CHINALCO

QUARTERLY REPORT

for the three months ending 31 March 2011

CHINA YUNNAN COPPER AUSTRALIA LIMITED

HIGHLIGHTS

CORPORATE

Placement for A$13.1 million capital raising to develop deposits and fund drilling and exploration programs - 54,695,775 shares at 24 cents each

MT DOROTHY COPPER-REE MINERALISATION

Drilling progressing toward a Resource

ELAINE REE-COPPER

Zone defined and extension drilling program to join existing REE resource

CHILE COPPER PORPHYRY

JV with Rio Tinto

LAOS COPPER-SILVER

Agreement signed subject to approvals.

RENAMING

Proposed renaming to Chinalco Yunnan Copper Resources Ltd to reflect global generative role for Group.

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Jason Beckton, MD
28 April 2011

Copper - Gold - Mt Isa, Mary Kathleen JV

The Mary Kathleen Joint Venture confirmed discoveries for Rare Earth Elements (REE), copper and cobalt at Mount Dorothy as well as REE and copper at Elaine which are being drilled during the current quarter.

China Yunnan Copper Australia Limited (ASX: CYU) has entered a Farm-In/ Joint Venture agreement with Goldsearch Limited (ASX: GSE) over three exploration permits (EPM 14019, EPM 14022 and EPM 15257) comprising the Mary Kathleen Joint Venture. CYU will earn 70% equity in the Joint Venture during the next drill program scheduled for May.

MOUNT DOROTHY COPPER-REE DISCOVERY

During the current quarter, a mineralised body has been defined at Mount Dorothy representing an Exploration Target* of between 5 to 10 million tonnes at a copper grade of between 0.6% and 1.5%, cobalt between 100 and 400ppm and REE grades between 500 and 1500ppm.

The Exploration Target* is defined between 0 and 250 metres below surface, is principally zones of oxide and transitional (part oxide, part sulphides) mineralisation. The Company's current intention, if a sufficient and suitable resource is defined in this zone, is to continue to drill test extensions to build the size of the potential resource. The Company has carried out early stage engineering/commercial assessment of the target to determine the likely cut-off grade requirements, likely recoveries, mining and processing costs to aid in planning further drilling.

NOTE: This Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Currently, operations include:

- Drilling proposal prepared for a 15 hole RC program totalling 1800 metres. Four holes are testing extensions to the Wee Wyeems mineralisation and the remainder are testing the SAM conductors to the north on 4 lines.
- Mapping of the two northern most lines (6 holes) completed indicating areas of shallow alluvial cover on both conductors. The stronger northern anomaly is flanked by outcropping volcanics and amphibolite (locally clay-altered) leaving a 10 to 20 metre wide zone of no outcrop. At its southern end, outcropping quartz veining parallel to the anomaly was mapped.

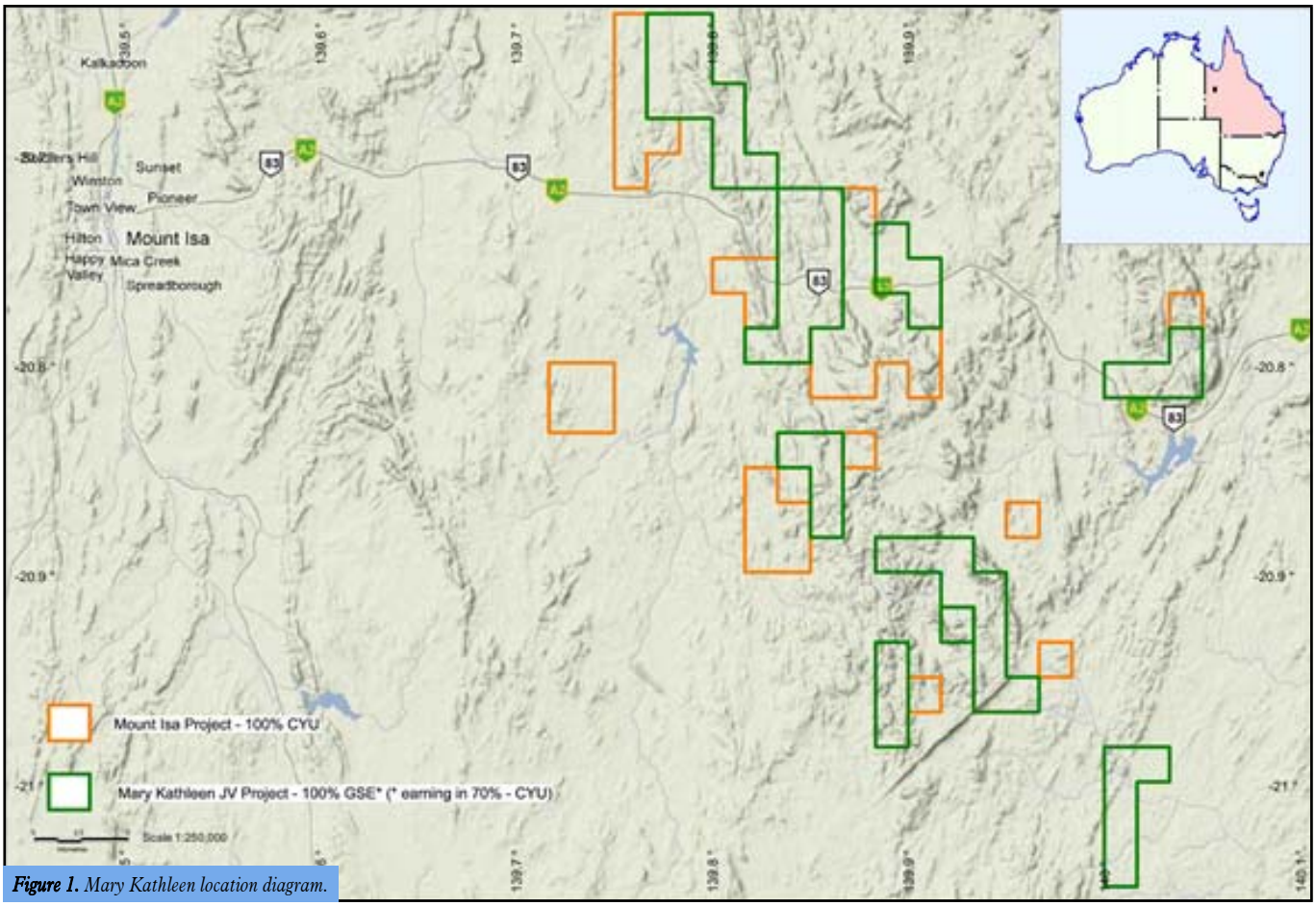


Figure 1. Mary Kathleen location diagram.

Table 1. Mount Dorothy Drill Results

Hole ID	East* (m)	North* (m)	RL (m)	Azimuth** (°)	Dip (°)	Depth (m)	Results
MDR002	380,623	7,695,016	449	119	-60	163	35m @ 1.52% copper, 397ppm cobalt from 17m, including 22m @ 2.03% copper, 591ppm cobalt from 17m.
MDR003	380,621	7,695,021	447	224	-60	100	10m @ 411ppm cobalt, 0.04% copper from 81m.
MDR004	380,293	7,695,296	429	160	-60	130	28m @ 385ppm cobalt, 0.12% copper from 35m, including 8m @ 315ppm cobalt, 0.02% copper from 122m (OPEN).

Hole ID	East* (m)	North* (m)	RL (m)	Azimuth** (°)	Dip (°)	Depth (m)		From (m)	To (m)	Width (m)	Cu (%)	Co (ppm)	Y (ppm)
MDD005	380,625	7,695,065	448	119.0	-60	150.10		34	44	10	0.22	32	54
								63	91	28	0.19	98	567
								112	114	2	0.59	214	136
							Incl.	113	114	1	1.05	357	215
MDD006	380,604	7,695,027	448	120.5	-59.5	128.90		50	86	36	1.54	198	106
							Incl.	55	64	9	5.48	205	275
							Incl.	61	64	3	12.26	496	290
								90	91	1	0.14	48	213
								96	97	1	0.15	27	33
MDD007	380,605	7,695,029	449	113.5	-85	136.70		65	80	15	0.35	43	58
							Incl.	72	76	4	0.58	48	61
								96	131	35	0.26	126	171
							Incl.	124	125	1	1.05	83	62
MDD008	380,368	7,695,152	438	134.0	-60	150.00		52	54	2	0.12	217	194

Hole ID	East* (m)	North* (m)	RL (m)	Azimuth** (°)	Dip (°)	Depth (m)		From (m)	To (m)	Width (m)	Cu (%)	Co (ppm)	TREO+Y (ppm)
CC001D	380,724	7,695,031	451	223.0	-60	249.60		107	164	57	0.14	64	394
								174	213	39	0.26	229	587
							Incl.	200	202	2	0.73	168	941
MDD009+	380,650	7,695,048	438	120.0	-60	48.2		32	33	1	0.11	51	306
MDD010	380,605	7,695,029	449	113.5	-85	136.70		35	37	2	0.11	29	275
								44	48	4	0.15	141	1303
								53	65	12	0.52	34	547
							Incl.	53	61	8	0.66	33	454
MDD011	380,619	7,695,066	437	120.0	-85	201.70		65	68	3	0.46	771	928
							Incl.	66	68	2	0.60	752	1211
								73	90	17	0.30	31	285
							Incl.	76	79	3	0.77	51	278
								97	100	3	0.13	17	360
								104	125	21	0.84	108	489
							Incl.	105	122	17	1.03	109	495
								131	163	32	0.65	141	584
							Incl.	155.5	163	7.5	2.33	159	561

** Datum GDA94 zone 54 ** UTM Grid Azimuth + Hole abandoned*

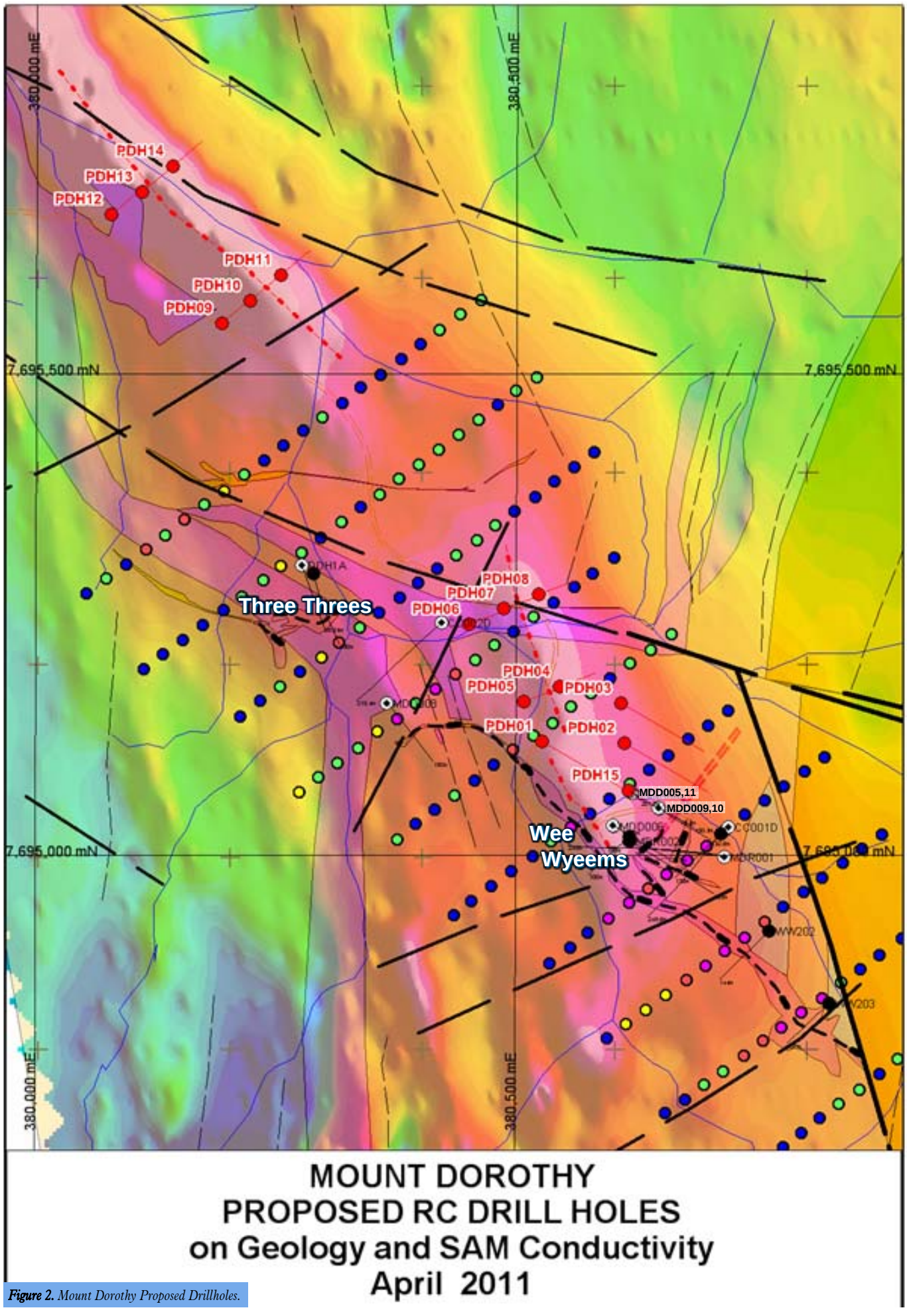


Figure 2. *Mount Dorothy Proposed Drillholes.*

ELAINE REE-URANIUM-COPPER INFERRED RESOURCE

MKED004 was drilled to a total depth of 207.8m (see Table 2). The hole was designed as an exploratory drillhole following up an historical percussion drillhole, EP004 (1983, T.D.: 136 metres), which reported a visual zone of sulphide mineralisation of 42 metres averaging 38% sulphide from 28 metres, not previously assayed for REE, copper or gold.

EP004 is located 200 metres northwest of the Elaine Dorothy uranium-REE JORC inferred resource of 83,000t @ 0.28kg/t U_3O_8 and 3200ppm TREO undertaken by independent resource consultants Hellman and Schofield Pty Ltd in 2010 (see Figure 3).

Assay results have been returned for MKED004 and significant copper-cobalt intersections are shown in Table 3. A summary section of MKED004 and EP004 is displayed in Figure 4.

Table 2. Elaine Drill Location Data

Hole ID	East (m)	North (m)	RL (m)	Azimuth (°)	Dip (°)	Depth (m)
MKED004	398,054	7,699,542	405	177	-70	207.80
EP004	398,053	7,699,540	405	177	-70	136.00

Datum in GDA94 Z54 UTM co-ordinates and Azimuth is True North

Significant Copper-Cobalt and Rare Earth Element (REE)-Uranium Mineralisation

New zone of copper-cobalt sulphide mineralisation grading;

- **49m @ 0.44% copper, 283ppm cobalt, from 25m**
- **incl. 24m @ 0.63% copper, 301ppm cobalt from 46m**

Broad rare earth element +/- uranium mineralisation grading;

- **25m @ 2043ppm TREO, 0.07kg/t U_3O_8 from 69m**
- **13m @ 2550ppm TREO, 0.09kg/t U_3O_8 from 149m**
- **incl. 7m @ 3300ppm TREO, 0.13kg/t U_3O_8 from 151m**

Several copper-cobalt intercepts relating to the visible mineralisation described above are reported in Table 3. The shear zone at the top of the hole returned 15m @ 0.33% copper, 162ppm cobalt from surface. The broad zone of visible sulphides returned 49m @ 0.44% copper, 283ppm cobalt from 25 metres, including 24m @

Photo 1. *MKED004, ~57.00 to 60.00 metres - Strong fracture controlled phyrrhotite+pyrite+chalcopyrite mineralisation in a garnetite and diopside calc-silicate units. Assays returned for interval: 3m @ 1.04% copper, 361ppm cobalt and 0.09g/t gold.*

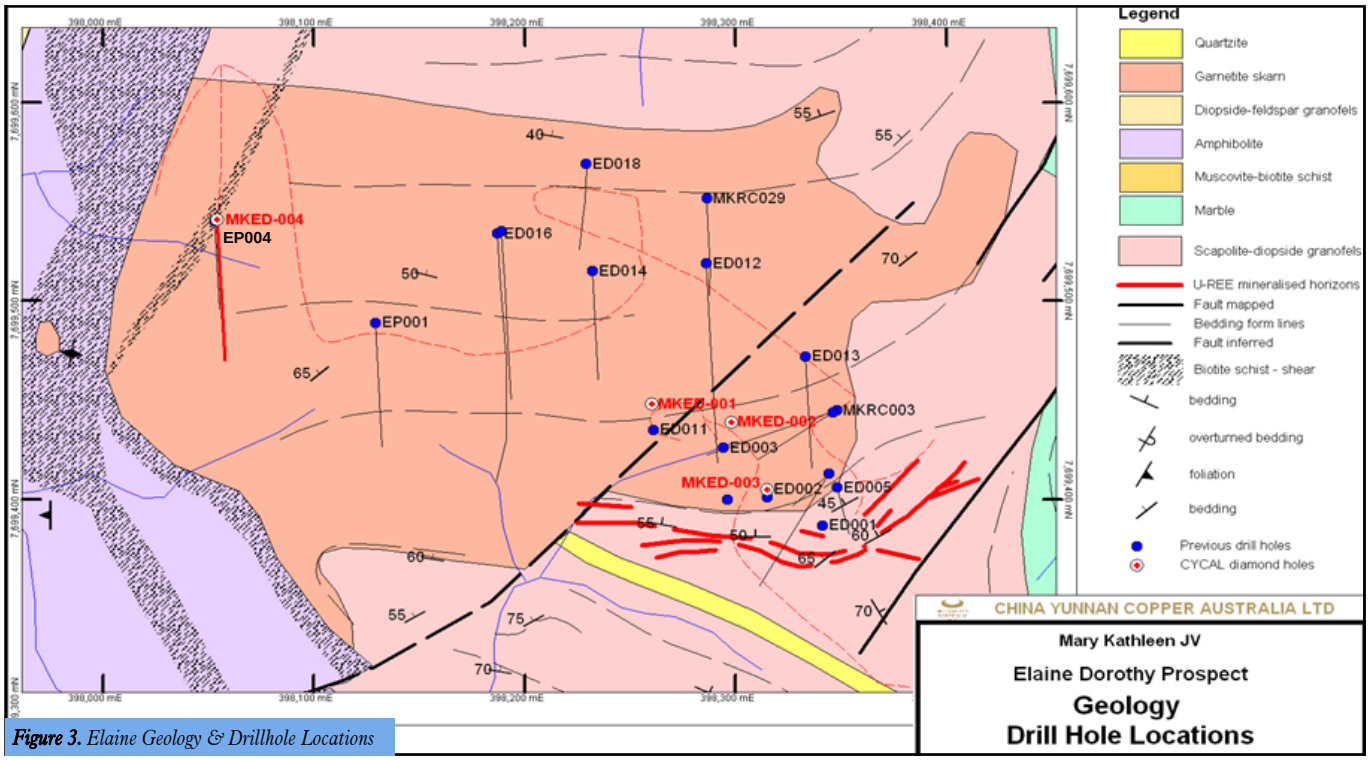


Figure 3. *Elaine Geology & Drillhole Locations*

Table 3. Summary of Significant Copper & Cobalt Intersections - Elaine Dorothy Prospect							
Hole	From (m)	To (m)	Width (m)	Cu (%)	Co (ppm)	Au (ppm)	Comment (150ppm Co & 0.10g/t Au cut-offs)
MKED 004	0	15	15	0.33	162	0.07	incl., from 11m,: 4m @ 325ppm Co
MKED 004	25	74	49	0.44	283	0.05	incl., from 27m,: 5m @ 325ppm Co incl., from 41m,: 28m @ 398ppm Co incl., from 43m,: 2m @ 1,430ppm Co
Incl.	46	70	24	0.63	301	0.09	0.50% Cu cut-off
Incl.	66	70	4	1.03	238	0.22	1.00% Cu cut-off
MKED 004	81	89	8	0.30	217	0.02	incl., from 86m,: 3m @ 492ppm Co
MKED 004	174	175	1	0.12	134	0.03	
** 0.10% Cu cut-off with a maximum of 3m internal dilution*							

0.63% copper, 301ppm cobalt from 46 metres and 8m @ 0.30% copper, 217ppm cobalt from 81 metres. Copper values reach a maximum of 1.75% copper with 325ppm cobalt and 0.18g/t gold at 59 – 60 metres, associated with the chalcopyrite tension veins (see Photo 1).

A JORC Inferred Resource of 83,000 tonnes @ 280ppm U_3O_8 and 3,200ppm Total Rare Earth Oxides (TREO) at a lower cut-off of 200ppm U_3O_8 was estimated in March 2010. Three diamond drillholes for only 334 metres allowed historic drilling to upgrade from an exploration target to CYU's maiden Inferred Resource. Exploratory drilling is currently planned to continue on the eastern side of the Resource to grow the extent of known REE, copper and uranium mineralisation.

PRINCE OF WALES (COPPER / GOLD)

At Prince of Wales, soil sampling and review of previous drill intercepts, including 9m @ 3% copper from 21 metres, has defined a zone of anomalous copper associated with outcropping iron stones and minor historical copper workings. This area is thought to have significant potential for iron oxide copper gold (IOCG) mineralisation given the nearby development of the large body of iron oxide at Mount Philp. A short RC program is also planned for the current quarter.

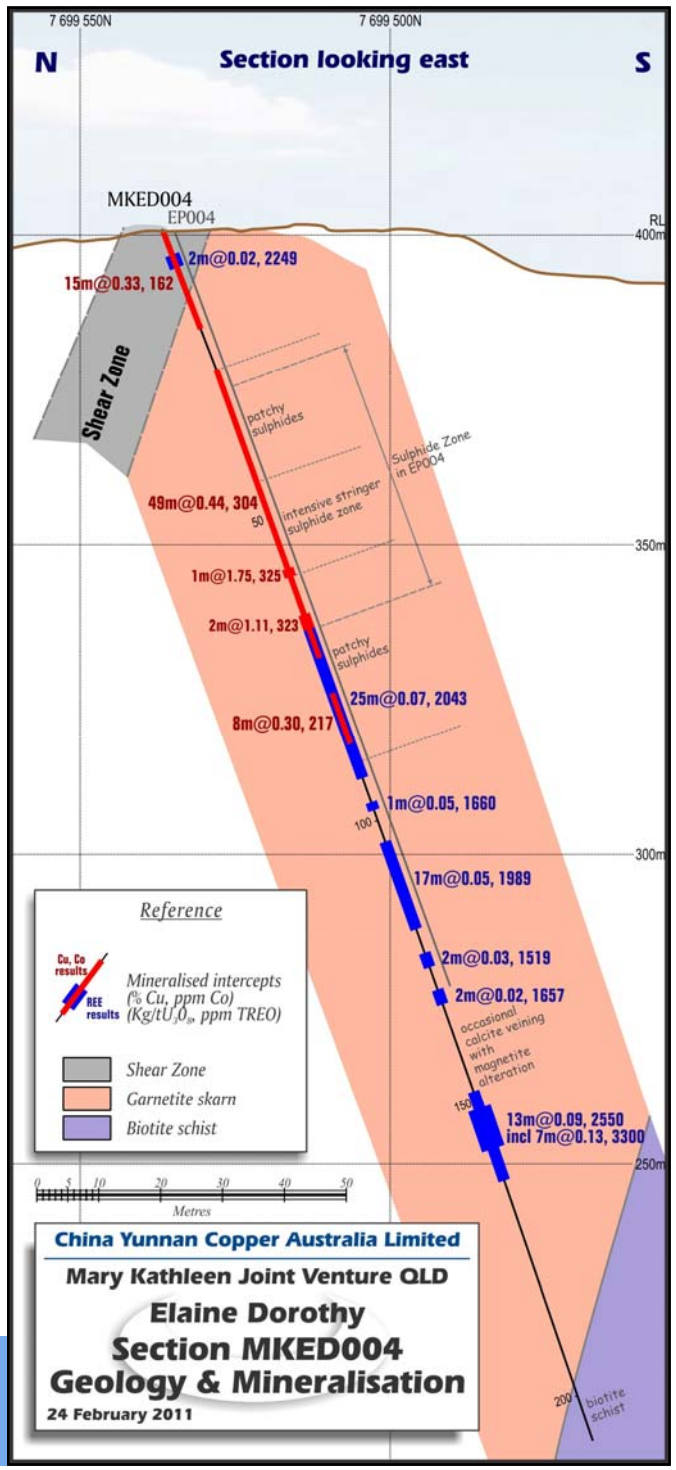
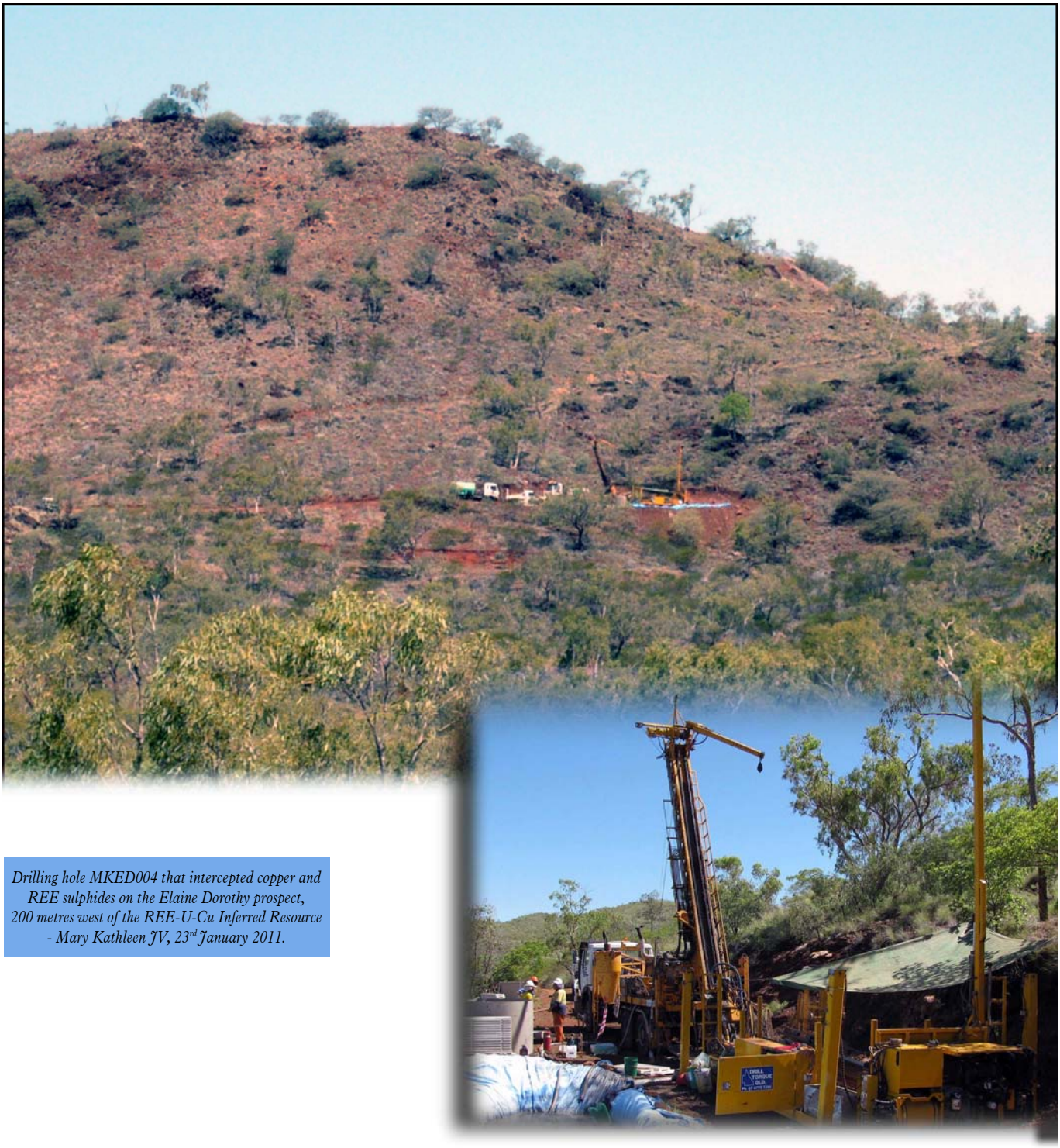


Figure 4. Section 398050mE – MKED004 & EP004. Red intercept depicts copper cobalt zone and blue is REE Uranium Zone. This polymetallic intercept is open to the north and south and will represent resource growth for REE and a new copper cobalt zone for further delineation.



Drilling hole MKED004 that intercepted copper and REE sulphides on the Elaine Dorothy prospect, 200 metres west of the REE-U-Cu Inferred Resource - Mary Kathleen JV, 23rd January 2011.

Copper - Gold - Cloncurry North

During the quarter, a Letter of Intent ("LOI") between China Yunnan Copper Australia Ltd (CYU) and Yunnan Copper Mineral Resources Exploration and Development Co. Ltd. (YEX) has been signed in Kunming, China.

The LOI proposes that, subject to the related government and shareholder approvals, YEX will farm-in and subsequently obtain the opportunity of earning up to a 55% of the Cloncurry North and Waterford projects

Under the agreement, CYU will grant YEX the exclusive right to earn at least 55% participating interest in the tenements, free of all encumbrances (Farm-in Interest) by incurring expenditure of A$5,000,000 on the tenements over three (3) years, which is approved and confirmed by a Management Committee. YEX personnel, under CYU supervision, will participate in field operations in the Cloncurry district to test a series of targets including the previously-announced Gem deposit which remains open to the south.

Copper – Rio Tinto JV, CHILE

CYU FARM-IN TO HIGHLY PROSPECTIVE RIO TINTO COPPER EXPLORATION PROJECTS IN CHILE.

China Yunnan Copper Australia Limitada, a Chilean subsidiary of China Yunnan Copper Australia Limited (ASX code CYU) has signed two agreements with Rio Tinto Mining and Exploration Chile (Rio Tinto Exploration) to commence option to joint ventures covering copper porphyry exploration properties, Palmani and Caramasa, in northern Chile.

The **Palmani** porphyry copper and molybdenum prospect is located in the Palaeocene Porphyry Copper Belt of Northern Chile, 60km northeast of Arica, approximately 5km west of the Palaeocene aged La Mancha porphyry copper system, which was drilled by Rio Tinto in 1997 and 1998. It lies within the same belt of rocks that host the Cerro Colorado porphyry copper deposit and the Toquepala porphyry copper deposit in Southern Peru.

The **Caramasa** porphyry copper and molybdenum prospect is located in the Palaeocene Porphyry Copper Belt of Northern Chile (Region 1), 80km north of BHP Billiton's Cerro Colorado mine.

These targets represent potential large Palaeocene age porphyry copper, molybdenum and gold deposits, similar to the Tier 1 porphyries of Southern Peru.

Key components of the two Joint Ventures are:

1. **Palmani**: Minimum expenditure commitment for first year of US$250,000. Total expenditures of US$10 million and 5,000 metres of drilling for a 40% interest. After exercise of the first option, Rio Tinto to have 90 days to elect to resume management of the project or grant a second option for a further 3 years with expenditures of US$15 million for China Yunnan to gain a further 20% (to a 60% total).

2. **Caramasa**: Minimum expenditure commitment for first year of US$250,000. Total expenditures of US$8 Million and 5,000 metres of drilling for a 40% interest. After exercise of the first option, Rio Tinto to have 90 days to elect to resume management of the project or grant a second option for a further 3 years with expenditures of US$15 million for China Yunnan to gain a further 20% (to a 60% total).

If CYU exercise the first option for 40% and Rio Tinto decides to take over management and remain at 60% then a joint venture company will be formed and each party will have to contribute its share of expenditure according to its equity share. There will be no "free carry" for either party. Only if one party does not contribute it will be diluted.

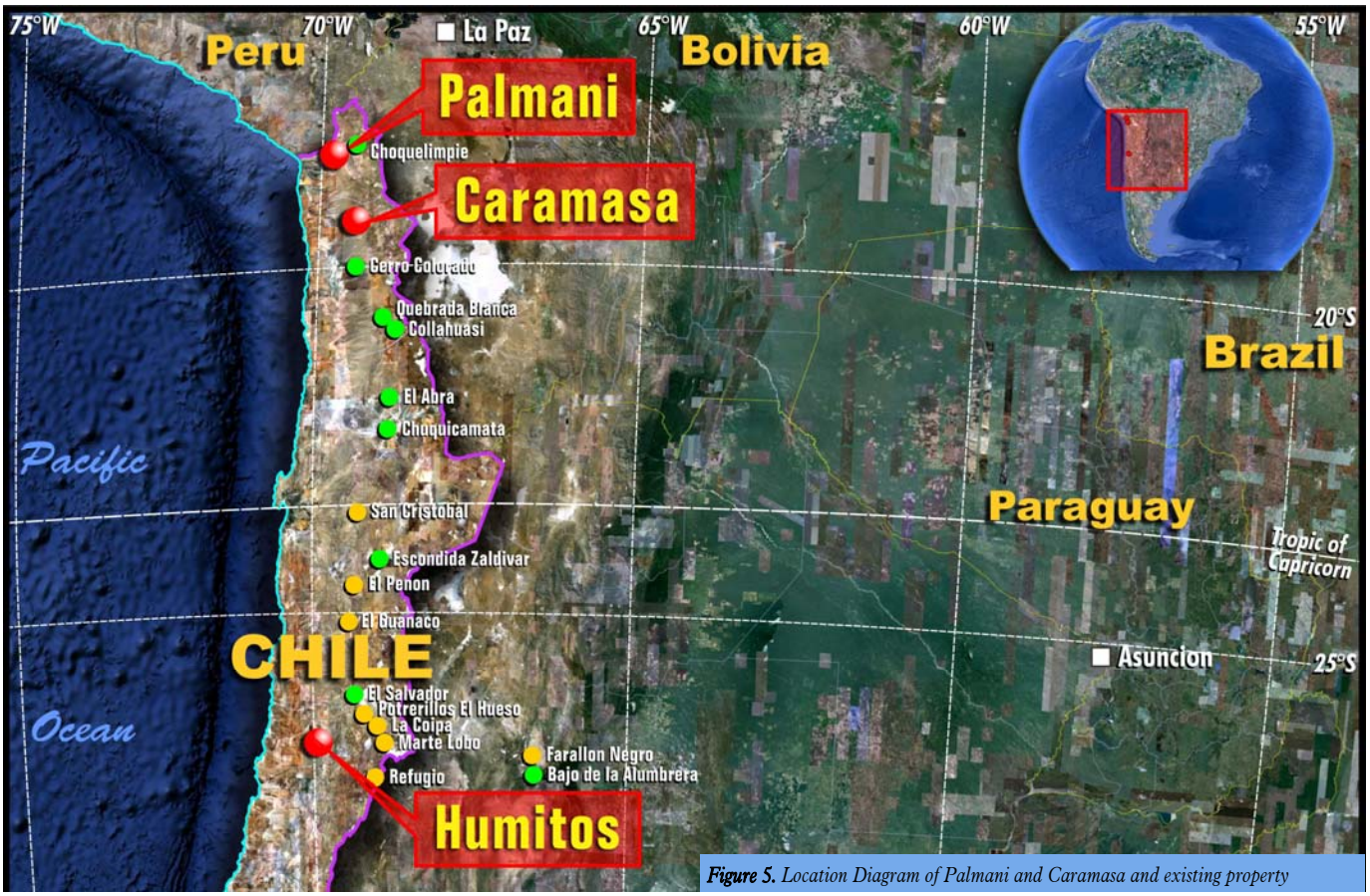


Figure 5. Location Diagram of Palmani and Caramasa and existing property

Copper – Humitos, CHILE

The Humitos project is located ten kilometres south of PanAust's and Codelco's Inca de Oro project (259Mt @ 0.47% copper) in the Copiapó District, Region III, Chile. During the quarter, CYU completed its first phase: a nine hole, 1906 metre, reverse circulation percussion drill program at the Humitos Copper Porphyry project (see Table 4).

Table 4. Humitos Prospect Drill Collars

Hole	East* (°)	North* (°)	RL (m)	Azimuth** (°)	Dip (°)	Depth (m)
HUR001	416,787	7,028,200	1972	N/A	-90	260
HUR002	417,600	7,028,380	2053	N/A	-90	198
HUR003	413,834	7,021,325	1948	N/A	-90	200
HUR004	414,769	7,022,116	1933	N/A	-90	200
HUR005	414,620	7,022,485	1938	N/A	-90	200
HUR006	411,640	7,026,220	1934	N/A	-90	204
HUR007	411,240	7,028,490	1836	N/A	-90	197
HUR008	412,450	7,026,800	2000	N/A	-90	207
HUR009	414,174	7,028,066	2014	N/A	-90	240

** Datum PSAD zone19S ** UTM Grid Azimuth*

Humitos is a classic example of a well preserved high-level-porphyry system displaying normal porphyry alteration patterns including a silica cap. Soil sampling has indicated that the area is anomalous in elements including gold, arsenic, bismuth etc. indicating the presence of porphyry style mineralisation.

The holes were drilled to test shallow geophysical and geochemical anomalies in areas of alluvial cover, marginal to the area of altered outcrop.

A review was undertaken on the data gathered during the 2010–2011 first-phase RC drilling program completed at the Humitos prospect. Detailed re-logging of the drill chips has been completed. The original logging of the chips by the Chilean geological contractor provided only brief summary logs not sufficient for database entry and geological modelling.

The re-logging concluded that not all of the magnetic anomalies targeted by the drilling program were adequately identified. The magnetic anomalies were considered prospective as the nearby deposit of Inca de Oro is noted to have been discovered as a magnetic anomaly caused by secondary magnetite as part of the potassic alteration assemblage of the porphyry deposit.

The magnetic anomalies associated with drill holes HUR001, HUR005 and HUR009 remain untested targets, as the logging shows a propylitised andesite with zones of a later, occasionally intensive, phyllic overprint in HUR001 and strongly oxidised and kaolinised andesite and microdiorite. The strong oxidation throughout suggests a structural control of meteoric water throughout the drilled zone in HUR005. There was no indication of magnetite in any of the drill chips. HUR009 also did not sufficiently test the magnetic anomaly, despite being drilled to 240 metres. The drillhole consisted of oxidised and clay-altered andesite near surface, grading into an illite-dominant phyllic altered andesite with zones of sericite-dominant phyllic altered feldspar porphyry at depth. Traces of magnetite were detected near end-of-hole (EOH), probably as primary magnetite in andesite.

The magnetic anomaly in HUR002 has been identified as granodiorite with weak primary magnetite mineralisation disseminated throughout.

The target identified by HUR003 was found to consist of a moderately magnetic microdioritic intrusive containing primary magnetite and trace chloritisation. This was also recognised outcropping on surface prior to drilling.

HUR004 has identified a magnetite bearing andesite, feldspar

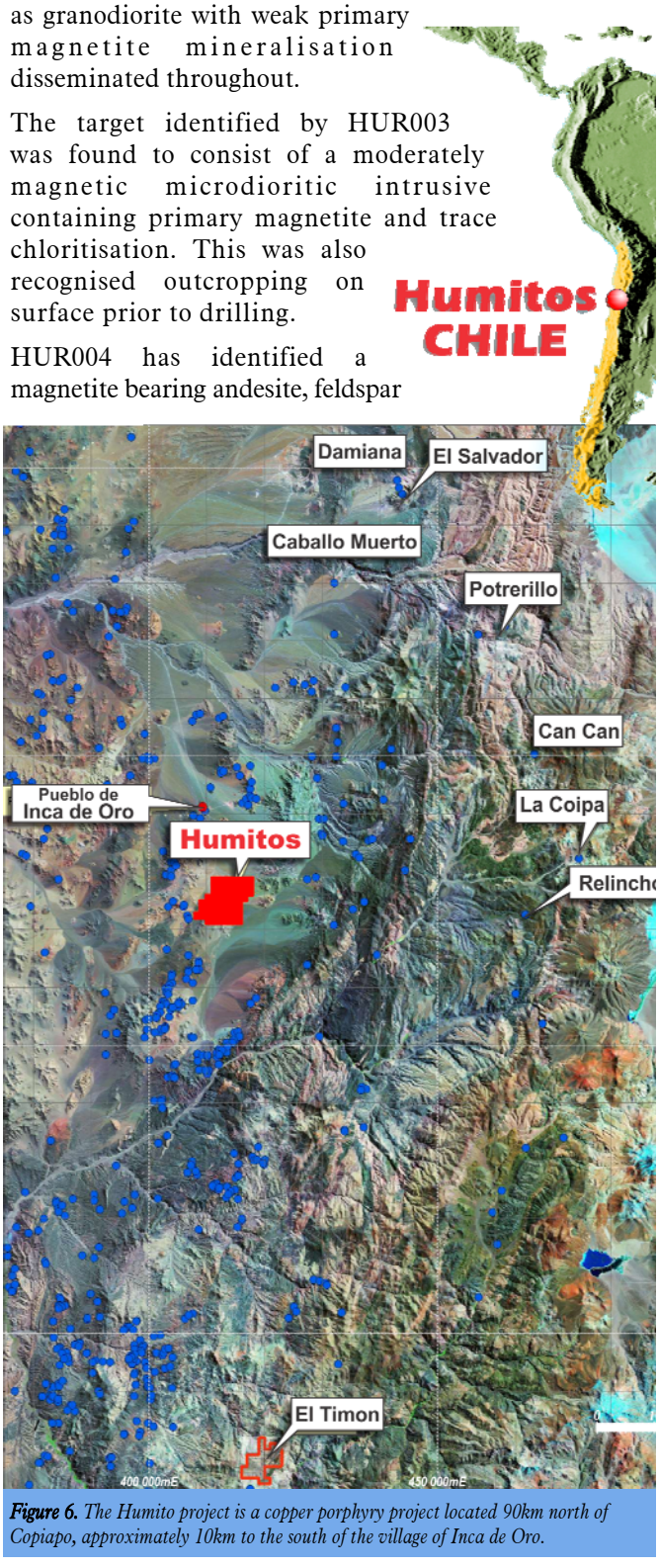


Figure 6. *The Humito project is a copper porphyry project located 90km north of Copiapo, approximately 10km to the south of the village of Inca de Oro.*

phyric in places, with zones of primary magnetite microdiorite-diorite lithologies.

HUR006 shows a primary magnetite-bearing andesite to approximately 160 metres, contacted along a fault by a weakly sericitised-kaolinised andesite.

HUR007 consisted of a large talus zone to around 80 metres depth, before intersecting a primary magnetite-bearing andesite at depth, which was slightly chloritised with a weak phyllic overprint.

The anomaly tested by HUR008 has identified the source as an amphibole-bearing granodiorite containing weak primary magnetite disseminations.

The alteration assemblages seen in the drill chips suggest a peripheral porphyry environment in some of the drill holes (HUR001 and HUR009 especially), thus further drilling should focus on the main Humitos hill area.

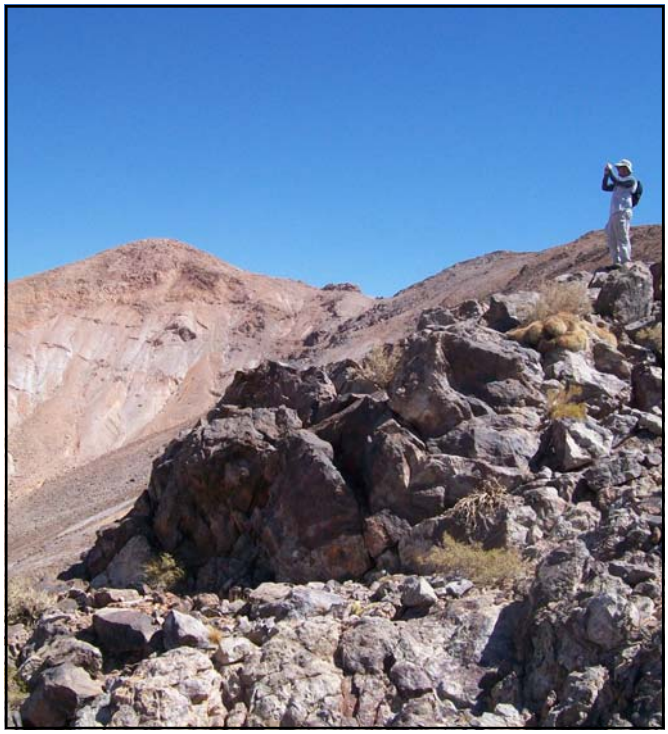
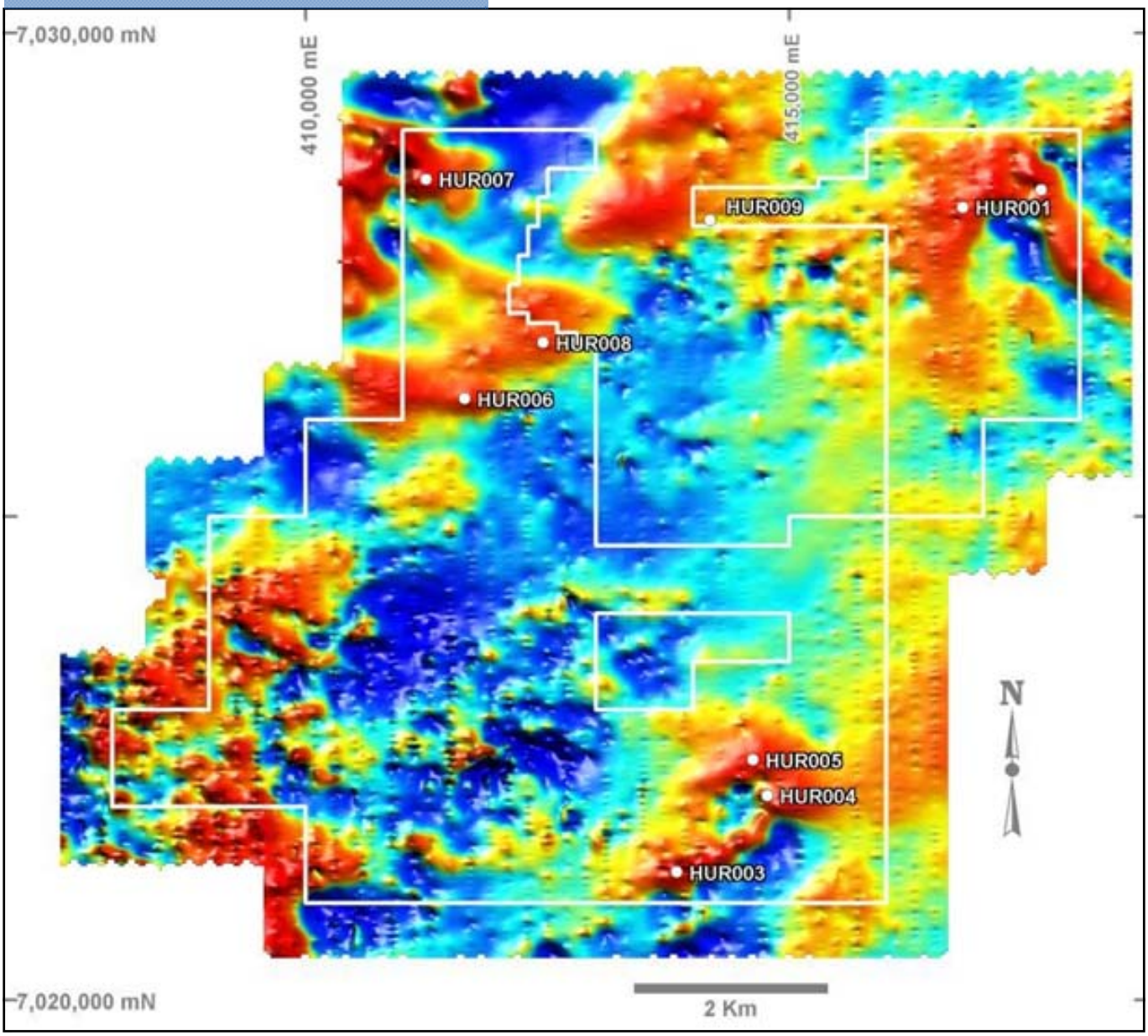


Figure 7. *Ground Magnetics and initial scout RC drill locations. A three dimensional model is being completed to allow further drill design.*



Copper – Silver – LAOS

During the quarter, CYU has entered into an agreement to purchase 51% interest in Sanmu Mining Limited, a Chinese-registered Resource Company, to explore for and develop existing mineral deposits in Laos and Asia. Under the agreement, CYU will invest A$2.8 million (in 3 equal stages over the 12 months following final approvals for the transaction) to acquire a 51% percent interest in Yunnan Copper Sanmu Mining Limited, a Chinese-registered company holding near-development copper-silver projects in northern Laos within transport distance of existing processing centres in southern Yunnan Province, Peoples Republic of China, subject to regulatory and shareholder approvals.

ZAMBIAN-STYLE SEDIMENTARY COPPER DEPOSITS WITH GRADES OF 1% COPPER & 150G/T SILVER

Sanmu Mining Limited holds 100% of four properties in northern Laos, within the Mohan Development Zone (see Figure 7). The company is targeting Zambian-style sedimentary copper deposits with a grade of 1% copper and 150g/t silver. These grades are indicated from trench and underground sampling with drilling to be completed with invested funds during 2011. A feasibility study to Chinese government standards will then be completed to allow possible mining operations to commence within the next two years.

In the short term, the existing Non-JORC resource suite, based on trenching and underground adits, will be grown through immediate drilling operated by the experienced YCI team under supervision of the CYU-controlled JV committee. Geological mapping, geophysics and geochemical sampling have rendered project areas ready for expansionary drilling campaigns during 2011. Confirmatory drilling to allow full reporting to JORC standards will be undertaken. This study will be enhanced by growing the existing Chinese-certified reserve with planned drilling at depth beyond current underground workings used to control the base of the reserves.

Figure 8. *Locations of copper silver prospects to be drilled to JORC standards during 2011. All are within trucking distance of the Mohan Copper Silver Mine operated by Yunnan Copper Industries.*

Corporate

Board of Directors

Norm Zillman, Non-Exec Co-Chairman
Zhihua Yao, Non-Exec Co-Chairman
Jason Beckton, Managing Director
Zewen Yang, Executive Director

Company Secretary

Paul Marshall

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Issued Share Capital

China Yunnan Copper Australia has 127.56 million ordinary shares currently on issue and 15.65 million options. During the quarter, the company completed a share placement that raised $2.14 million with the issue of 8.9 million shares at 24 cents.

Quarterly Share Price Activity

Quarter	High	Low	Last
Jun 2008	$0.43	$0.19	$0.19
Sep 2008	$0.25	$0.12	$0.12
Dec 2008	$0.19	$0.07	$0.07
Mar 2009	$0.10	$0.07	$0.068
Jun 2009	$0.20	$0.16	$0.17
Sep 2009	$0.35	$0.16	$0.24
Dec 2009	$0.35	$0.17	$0.20
Mar 2010	$0.35	$0.205	$0.205
Jun 2010	$0.23	$0.091	$0.15
Sep 2010	$0.225	$0.091	$0.165
Dec 2010	$0.20	$0.15	$0.175
Mar 2011	**$0.44**	**$0.18**	**$0.31**

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.