

JUNE 2008 QUARTERLY REPORT

ABOUT CHINA YUNNAN COPPER AUSTRALIA

CYU is an Australian resource company formed to explore and develop minerals in Australia and overseas.

Initially, the company is focused on exploring its tenements in Queensland for copper, gold and uranium but is actively evaluating other acquisition and joint venture opportunities to grow its business rapidly.

This strategy is supported and assisted by CYU's cornerstone shareholder, Yunnan Copper Industry (Group) Co Ltd. (YCI) which is China's third largest copper producer.

YCI provides ongoing support in CYU's role of becoming YCI's international investment arm and mining house.

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Norm Zillman, Co-Chairman
Chao Yang, Co-Chairman
Jason Beckton, MD
Mark Elliott, Exec. Dir
Zewen Yang, Exec. Dir
Liang Zhong, Non-Exec. Dir

EXPLORATION GENERATES A PIPELINE OF DRILLING TARGETS

New Projects

- Review of project opportunities in Australia, Latin America, Asia and Africa with YCI support for a program for advanced project acquisition.

Cloncurry

- Access to previously drilled diamond core of FC4 Project will facilitate completion of a three dimensional structural model in the current quarter.
- New geochemical and geophysical anomalies at the Emu, Cobb and Mavis prospect areas along the margins of the Naraku Granite are to be targeted by RC drilling in August. Anomalies include results of over 1% copper and 1 g/t gold.

Mt Isa

- Sampling and mapping of mineralised structures commenced on EPM15248.

Pentland

- Strong anomalies generated from the Gap soil sampling program.
- Undrilled, ounce plus gold samples from previous work at the Barrington Reefs/Toomba prospect.

Clermont

- Field work commenced from new Charter Towers office which will also support the Pentland and Ravenswood projects.

Corporate

- Appointment of Zewen Yang as Executive Director.
- Cash approximately \$4.7 million at 30 June 2008.

STRATEGY

CYU has a two pronged strategy of project generation and operating current projects that comprise high quality copper, gold and uranium projects in eleven wholly owned Exploration Permit for Minerals (EPM's) in the highly mineralised Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier of Queensland, Australia (Figure 1).

The first two quarters of the company's existence as a listed entity saw it carrying out field programs on the Cloncurry, Mt Isa, Clermont and Pentland projects. Details of these programs are outlined below. All tenements are 100% owned by the company.

PROJECT AQUISITION

CYU has opened fully staffed offices at Mt Isa and Charters Towers during the quarter. This will enable more intense field activities on the four operational projects of Cloncurry, Mt Isa, Pentland and Clermont (Ravenswood is operated by Newmont) and has allowed senior management time to evaluate multiple acquisition opportunities in Australia and offshore. Advanced near-production projects are sought and a number of opportunities are in the advanced stage of evaluation.

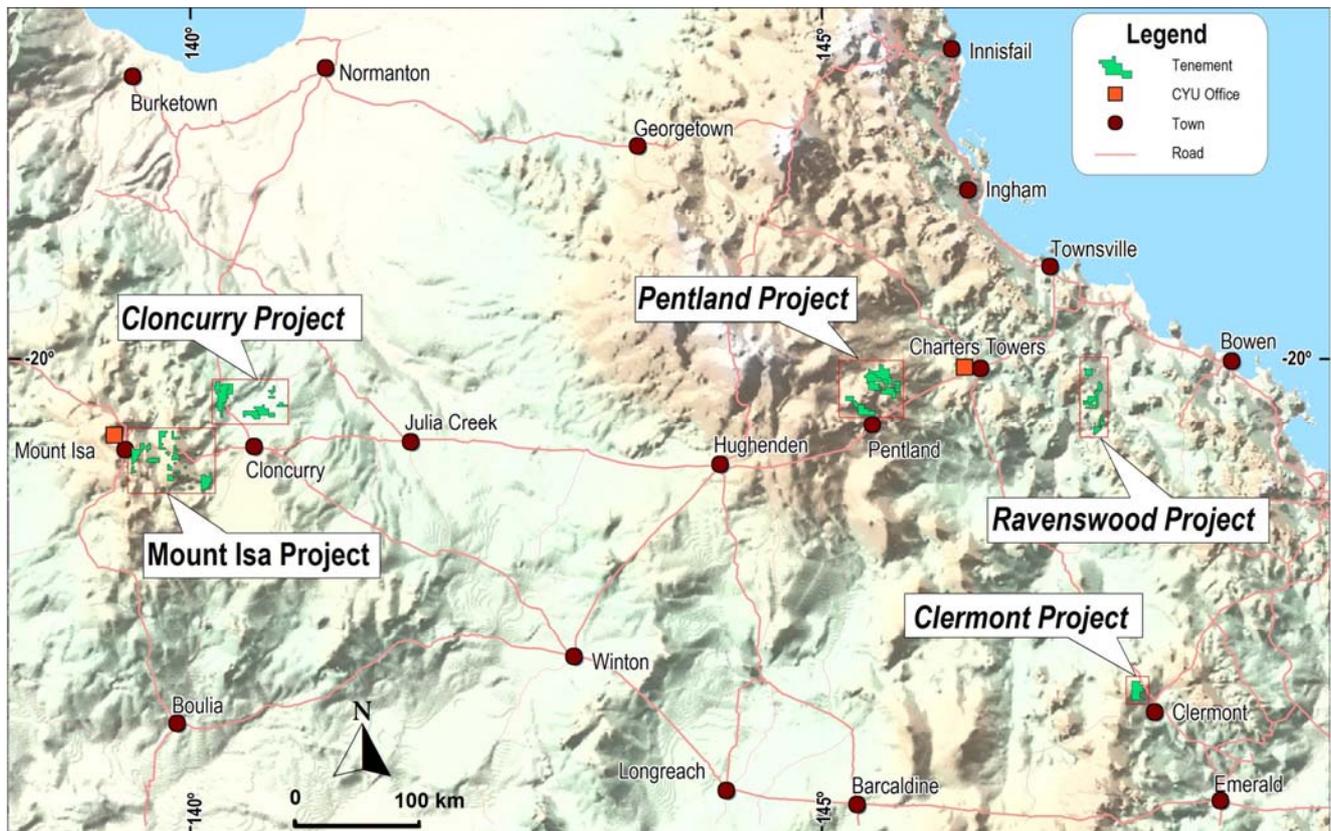


Figure 1. Location of CYU's North Queensland projects. Operational offices now function out of Mt Isa and Charters Towers. This will allow rapid evaluation of current CYU projects.

CLONCURRY (100% CYU)

The Cloncurry exploration program continued with the development of new and known prospects; Emu, Mavis, Cobb and FC4 (Figure 2).

FC4

A three dimensional alteration and geology model is being completed for FC4 incorporating previously drilled and CYU drilled holes. This has been enhanced by access to all previous diamond drilling completed on the prospect.

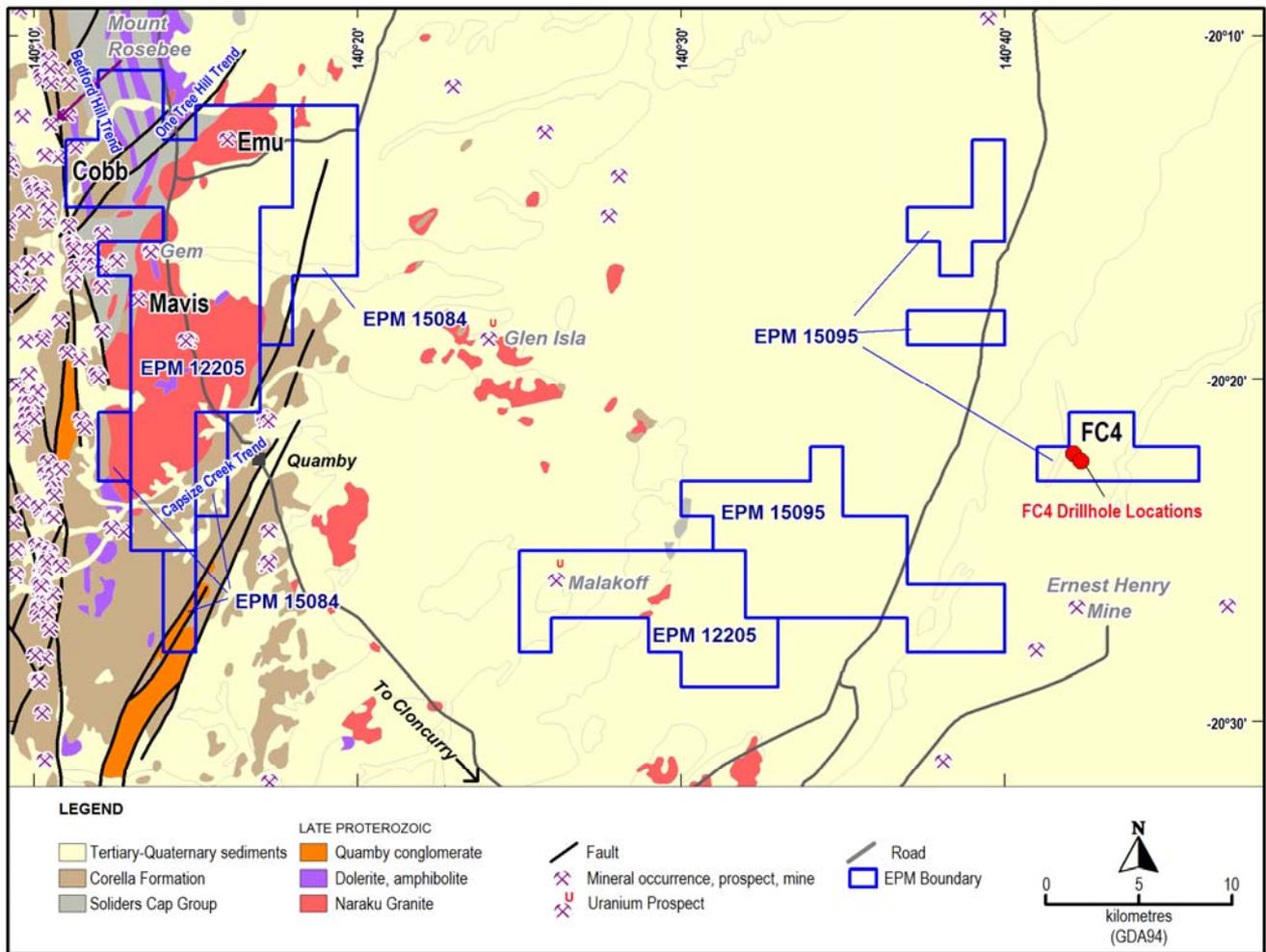


Figure 2. The Cloncurry Project targets investigated in the June Quarter

Quamby

Results for the Cloncurry prospects of One Tree Hill and Capsize Creek were returned and significant results from the 1726 metre RC program are tabulated below. Results are considered encouraging for a first pass regional drilling program, testing IP and geochemical targets.

Prospects including Emu, Mavis and Cobb are undergoing final field mapping prior to being ready for drill testing in a second phase of RC drilling set to commence in August 2008.

Hole_id	From	To	Width (m)	Cu (g/t)	Cu (%)	Comment
QC002	16	18	2	2110	0.21	One Tree
including	21	22	1	2680	0.26	One Tree
including	28	29	1	1320	0.13	One Tree
QC005	74	75	1	1360	0.14	One Tree
including	88	89	1	1080	0.11	One Tree
QC006	52	53	1	8410	0.84	One Tree

Table 1. Drill Results for One Tree Hill RC program - Cloncurry Project.

Hole_id	From	To	Width (m)	Cu (g/t)	Cu (%)	Comment
QC007	19	25	6	1222	0.12	Capsize
including	160	165	5	1545	0.15	Capsize
QC011	22	29	7	1136	0.11	Capsize

Table 2. Drill Results for Capsize Creek Hill RC program - Cloncurry Project.

A soil sampling program was also completed following the Bedford Hill Trend (Figure 2 and 3) onto CYU EPM12205. This prospect has been named Cobb.

Emu Prospect

Situated in the northeast of EPM 12205 the Emu Prospect is mapped on the Quamby 1:100,000 scale geology map as occurring completely in the Naraku Granite. On a prospect scale the area is dominated by medium grained pink granite to the northwest and fine – medium grained granodiorite to the southeast. Dykes of quartz-pegmatite breccia, greisen and a massive tourmaline dominant (greisen?) rock occur all displaying various amounts of copper staining and haematite alteration.

These dykes (and mineralization) occur sub-parallel to parallel with each other and generally trend ~040° with an apparent dip of 70°NW. Rare amphibolites and biotite schist have also been noted. Common quartz blows and quartz+magnetite veins on the same trend as the dykes are also observed in the prospect area. Four old prospecting pits have been sunk on the main northeast mineralization trend for a strike length of 111 metres. An additional prospecting pit has been located 110 metres to the northwest and was sunk on a sub-parallel mineralized trend. Previous explorers have conducted costeaning programs around the old workings but the majority of costeans appears to have been constructed along the strike of the mineralization. The main line of workings that extend the strike length of this trend to >1000 metres.

Previous explorer CRAE conducted a regional soil sampling program and identified an 8km long +100ppm Cu soil anomaly containing the Emu Prospect. Limited rock chip sampling has also been undertaken both by CRAE and CYU with the focus on areas under the known workings, with peak values of 7g/t Au and 0.89% Cu returned by CRAE and 0.88g/t Au and 17.3% Cu returned by CYU rock chips respectively. Notably Co, Ni, P and U are also elevated in the CYU samples.

Following up from a CRAE geochemical survey in 2007, CYU conducted ground magnetic and IP geophysical surveys in the area while a soil sampling survey is currently underway covering a 760 metre x 600 metre area with 50 metre line spacing on 40 metre sample centres.

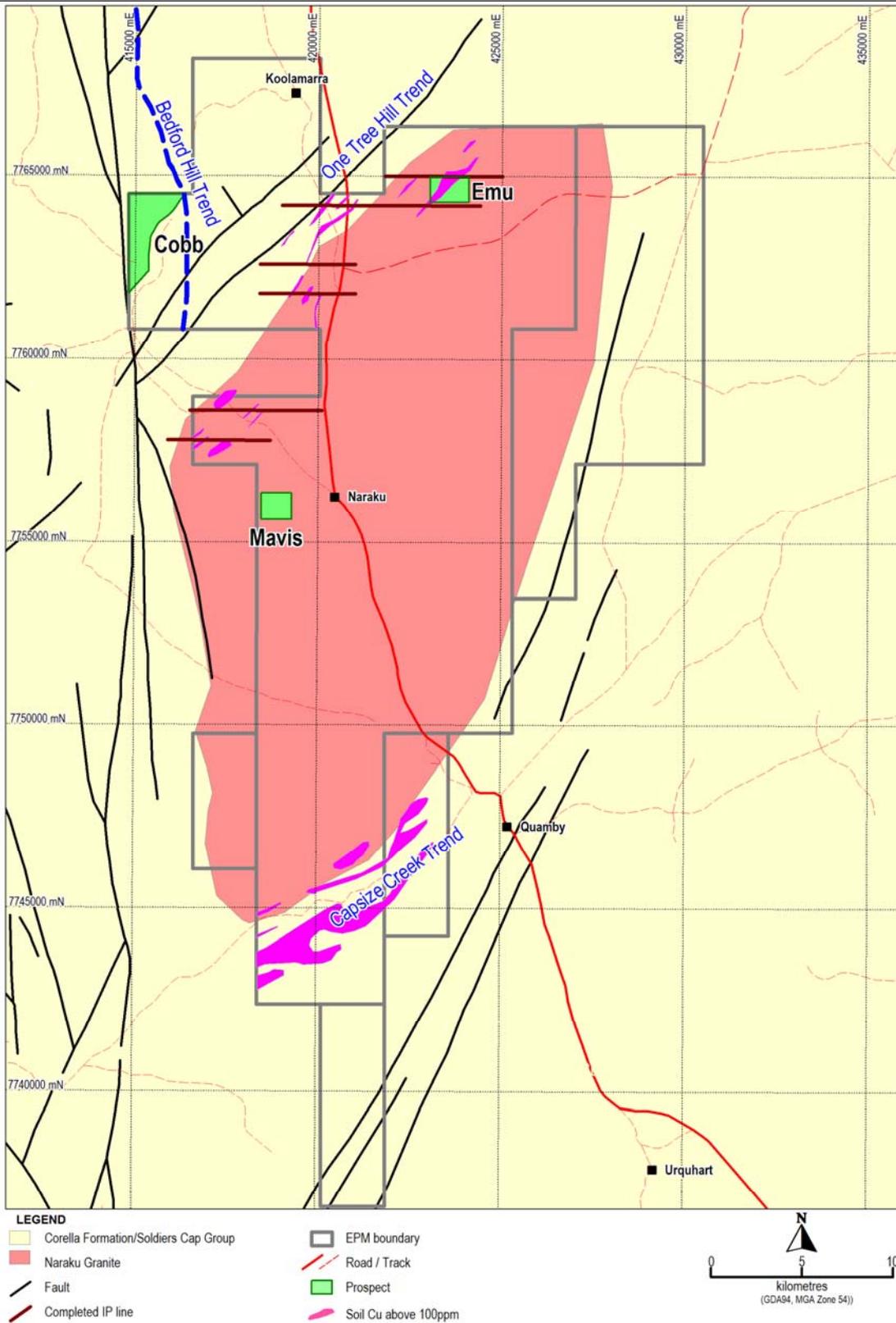


Figure 2. A simplified Geology map of the Naraku Granite and CYU prospect locations. Drilling is contracted for Emu, Cobb and Mavis in August 2008.

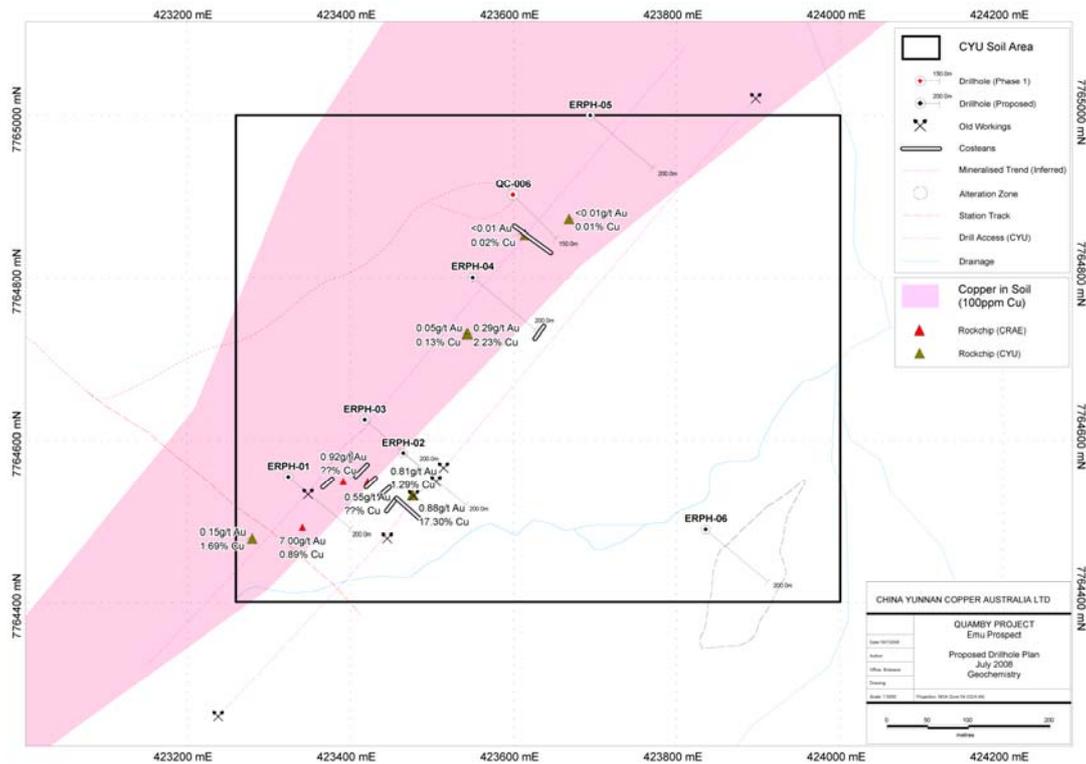


Figure 3 Interpretation of mineralised zone for Emu Prospect. Sampling of nearby trenches has resulted in strong anomalies which combined with IP results indicate robust drill targets for the forthcoming quarter.

MT ISA (100% CYU)

Mapping of known mineralised structures has commenced on EPM15248. The acquisition of Quickbird satellite imagery will allow improved structural maps to be generated. This project is relatively new, having been granted less than one year ago. Field mapping has commenced and a number of undrilled copper occurrences are being developed to allow drilling in the current calendar year.

PENTLAND (100% CYU)

The Pentland Project (Figure 4) is prospective for intrusive related gold, associated with Carboniferous to Permian age subvolcanic intrusives. A comprehensive program of mapping, soil sampling, IP surveys and drilling is planned for 2008.

Soil sampling of over 1300 samples has been completed over The Gap Gold Prospect. To date, thin gold bearing quartz veins have been defined with corresponding anomalies. Further work is planned to determine if drilling is warranted. Access to the Ralph's Ridge Prospect has been cleared during the June Quarter to allow an IP survey team to test this exciting gold-copper target in August 2008.

Prospecting of the eastern part of the project has identified a new significant target area known as Barrington Reefs/Toomba. Previously surface samples of over one ounce gold and strong supporting base metals anomalies have been reported from this prospect. Further sampling and a short IP program is planned to advance this effort.



Figure 4. Location of CYU's north east and central Queensland projects. A CYU office has been recently established at Charters Towers.

CLERMONT (100% CYU)

The Clermont Project is prospective for epithermal and mesothermal quartz-vein gold mineralisation. An exploration program has been planned to rank the numerous quartz gold occurrences, with mapping and sampling to determine drill targets to take place in the September Quarter. Work will be conducted by CYU's new Charters Towers office.

RAVENSWOOD (100% CYU; SIPA AND NEWMONT EARNING UP TO 80%)

Newmont has now followed up all stream sediment anomalies highlighted by Sipa Gold's work completed in 2006. During the course of this work Newmont has contributed funds beyond the commitment figures for EPM11602 and EPM11982. Further reconnaissance work is required in the Rangeview and Eight Mile areas of EPM11982. This will involve continued rock chipping and possible soil grid programs. Any defined anomalous areas should be advanced to geological mapping followed by geophysical surveys where necessary to assist with future drill targeting.

On EPM 15057 for the quarter Newmont identified those areas of the tenement most likely to contain equivalents of the Mt Janet Andesite (host rock at Pajingo) and have planned a stream sediment (Newmont BLEG) and rock chip sampling program to focus on these areas. This is due to commence in early to mid August. The sampling program covers some particularly rugged portions of the Leichart Ranges and is in part planned to be helicopter supported.

CORPORATE

Board Changes

Mr Zewen Yang was appointed as an Executive Director from 1 July 2008. Mr. Yang, previously a Non Executive Director of CYU, has extensive finance and commodities trading experience and is well placed to lead the growth of CYU in his role leading Corporate Development.

Cash Position

As at 30 June 2008, the Company had approximately \$4.7 million cash and no debt. Cash Exploration expenditure for the quarter was \$488,000 which was under budget due to weather related access restrictions in NE Queensland projects.

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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and a Member of the Australasian Institute of Mining and Metallurgy, and is the Managing Director of China Yunnan Copper Australia Ltd. Mr Beckton has sufficient experience relevant to the styles of mineralisation and type of deposits 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.

CORPORATE DIRECTORY

Board of Directors

Norm Zillman	Non-Exec Co-Chairman
Chao Yang	Non-Exec Co-Chairman
Jason Beckton	Managing Director
Mark Elliott	Executive Director
Zewen Yang	Executive Director
Liang Zhong	Non-Executive Director

Company Secretary

Paul Marshall

Issued Share Capital

China Yunnan Copper Australia has 77.6 million ordinary shares currently on issue and 18.4 million options.

Quarterly Share Price Activity

	High	Low	Last
June 2008 Qtr	\$0.43	\$0.19	\$0.19

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