ASX/Media Announcement

6th January 2011

Heavy Rare Earth Element (HREE) Discovery at Mt Dorothy - Mary Kathleen JV with Goldsearch Limited.

- **A broad zone of Yttrium (Y) and Heavy Rare Earth Element (HREE) from MDD005: 16m @ 1249 ppm (1.24 kg/tonne) total HREE-Y from 71m.**

- **Revised analysis of results from MDD006 show: 36m @1.54% Cu and 198ppm Co from 50m.**
  Previously reported 28m @ 1.9% Cu and 247ppm Co from 50m;
  incl. 9m @ 5.5% Cu and 205ppm Co from 55m;
  incl.2m @ 10.5% Cu and 732ppm Co from 61m associated with chalcocite in breccia.

- **MDD006 is now comparable in width and copper content to the previously reported 50 metre higher MDR002 which returned an intercept of 35m @ 1.52% copper and 397ppm cobalt from 17m downhole.**

China Yunnan Copper Australia Limited (ASX: CYU) announces today a significant heavy rare earth element (HREE) intercept for hole MDD005 from the Mount Dorothy prospect. In addition the Company is able to advise of enhanced widths from the previously announced copper cobalt intercepts for MDD006 after the return of multi-element results from drilling on its **Mount Dorothy copper+cobalt prospect,** which is part of the Mary Kathleen joint venture with **Goldsearch Limited** (ASX: GSE) in Northwest Queensland.

CYU's Managing Director Jason Beckton, said "These additional results from previously reported drillholes significantly enhance the importance of this new zone. The discovery of the heavy rare earth element Yttrium at Mount Dorothy is exciting, and the increased element associations we are seeing with HREE-Y suggest a very important target for future drilling after the current wet season."

"Mount Dorothy is south of the Elaine REE uranium inferred resource and the Mary Kathleen uranium/REE deposit, which suggests the area may be an important new REE province. The previous exploration work only targeted uranium and so rare earths would not have been tested for and will have remained undiscovered. "

Detailed results for drill hole MDD005 are shown in table 1 below.

Table 1: REE & Yttrium Mineralised drill intercept from MDD005 (ppm – parts per million)

mFrom	mTo	La	Ce	Pr	Nd	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Y	Total REE Y	Total HREEY	TREEY/HREEY	HREE%
71	72	117	259	33	128	33	7	50	11	73	18	50	7	39	480	1303	727	1.8	55.8
72	73	56	146	23	113	48	13	110	26	196	48	137	18	103	1350	2387	1988	1.2	83.3
73	74	25	76	11	62	34	11	95	25	188	49	141	19	108	1355	2197	1978	1.1	90.0
74	75	23	60	9	48	22	7	56	14	105	27	78	11	61	786	1305	1137	1.1	87.1
75	76	33	81	12	54	21	6	47	11	84	21	59	8	47	588	1070	864	1.2	80.7
76	77	40	87	14	59	21	5	43	10	72	18	50	7	40	487	951	725	1.3	76.2
77	78	42	101	15	73	30	8	72	18	129	32	90	12	68	871	1559	1290	1.2	82.8
78	79	34	80	13	58	24	7	56	13	101	25	73	10	57	704	1253	1038	1.2	82.9
79	80	40	92	13	63	24	7	59	14	108	27	80	11	65	818	1421	1183	1.2	83.2
80	81	32	89	16	83	43	13	113	29	219	58	172	24	143	1700	2732	2457	1.1	89.9
81	82	81	218	33	167	69	18	152	36	263	65	181	25	143	1795	3244	2659	1.2	81.9
82	83	44	134	24	125	51	12	108	26	183	45	131	19	123	1245	2267	1878	1.2	82.8
83	84	12	34	6	25	9	2	20	5	33	9	27	4	28	260	474	385	1.2	81.2
84	85	102	179	22	81	18	3	21	4	26	6	18	3	19	173	674	269	2.5	40.0
85	86	119	331	50	197	43	6	35	6	31	6	17	3	17	154	1015	270	3.8	26.6
86	87	50	141	22	99	36	7	63	15	104	26	79	12	78	751	1483	1129	1.3	76.1

*HREE (Gd to Y)

The interval is strongly oxidised with abundant Fe oxides and clays. Intervals from other previously drilled RC holes further to the west are being assessed as no historic drilling was analysed for REE. All other CYU holes (**Refer figures 1 to 3 below)** have been analysed for REE with full results due at the end of January. To date MDD005 is the most significant intercept with result due for MDD006, MDT001 and MDD008. Also CYU will resample former MIM Exploration drillholes in the government core storage facility in Mount Isa.

For background and to indicate possible economic implications, the prices of HREE Y are detailed below.

Table 1 reflects total HREE-Y of 1.24kg/tone. Market Prices for the oxides of the Heavy Rare Earth elements HREE-Ys are as follows - Y2O3 $82/kg, Dy2O3 $300/kg, Er2O3 $640/kg, Gd2O3 $55/kg, Nd2O3 $110/k (for comparison the price of Copper approximates $8/kg).

The **high mean percentage of HREE-Y to Total REE-Y in these samples at 75%** is noteworthy and the variation inside the intercept is likely to be the result of unknown mineral species to be determined in the current quarter.

In early 2011 geochemical studies will be completed to further determine the nature of the HREE mineralogy as some may be also phosphates.

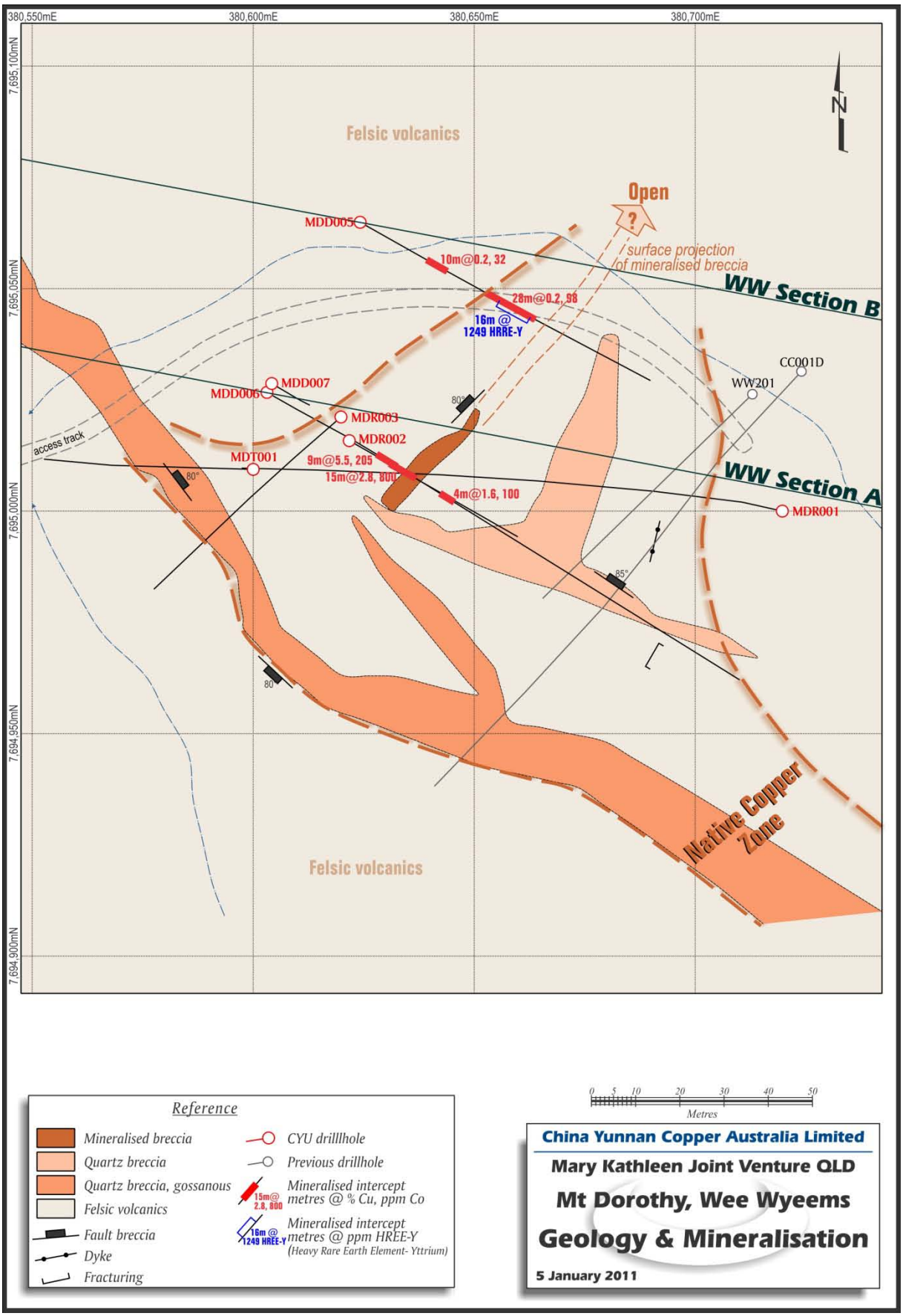

Figure 1. Plan of discovery Copper Cobalt HREE breccia for Mt Dorothy**.**

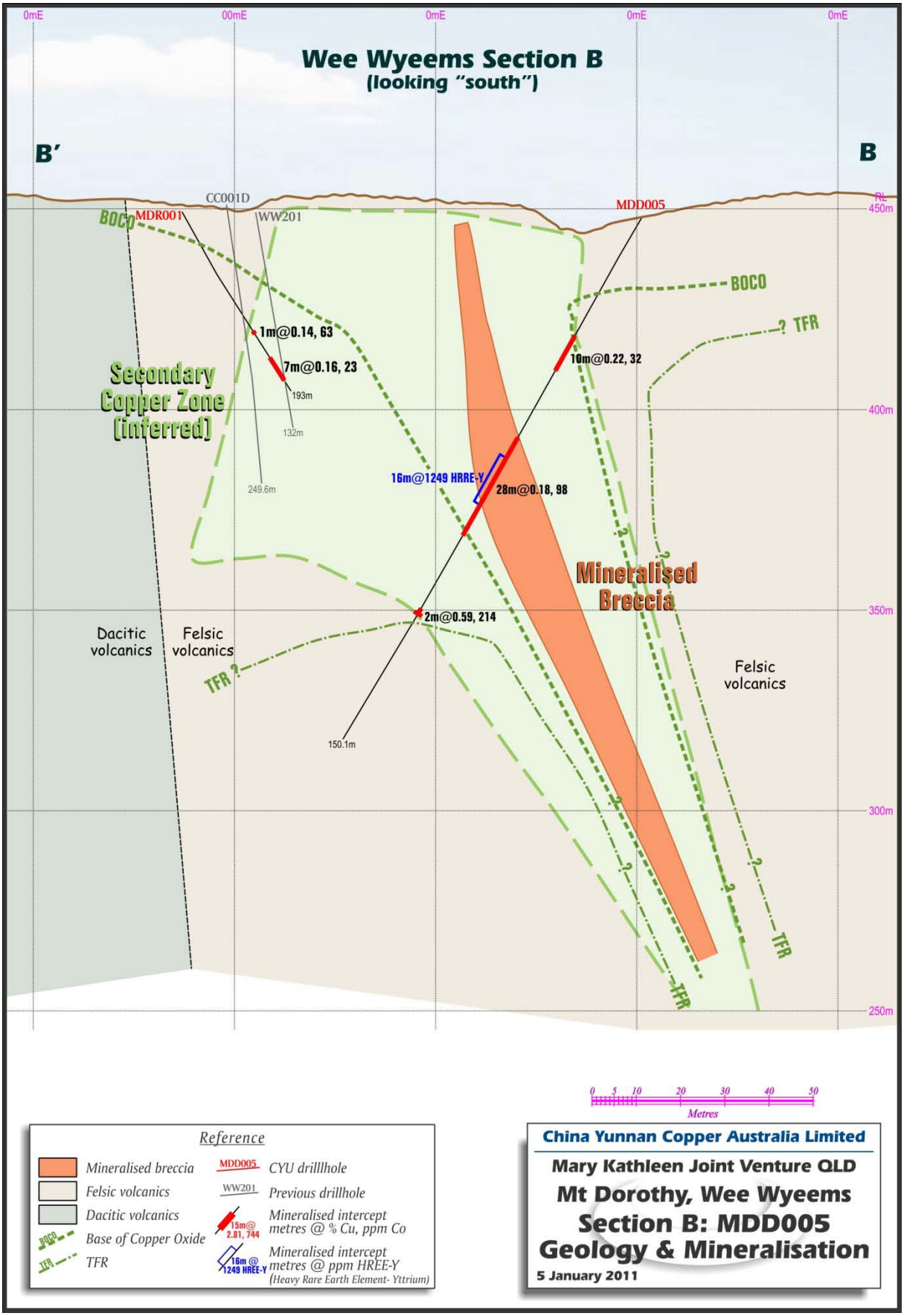

Figure 2. MDD005 section which confirmed NE trend of the mineralised breccia. TFR = Top of non weathered rock.

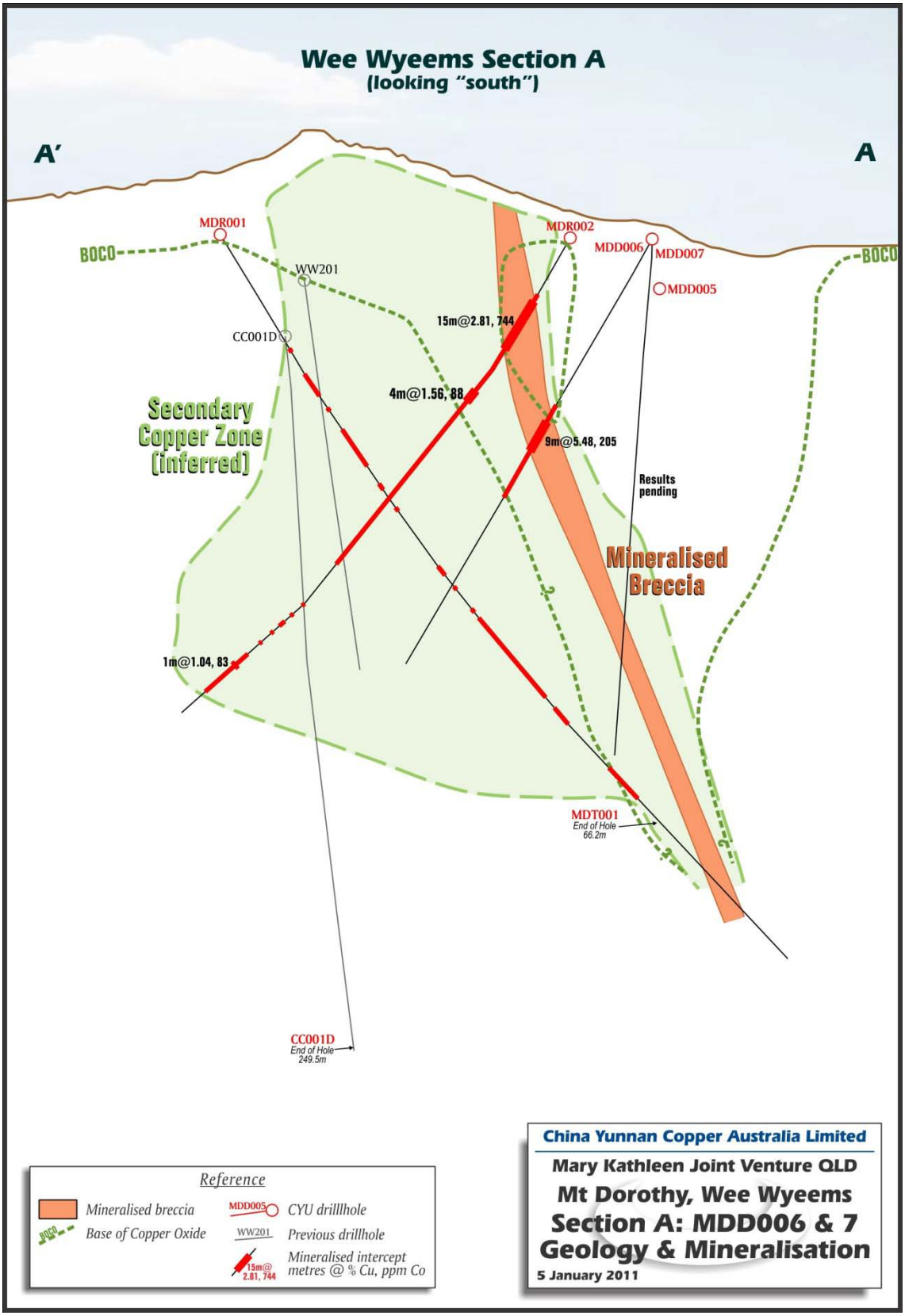

Figure 3. Although main breccias intercepts in the main fault are depicted, the MDD006 result at a non geological lower cut of 0.5% copper is **36m @ 1.54% copper and 198 ppm cobalt** very similar in copper content to MDR002 (50 metres above) which returned an intercept of 35m @ 1.52% copper and 397ppm cobalt from 17m. **MDD005** collar position is shown from reference although occurs on next section 50m to the North East.

Table 2. Three holes are yet to be reported with results due for MDD007, MDT001 and MDD008.

Hole ID	East*	North*	RL*	Azi	Dip	Depth m	Comments
MDD005	380,625	7,695,065	448	119.0	-60.0	150.10	reported
MDD006	380,604	7,695,027	448	120.5	-59.5	128.90	reported
MDD007	380,605	7,695,029	449	113.5	-85.0	136.70	
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

* **Datum GDA94 zone 54** **** UTM Grid Azimuth**

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, Yunnan Copper Industry (Group) Co Ltd (YCI), is one of China's largest copper producers. YCI's largest shareholder is Chinalco.

Apart from the Mt Dorothy exploration program other current activities include;

- **Drilling recommenced today 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 to recommence January 10th** with one diamond holes testing a new sulphide zone at the **Elaine** Copper Rare Earth Element – U inferred resource, part of the Mary Kathleen JV. Currently there is an inferred resource at Elaine of 83,000t @ 3,200ppm Total Rare Earth Oxide and 280 ppm U3O8.

- 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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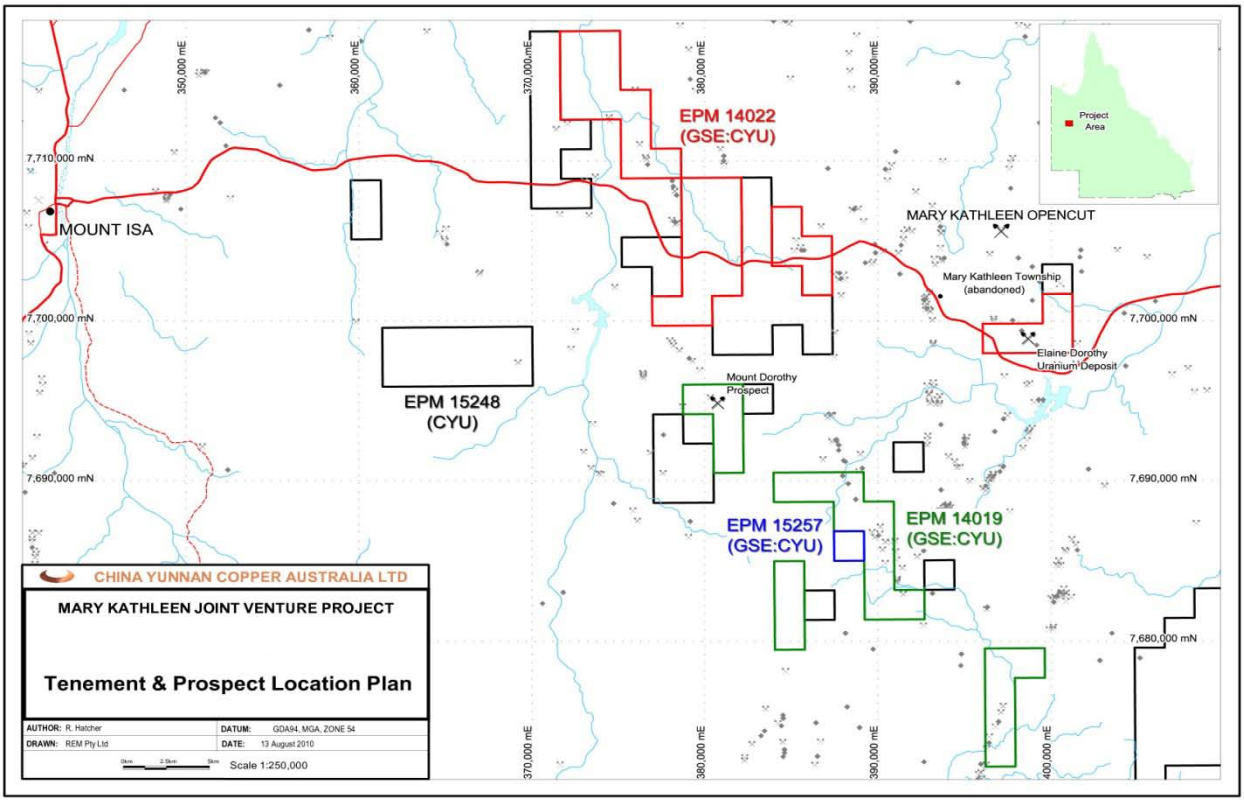

Figure 4. Tenement location plan of Mount Isa Project (CYU 100%) and Goldsearch Limited Joint Venture Project). Mt Dorothy is located approximately 50 kilometres east of Mount Isa.