

JUNE 2009 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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GEM – SIGNIFICANT NEW COPPER DISCOVERY CONFIRMED NEAR CLONCURRY

Cloncurry

- Two phases of drilling including reverse circulation and core drilling during the quarter have resulted in a new copper discovery at the Gem prospect. CYU is going forward with a program of geophysical and geological evaluation and drilling to continue to grow the known extents of the mineralisation.
- Reverse circulation drilling results include:
 - GR-003 - 38m @ 1.25% copper and 0.20g/t gold from 33m.
 - GR-012 - 3m @ 2.36% copper and 0.40 g/t gold from 51m
 - GR-013 - 1m @ 2.53% copper and 0.24 g/t gold from 31m
 - GR-013 - 1m @ 1.60% copper and 9.98 g/t gold from 31m
 - GR-015 - 6m @ 1.10% copper and 0.28g/t gold from 185m

Pentland

- High grade gold Toomba prospect to be subject to ground magnetics to locate large scale intrusive related gold targets for drilling.

Mt Isa

- RC Drilling of Mt Colin West area returned non economic results.
- Sampling and mapping of mineralised structures completed. Excellent NITON and conventional geochemical results were returned from the copper gold prospects at Huggins and Little Isa.

Clermont

- Ground magnetics program completed. Additional mapping of identified structures planned for current quarter to take project to decision point.

Ravenswood

- Project Review completed. Ground position relinquished except for most prospective holdings. Follow up sampling and mapping planned.

Corporate

- Cash approximately \$1.6 million at 30 June 2009.

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).

This strategy remains unchanged from previous reporting periods and has been justified with the recent exploration success at Gem.

Significant results have been generated from greenfields prospects, with field programs conducted 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 AQUISION

CYU management is evaluating multiple acquisition opportunities in Australia and offshore. Although the current market conditions have reduced the premium required to enter into advanced projects, CYU will be prudent in any acquisition in terms of long term viability in the prevailing metals pricing regime.

CURRENT PROJECTS

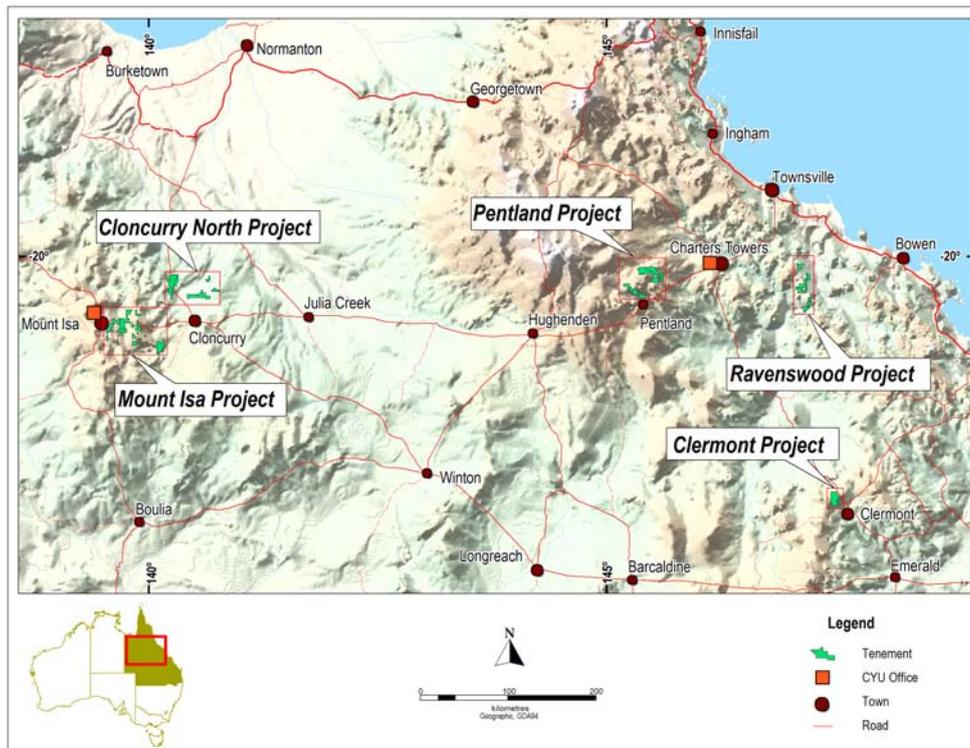


Figure 1. Location of CYU's North Queensland projects. Operational offices/depots are now in place at Mt Isa and Cloncurry with a supply base at Charters Towers.

NOTH WEST QUEENSLAND - CLONCURRY (100% CYU)

The Cloncurry exploration program resulted in the Gem discovery on EPM12205. A total of fifteen RC drill holes totaling 2,311 metres and three diamond core holes totaling 417.6m (Figure 3) were completed during the Quarter (Table 1). **CYU considers these results very important in terms of discovering a significant iron oxide-copper-gold (IOCG) system.** Mineralisation remains open down dip and along strike. All samples have been submitted to the laboratory. Diamond results are expected to be received in the coming weeks.

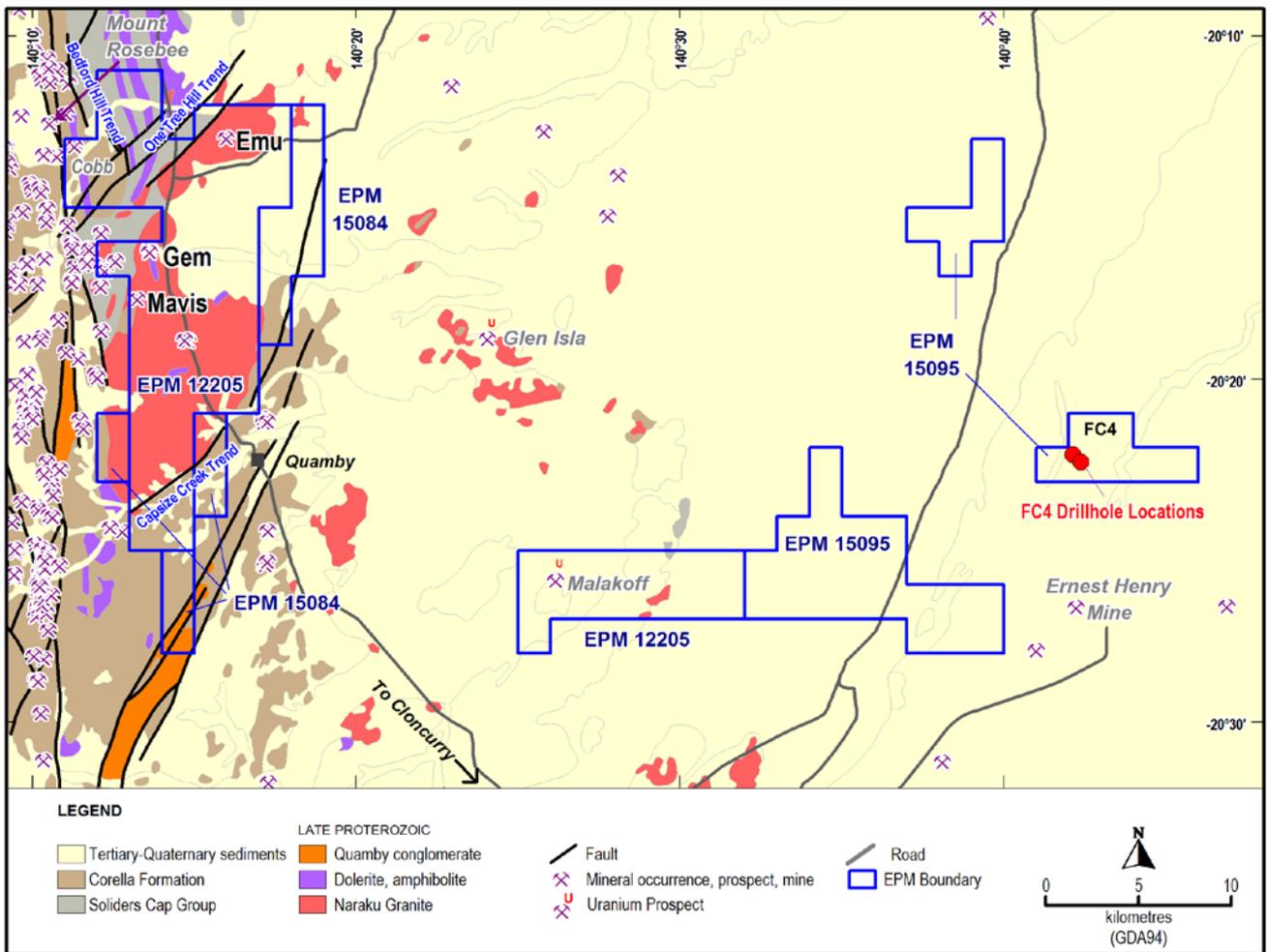


Figure 2. The Cloncurry prospect Gem was the primary target investigated in the June 2009 Quarter.

TYPE	HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
RC	GR-001	419403	7758801	193	90	-60	150
RC	GR-002	419544	7758581	193	130	-60	120
RC	GR-003	419425	7758551	188	60	-60	100
RC	GR-004	419368	7758445	189	60	-60	150
RC	GR-005	419387	7758423	192	60	-60	150
DD	GD-006	419389	7758531	194	-60	60	198.5
RC	GR-007	419464	7758559	192	-60	60	148
RC	GR-008	419423	7758597	192	-60	60	196
RC	GR-009	419404	7758586	191	-60	60	202
RC	GR-010	419462	7758522	191	-60	60	148
RC	GR-011	419447	7758511	189	-60	60	148
RC	GR-012	419427	7758501	190	-60	60	202
RC	GR-013	419438	7758460	190	-60	60	154
RC	GR-014	419439	7758802	193	-60	90	100
RC	GR-015	419366	7758802	190	-60	90	202
RC	GR-016	419417	7758255	191	-60	360	141
DD	GD-017	419446	7758562	194	-60	240	105
DD	GD-018	419426	7758549	193	-60	60	114.05

Table 1: Gem Prospect RC and Diamond drill collar locations. * Easting and Northing UTM MGA Zone 54 – GDA94. RC (Reverse Circulation percussion drilling), DD (core drilling).

GEM PROSPECT - SIGNIFICANT RESULTS – JUNE 2009 QUARTER							
HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)	Zn (%)
RC	GR-001	42.00	43.00	1.00	0.13	<0.01	
	GR-001 including	55.00	76.00	21.00	0.12	0.05	
		55.00	57.00	2.00	0.19	0.08	
		61.00	66.00	5.00	0.16	0.05	
		68.00	69.00	1.00	0.12	0.02	
	73.00	76.00	3.00	0.20	0.10		
RC	GR-002	No Significant Results					
RC	GR-003 including	33.00	71.00	38.00	1.25	0.20	
		45.00	67.00	22.00	1.96	0.29	
RC	GR-004	59.00	60.00	1.00	0.12	0.02	
	GR-004	80.00	81.00	1.00	0.47	0.27	
	GR-004	141.00	142.00	1.00	0.18	0.02	
RC	GR-005	39.00	40.00	1.00	0.11	<0.01	
Diamond	GD-006	Assay Pending					
RC	GR-007	44.00	45.00	1.00	0.18	0.01	
	GR-007	50.00	51.00	1.00	0.21	0.01	
RC	GR-008	20.00	22.00	2.00	0.34	0.06	
	GR-008 including	27.00	33.00	6.00	0.46	0.05	
		30.00	32.00	2.00	0.49	0.07	1.06
	GR-008	72.00	73.00	1.00	0.16	0.16	
	GR-008	86.00	87.00	1.00	0.19	0.09	
	GR-008	138.00	139.00	1.00	0.21	<0.01	
	GR-008	150.00	151.00	1.00	0.12	0.05	
GR-008	179.00	180.00	1.00	0.14	0.05		

HOLE TYPE	HOLE ID	From	To	Interval	Cu (%)	Au (g/t)	Zn (%)
RC	GR-009	1.00	5.00	4.00	1.16	0.12	
	including	1.00	3.00	2.00	2.07	0.21	
	GR-009	30.00	31.00	1.00	0.12	0.01	
	GR-009	35.00	36.00	1.00	0.28	0.05	
	GR-009 including	100.00	108.00	8.00	0.28	0.12	
		105.00	106.00	1.00	1.54	0.56	
RC	GR-009	145.00	146.00	1.00	0.20	0.06	
	GR-009	149.00	150.00	1.00	0.35	0.29	
	GR-010	15.00	17.00	2.00	0.45	<0.01	
	GR-010	28.00	29.00	1.00	0.14	0.01	
	GR-010	36.00	38.00	2.00	0.39	0.03	
RC	GR-010	48.00	53.00	5.00	0.18	0.07	
	GR-010	67.00	68.00	1.00	0.11	0.04	
RC	GR-011	5.00	7.00	2.00	0.15	0.01	
	GR-011 including	16.00	24.00	8.00	0.16	0.13	
RC	including	18.00	19.00	1.00	0.30	0.69	
	GR-012	25.00	26.00	1.00	0.35	0.01	
	GR-012	30.00	31.00	1.00	0.14	0.06	
	GR-012 including	51.00	54.00	3.00	2.36	0.40	
	including	51.00	53.00	2.00	3.42	0.57	
	GR-012	58.00	60.00	2.00	0.18	0.05	
RC	GR-012	64.00	67.00	3.00	0.27	0.02	
	GR-012	91.00	92.00	1.00	0.13	0.11	
	GR-013	0.00	7.00	7.00	0.36	0.07	
	GR-013	11.00	12.00	1.00	0.43	0.24	
	GR-013 including	26.00	42.00	16.00	0.38	0.69	
RC	including	31.00	32.00	1.00	2.53	0.24	
	including	37.00	38.00	1.00	1.60	9.98	
	GR-013	58.00	59.00	1.00	0.15	0.03	
	GR-014	24.00	26.00	2.00	0.18	0.01	
RC	GR-014	29.00	30.00	1.00	0.40	<0.01	
	GR-014	34.00	35.00	1.00	0.21	<0.01	
	GR-015	168.00	170.00	2.00	1.04	0.36	
RC	including	168.00	169.00	1.00	1.97	0.69	
	GR-015 including	183.00	191.00	8.00	0.89	0.25	
	including	185.00	191.00	6.00	1.10	0.28	
	including	188.00	190.00	2.00	2.35	0.62	
RC	GR-016	No Significant Results					
Diamond	GD-017	Assay Pending					
Diamond	GD-018	Assay Pending					

Table 2: Gem Prospect Significant Drill Results at a 0.10% copper lower cut. All results have been released previously to the ASX.

The Gem Prospect is considered to consist of a series of sub-parallel mineralised zones trending northwest. Early interpretation has defined three trends, namely, West Zone, Central Zone and East Zone. **These zones consist of a series of sub-parallel quartz-pyrite-chalcopyrite-pyrrhotite-magnetite vein sets and shears.** Numerous old workings are observed on the surface of the prospect with an overall strike length greater than 500m. Results have been returned for all the RC drilling to date, while diamond core has been geologically logged, cut, sampled and assays are pending (**Table 2**).

The East Zone, initially tested by GR-001 returned a near surface copper intersection of 21m @ 0.12% copper and 0.05g/t gold from 55m down hole depth. This intersection was targeted by two follow up RC holes, GR-014 and GR-015. GR-015 drilled below this intersection returned 8m @ 0.89% copper, 0.25g/t gold from 183m down hole depth including a higher grade zone of **6m @ 1.10% copper, 0.28g/t gold** from 185m down hole depth.

Previously, GR-003 reported a near surface copper-gold intersection of **38m @ 1.25 % copper and 0.20 g/t gold** from 33m down hole depth including a high grade interval of **22m @ 1.96% copper and 0.29 g/t gold**. While assays are pending for the diamond holes, geological logging, structural and geotechnical measurements have identified the mineralisation being hosted within a steeply dipping sheared zone with internal north west dipping tensional vein sets.

GR-008 and GR-009 to the northwest returned mineralized zones of 6m @ 0.46% copper, 0.05g/t gold from 27m down hole depth and 8m @ 0.28% copper, 0.12g/t gold from 100m down hole depth respectively. To the southeast GR-011 and GR-012 also returned mineralized zones of 8m @ 0.16% copper, 0.13g/t gold from 16m down hole depth and **3m @ 2.36% Cu, 0.40g/t Au** from 51m down hole depth respectively.

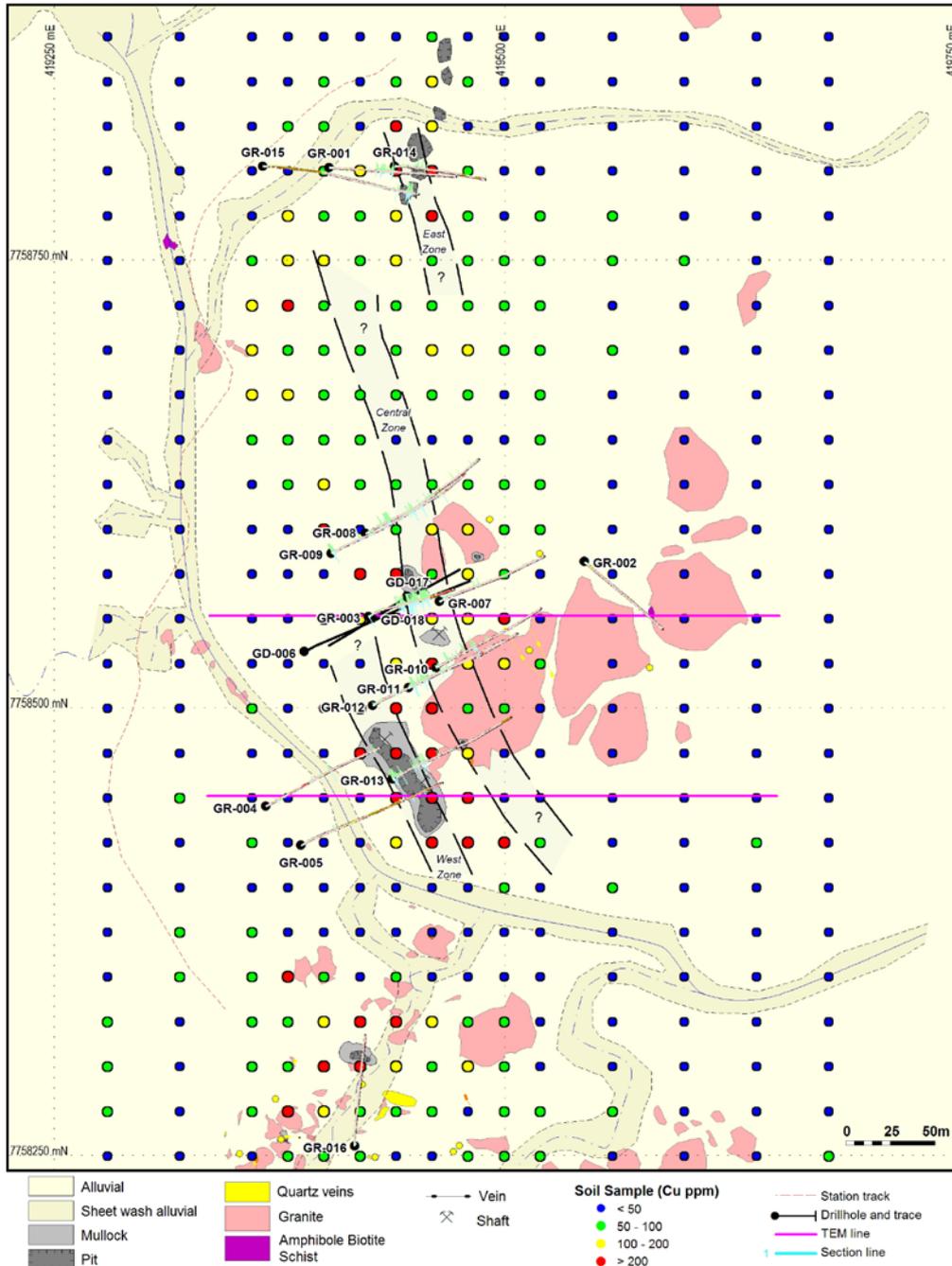


Figure 3. Gem interpretive prospect scale map. Sectional and three dimensional interpretation is ongoing and will be reported when further assay information is received from core samples. Copper grades are depicted as green bar charts on drill traces and gold as blue. Gem remains open along strike to the north and south and at depth.

GR-013 was collared at the main workings and along strike from GR-005 to follow up the west mineralized zone that was not properly tested in the first round of drilling. A near surface intersection was returned of 16m @ 0.38% copper, 0.69g/t gold from 26m down hole depth including two high grade zones of **1m @ 2.53% copper, 0.24g/t gold** from 31m down hole depth and **1m @ 1.60% copper, 9.98g/t gold** from 37m down hole depth.

Drilling to date has identified that mineralisation remains open at depth and along strike to the northwest and southeast. The host rock is defined as the Naraku Granite which is believed to be responsible for IOCG mineralisation in the district. Most of the prospect is covered by alluvium and minimal outcrop is observed.

To assist in planning the next stage of drilling a time-domain electromagnetic (TEM) ground geophysical survey was completed on the 22nd July. The survey comprised two lines of 500 metre length using a 100 metre moving loop configuration. 50 metre loop moves with 25 metre moves over the target area were completed. Results from this survey, in conjunction with geological interpretation, will assist in planning a third round of drilling at Gem. **Future drilling will determine the extent of this new, shallow, copper gold mineralised system.**



Figure 4. RC drilling Gem, June 2009. Topography at Gem is flat with thin cover. The prospect is less than 2km from the sealed Burke Development Road, north of Cloncurry.

NORTH WEST QUEENSLAND - MT ISA (100% CYU)

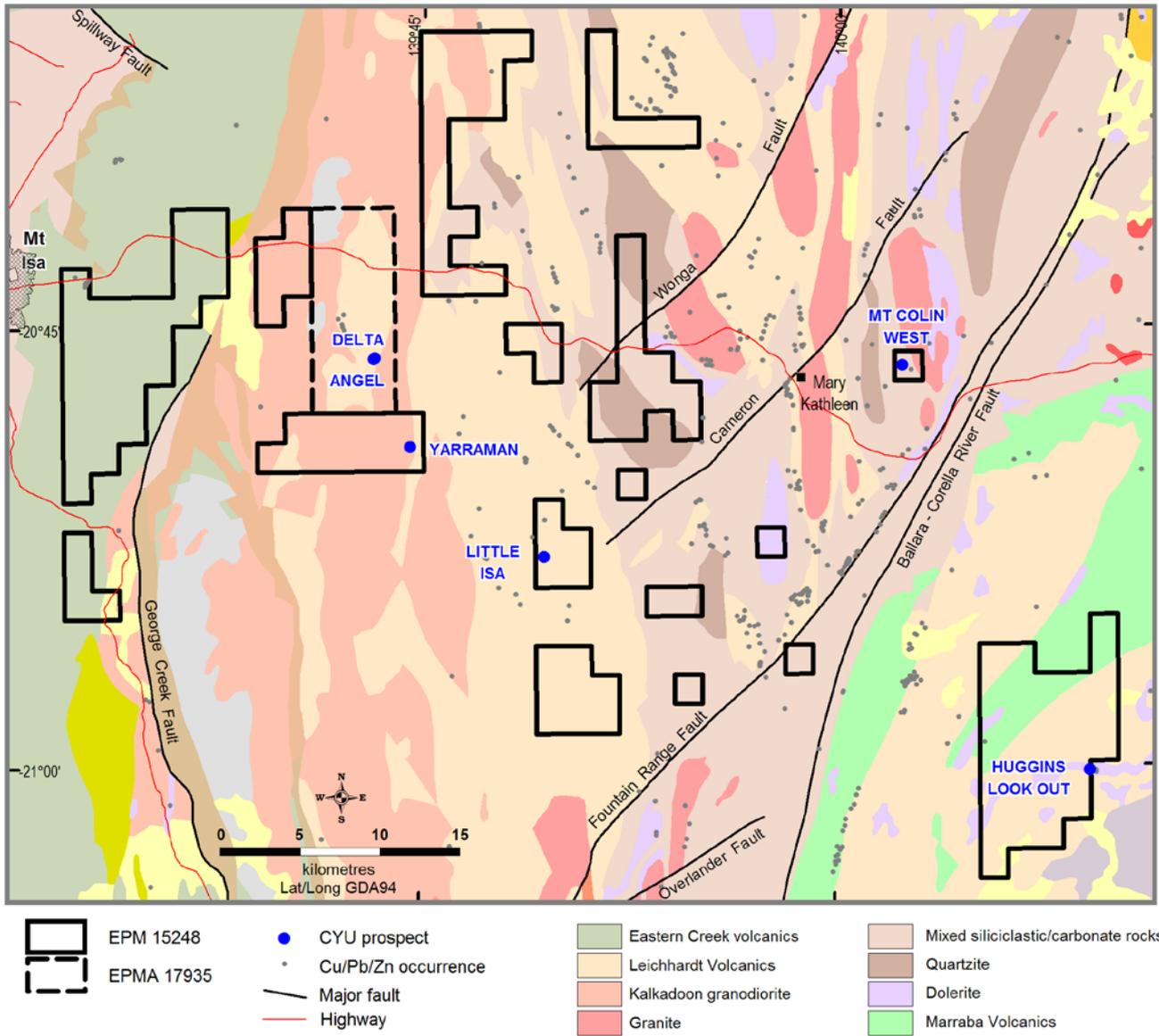


Figure 5. The Mt Isa Project has highly prospective drill targets 50km across strike from Mt Isa. Most prospects as highlighted have not been previously drilled despite significant copper and gold surface results. CYU will systematically drill test these ranked as per the Mt Colin West program in early May. Little Isa and Huggins Lookout are the next prospects for mapping.

During the quarter results were returned for the three (370m) RC hole drill program at the Mount Colin West prospect (Figure 1). The drill program was designed to delineate the strike extent of the mineralized trend of the Exco Resources Mount Colin deposit situated adjacent to the prospect.

Hole ID	East	North	RL	AZI	Dip	Depth
MCR-001	399931	7702627	511	199	-60	91.50
MCR-002	400141	7702556	513	200	-60	150.00
MCR-003	400052	7702605	500	200	-60	128.50

Table 3: Mount Colin West Drill Collars.

Hole Id	From	To	Width	Au (g/t)	Cu (ppm)
MCR-001	11.00	12.00	1.00	0.43	101
MCR-002	No Significant Results				
MCR-003	29.00	32.00	3.00	0.17	17
including	29.00	30.00	1.00	0.39	19
MCR-003	35.00	36.00	1.00	0.19	33
MCR-003	101.00	102.00	1.00	0.19	46
MCR-003	117.00	121.00	4.00	0.20	486
including	120.00	121.00	1.00	0.49	387

Table 4: Mount Colin West Significant Intersections (0.10 g/t Au cut-off).

Elevated (>500ppm Cu) was seen in the bottom of MCR-003. Significant small scale gold intercepts were encountered in MCR-001 and MCR-003 with up to >0.40g/t Au seen in both holes. A large feldspar porphyry body was mapped during a lull in drilling activities and appears to have an impact on mineralisation with elevated zones of copper and gold occurring as the holes approached the margins. From the ground magnetic survey the strong magnetic anomaly delineated trends from the know workings with an associated magnetic low. Further mapping and more reconnaissance sampling is required to be undertaken targeting the edges of this porphyry body.

NORTH EAST QUEENSLAND - PENTLAND (100% CYU)

The Toomba Prospect has extensive historic workings and traces of mineralisation over an area of 1.5 kilometres by 1 kilometre. Early drill results will be extended at depth to test a link between structural mineralisation intercepted to date and potential high tonnage intrusive mineralisation at depth. A ground magnetic program is to commence shortly to enhance targeting of intrusive related gold systems. Previously reported in January results are from narrow vein mesothermal gold (Charters Towers style) and include;

4 metres at 13.9 g/t gold from 43 metres, PC005 (including 1 metre at 50.59g/t gold, 0.5% copper, 1.5% lead and 3.3 % zinc).

Toomba was identified from reconnaissance mapping, sampling and data collation of previously collected samples.

NORTH EAST QUEENSLAND - CLERMONT (100% CYU)

The Clermont region contains the most significant deep lead gold deposits in Queensland. Mapping found the area to be largely covered by reworked alluvial material and very little outcrop of bedrock. Much of the area has been disturbed by alluvial miners, historically using hand methods and in modern times using bulldozers and loaders.

Mining of Permian alluvials by underground methods has also occurred within the project. A consequence of mining activity and Recent, Tertiary and Permian alluvial processes is that the current distribution of gold at surface is very unlikely to reflect the distribution in pre-Permian bedrock.

For this reason a ground magnetic survey was completed by contractor Terrasearch on 20m spaced lines. A total of 416 line km were covered during the collection of the ground magnetic data. This information will be analysed for potential follow up targets during the quarter.

NORTH EAST QUEENSLAND - RAVENSWOOD (100% CYU)

The project lies in the Ravenswood Block which comprises Palaeozoic volcano-sedimentary strata that are extensively intruded by Ordovician, Siluro-Devonian and Permo-Carboniferous granitoids. Permo-Carboniferous magmatic-hydrothermal systems are abundant throughout north east Queensland. These gave rise to major gold deposits including Mount Leyshon, Pajingo, Ravenswood (Sarsfield, Nolans and Mt Wright), Kidston and Red Dome. A mapping and prospect ranking program is scheduled for the next two quarters.

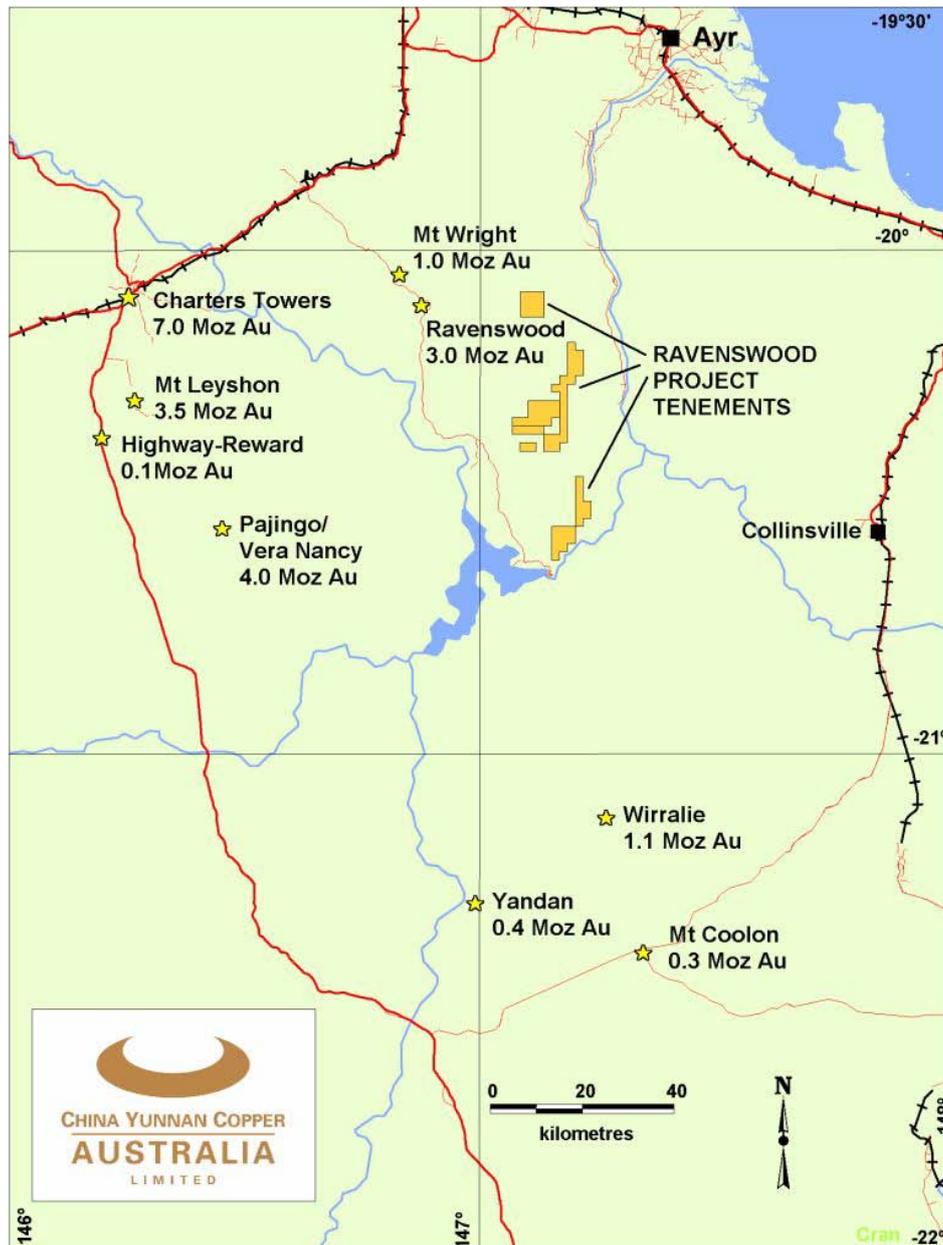


Figure 6. Ravenswood Project tenements and known major gold deposits of the region.

CORPORATE

Cash Position

As at 30 June 2009, the Company had approximately \$1.61 million cash and no debt. Cash exploration expenditure for the quarter was \$482,000.

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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
Zewen Yang	Executive Director
Liang Zhong	Non-Executive Director
Mark Elliott	Non Executive Director

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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
Jun 2009 Qtr	\$0.20	\$0.06	\$0.16