high quality copper, gold and uranium projects in the Mt Isa Inlier, Ravenswood-Pentland province and the Clermont Inlier in Queensland. CYU is farming into the Mary Kathleen Project in Mt Isa with Goldsearch Limited and the Pentland Gold Project with ActivEX Limited. A Memorandum of Understanding for Project generation in Yunnan Province, China with cornerstone investor YCI has been signed. CYU has recently entered into Purchase Agreements for the Humitos Copper Porphyry property in the Copiapo District of northern Chile and for the Uranium Project Waterford in North Queensland.

The Company's strategy is of project generation of exploration assets while reviewing for acquisition operating projects that comprise high quality copper, gold and uranium projects. The exploration strategy has been justified with drilling success at the Gem project and at the Mary Kathleen Joint Venture at the Elaine Dorothy U REE prospect. The company has reviewed in detail all of the tenements that were held at the time of the original IPO in November 2007 and has retained those tenements on which exploration success has been achieved or that remain prospective with further work to be undertaken. Tenements that were considered to have limited or no prospectivity have been relinquished.

Cloncurry North

2009 drilling results confirmed intrusive style of copper mineralization at the Gem prospect. A 2,600 metre RC drilling program with the aim of defining an initial inferred resource is now underway.

Mt Isa

In late 2009 diamond drilling at the Elaine Dorothy uranium exploration target, one of the Mary Kathleen Joint Venture prospect targets considered prospective for uranium and rare earth elements (REE), was successful. CYU has commissioned an independent resource estimate to quantify grade distribution of not only U₃O₈ but also REE.

Pentland

Gold exploration is entering a new phase with the Purchase Agreement for the Stanley's Hope mining lease and the Joint Venture with ActivEX Ltd both in the Pentland district. Drill testing is planned to commence on both projects in the current quarter.

Capital Raising

The company completed a fully underwritten rights issue in October 2009. The rights issue comprised a 2 for 5 offer at 15 cents and raised a total of \$4.65 million (before issue costs).

Auditors Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2009.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Jason Beckton
Managing Director

Brisbane
Date: 12 March 2010

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

To the directors

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

WHK HORWATH**DON. W. LANGDON
PRINCIPAL**

Brisbane.
Dated: 12 March 2010

Liability Limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note	Half Year	
		Consolidated December 2009 \$	Consolidated December 2008 \$
Revenue			
Interest income		42,543	120,941
Other income		1,750	-
Finance costs		-	(161)
Employment/Consulting		(223,238)	(242,244)
Depreciation		(25,851)	(16,058)
Share option expense		(134,813)	(14,228)
Impairment of exploration expenditure		(688,670)	-
Other expenses		(274,034)	(302,362)
Profit/(Loss) before income tax		(1,302,313)	(454,112)
Income tax expense		-	-
Net Profit/(Loss) after income tax		(1,302,313)	(454,112)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(1,302,313)	(454,112)
(Loss) attributable to:			
Owners of the parent entity		(1,302,313)	(454,112)
Non-controlling interest		-	-
		(1,302,313)	(454,112)
Total comprehensive income attributable to:			
Owners of the parent entity		(1,302,313)	(454,112)
Non-controlling interest		-	-
		(1,302,313)	(454,112)
		Cents	Cents
Basic earnings/(loss) per share		(1.47)	(0.59)
Diluted earnings/(loss) per share		(1.47)	(0.59)

The accompanying notes form part of these financial statements.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Note	Consolidated 31 December 2009 \$	Consolidated 30 June 2009 \$
Current Assets			
Cash and cash equivalents		4,072,099	1,617,277
Trade and other receivables		85,831	205,845
Financial assets		1,091	1,091
Other current assets		36,343	8,994
Total Current Assets		<u>4,195,364</u>	<u>1,833,208</u>
Non-Current Assets			
Trade and other receivables		53,892	44,619
Property, plant & equipment		234,955	178,914
Exploration expenditure		4,749,301	4,189,673
Total Non-Current Assets		<u>5,038,148</u>	<u>4,413,206</u>
TOTAL ASSETS		<u>9,233,512</u>	<u>6,246,414</u>
Current Liabilities			
Trade and other payables		402,183	532,582
Short term provisions		32,047	20,554
Total Current Liabilities		<u>434,230</u>	<u>553,135</u>
TOTAL LIABILITIES		<u>434,230</u>	<u>553,136</u>
NET ASSETS		<u>8,799,282</u>	<u>5,693,278</u>
Equity			
Issued capital	5	11,207,826	6,934,322
Reserves		162,000	27,187
Accumulated losses		(2,570,544)	(1,268,231)
TOTAL EQUITY		<u>8,799,282</u>	<u>5,693,278</u>

The accompanying notes form part of these financial statements.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Half Year	
	Consolidated December 2009	Consolidated December 2008
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(378,334)	(561,260)
Interest received	42,543	142,323
Finance costs	-	(161)
Net cash used in operating activities	(335,791)	(419,098)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property plant and equipment	(81,892)	(67,528)
Payments for exploration and development	(1,391,725)	(1,338,320)
Payments for security deposits	(9,274)	(3,160)
Net cash used in investing activities	(1,482,891)	(1,409,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,656,969	-
Payment of share issue costs	(383,465)	-
Net cash provided by financing activities	4,273,504	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,454,822	(1,828,106)
Cash and cash equivalents at the beginning of the financial period	1,617,277	4,694,977
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	4,072,099	2,866,871

The accompanying notes form part of these financial statements.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Issued Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2008	6,934,322	-	(486,898)	6,447,424
Total comprehensive income				
Profit / loss for the year	-	-	(454,112)	(454,112)
Total comprehensive income	-	-	(454,112)	(454,112)
Transactions with owners in their capacity as owners				
Issue of executive options	-	14,228	-	14,228
Total transactions with owners in their capacity as owners	-	14,228	-	14,228
At 31 December 2008	6,934,322	14,228	(941,010)	6,007,540
At 1 July 2009	6,934,322	27,187	(1,268,231)	5,693,278
Total comprehensive income				
Profit / loss for the year	-	-	(1,302,313)	(1,302,313)
Total comprehensive income	-	-	(1,302,313)	(1,302,313)
Transactions with owners in their capacity as owners				
Shares issued	4,656,969	-	-	4,656,969
Share issue costs	(383,465)	-	-	(383,465)
Issue of executive options	-	134,813	-	134,813
Total transactions with owners in their capacity as owners	4,273,504	134,813	-	4,408,317
At 31 December 2009	11,207,826	162,000	(2,570,544)	8,799,282

The accompanying notes form part of these financial statements.

CHINA YUNNAN COPPER AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of China Yunnan Copper Australia Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

CHINA YUNNAN COPPER AUSTRALIA LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1 BASIS OF PREPARATION (continued)

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2009. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

2. SEGMENT INFORMATION

(a) Identification of reportable segments

The group has identified that it has only has one operating segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The group undertakes exploration and evaluation activities in the mineral resources industry in Australia.

(b) Description of reportable segments

Mineral exploration in Australia

The group undertakes exploration and evaluation of mineral resources in Australia. No revenue from this activity has been earned to date as the Company is still in the exploration and evaluation stage.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations.

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

2. SEGMENT INFORMATION (continued)

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been restated to conform to the requirements of the Standard.

(i) Segment performance

	Mineral Exploration in Australia
Six months ended 31.12.2009	\$
Segment net profit before tax	(688,670)
<i>Reconciliation of segment result to group net loss before tax</i>	
Amounts not included in segment result	
Depreciation and amortisation	(25,851)
Interest revenue	42,543
Other income	1,750
Corporate charges	(632,085)
Net loss before tax	(1,302,313)
	Total
Six months ended 31.12.2008	\$
Segment net profit before tax	-
<i>Reconciliation of segment result to group net loss before tax</i>	
Amounts not included in segment result	
Depreciation and amortisation	(16,058)
Interest revenue	120,941
Corporate charges	(558,995)
Net loss before tax	(454,112)

(i) Segment assets

	Total
31.12.2009	\$
Half-year ended 31 December 2009	9,233,512
	Total
30.6.2009	\$
Year ended 30 June 2009	6,246,414
	Total
Additions to non-current assets	\$
Half-year ended 31 December 2009	641,520

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

3. CONTINGENT ASSETS AND LIABILITIES

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2009.

4. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events since 31 December 2009 that impact upon the financial report as at 31 December 2009.

5. ISSUED CAPITAL

	December 2009 Shares	June 2009 Shares	December 2009 \$	June 2009 \$
Opening Balance 1 July	77,616,073	77,616,073	6,934,322	6,934,322
Issue of Ordinary Shares during the Half-Year				
Rights issue	31,046,460	-	4,656,969	-
Share issue expenses	-	-	(383,465)	-
Closing Balance 31 December	<u>108,662,533</u>	<u>77,616,073</u>	<u>11,207,826</u>	<u>6,934,322</u>

**CHINA YUNNAN COPPER AUSTRALIA LIMITED
AND CONTROLLED ENTITIES**

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 12:
 - (a) comply with Australian Equivalents to International Reporting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Jason Beckton
Director

Brisbane
Date: 12 March 2010



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of China Yunnan Copper Australia Limited

Report on the Financial Report

We have reviewed the accompanying half-year financial report of China Yunnan Copper Australia Limited and controlled entities that comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the company

Directors' Responsibility for the Half-Year Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of China Yunnan Copper Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services.



Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of China Yunnan Copper Australia Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

WHK HORWATH

**DON LANGDON
PRINCIPAL**

Dated at Brisbane this 12th day of March 2010