

ASX/Media Announcement

26th August 2009

Farm-in and Joint Venture Agreement with Goldsearch – Copper, Uranium, Gold – Mary Kathleen Project, Mount Isa Region

China Yunnan Copper Australia Limited **(ASX: CYU)** announced today it has entered into a farm-in and joint venture agreement with Goldsearch Limited **(ASX: GSE)** to explore GSE's Mary Kathleen Project consisting of three tenement areas covering approximately 161 square kilometres of ground considered prospective for copper, gold, uranium and rare earth elements (REE) mineralisation within the Mount Isa Inlier of north west Queensland.

The agreement relates to three granted exploration permits (EPM 14019, EPM 14022 and EPM 15257). These tenements are adjacent to granted exploration permit (EPM 15248) which are currently being explored by CYU (**Figure 1**). GSE has granted CYU the right to farm-in to the tenements upon the fulfilment of expenditure obligations in relation to exploring for all minerals.

CYU and GSE consider the targets and fertile structures identified from geophysical and geochemical surveys warrant immediate investigation by detailed ground geophysical surveys and drilling. It is the intention of CYU to prioritise the investigation of the targets already identified by GSE within the tenements.

Shallow drilling has occurred at many of these old copper prospects and workings (Figure 2). Significant previous results include a best intersection of 26 metres at 0.86% copper at Mt Dorothy prospect where a zone of gossanous ironstone occurs over 1 km strike. Depth extensions of significant drill intersections at Mt Dorothy prospect and Sirotem anomalies not explained by the drilling remain to be tested.

At Elaine Dorothy (Figure 2) previous exploration by Mary Kathleen Uranium (former operators of the Mary Kathleen Mine) and GSE has highlighted significant Mary Kathleen-style uranium (and REE) mineralisation. Further drilling is required to adequately test mineralisation defined to date (eg: 2.3 metres at 0.262% uranium oxide (U_3O_8) from 26 metres, 9.5 metres at 0.036% U_3O_8 from 13.5 metres and 2 metres at 0.134% U_3O_8 from 100 metres down hole depth). For reference the mined out Mary Kathleen Mine was 9.2 million tonnes at 0.12% U_3O_8 .

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Under the terms of the agreement CYU is obligated to carry out exploration programs to investigate a number of high priority targets identified by GSE and previous tenement holders within a period of 3 years. Upon sole funding expenditure of \$750,000, CYU will have gained the right to earn an initial 49% participating interest in the tenements.

In addition to this CYU will issue to GSE unlisted options to purchase ordinary shares in CYU at a price of \$0.40 per share. The options will be issued in two tranches.

- 2,000,000 options to be exercised on or before 20th August 2011.
- 1,000,000 options to be exercised on or before 20th August 2012.

By contributing additional expenditure to a cumulative amount of \$1.5 million within a 3 year period from the commencement of the farm-in and joint venture agreement, CYU will have earned a 70% participating interest in the tenements. During the farm-In period, CYU will solely fund and manage the exploration for all minerals within the tenement area.

Upon completion of the farm-in period a joint venture will be formed with participating interests of CYU 70% : GSE 30%. Both parties will contribute to the joint venture in proportion to their participating interest with normal dilution applying thereafter.

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, is one of China's largest copper producers. CYU is targeting high quality copper, gold and uranium projects with eleven wholly owned Exploration Permit for Minerals (EPM's) in the Mt Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier in Queensland.

For further information please contact;

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or visit the website, www.cycal.com.au



Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and Australasian Institute of Mining and Metallurgy 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.

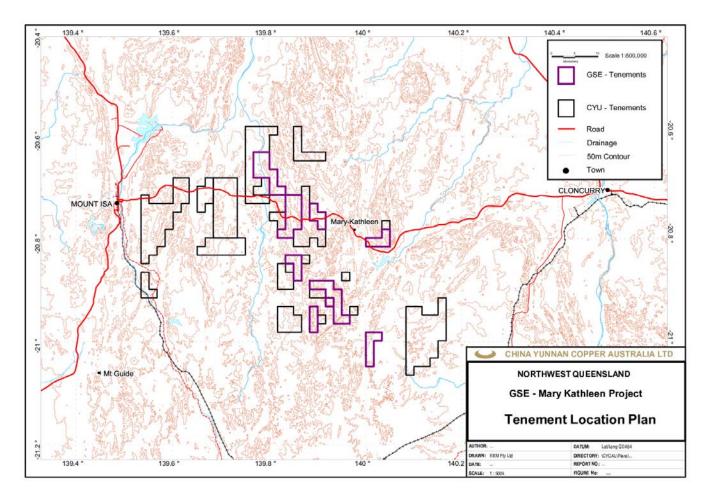


Figure 1. CYU – GSE tenement locations - Mount Isa Inlier. The Mary Kathleen JV is a good strategic fit for CYU as it continues a successful exploration program in the Mount Isa Cloncurry Project.



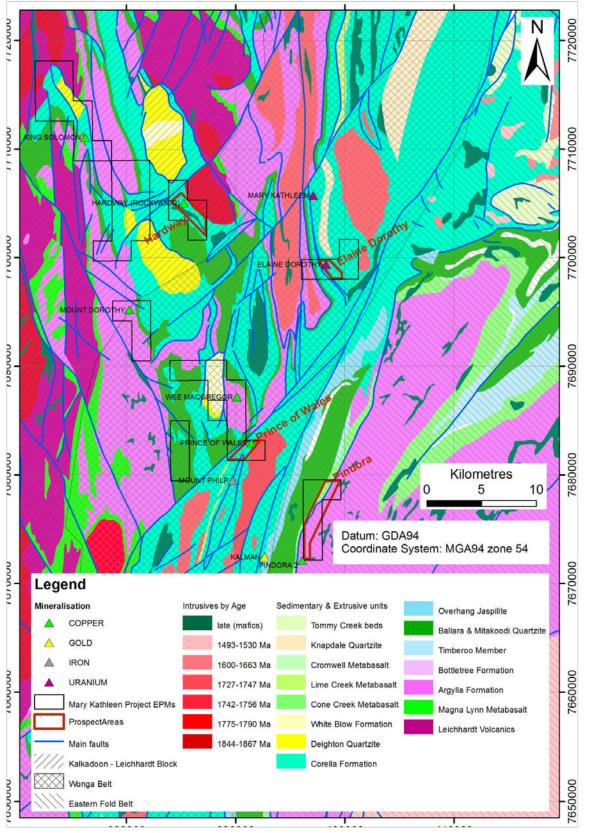


Figure 2. The Mary Kathleen JV will initially test copper – uranium and gold targets at Pindora, Hardway, Mt Dorothy and Elaine Dorothy.