

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

EXPLORATION DRILLING RESULTS ENCOURAGING WITH CONTINUED DRILLING

KEY POINTS

Cloncurry

- Diamond Hole CMD001 on the FC4 Prospect, targeting an interpreted chargeability anomaly, intersected a wide zone of alteration and copper mineralization, which although uneconomic, suggests the presence of a large copper mineralised system.

CMD001: 182.5 metres @ 0.11% Cu from 319 metres to end of hole at 501.5 metres including 94.0 metres @ 0.16% Cu from 319 metres to 413 metres.

- The new geochemical and geophysical anomalies at One Tree Hill and Capsize Creek targets areas along the margins of the Naraku Granite have been tested by RC drilling. Results for twelve holes for a total of 1726 metres are expected in May.
- Mapping and sampling program undertaken on all known workings for the Cloncurry Project.

Mt Isa

- Mapping of mineralised structures commenced on EPM15248 with Argylla Creek soil sampling results identifying a prospective horizon with further sampling and mapping planned.

Pentland

- Reconnaissance mapping has been completed in preparation for a soil sampling program over The Gap Gold Prospect. Access preparation has been planned for the Ralphs Ridge Prospect.

Clermont

- An exploration program aims to rank the numerous quartz gold occurrences in the area, with mapping and sampling to determine drill targets planned for the June Quarter of 2008.

Corporate

- CYU listed on the 29 October 2007, raising \$4 million
- Cash approximately \$5.3million at 31 March 2008

STRATEGY

CYU is targeting 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 quarter of the company's existence as a listed entity saw it carrying out field programs on the Cloncurry, Mt Isa and Pentland projects. Details of these programs are outlined. All tenements are 100% owned by the company.

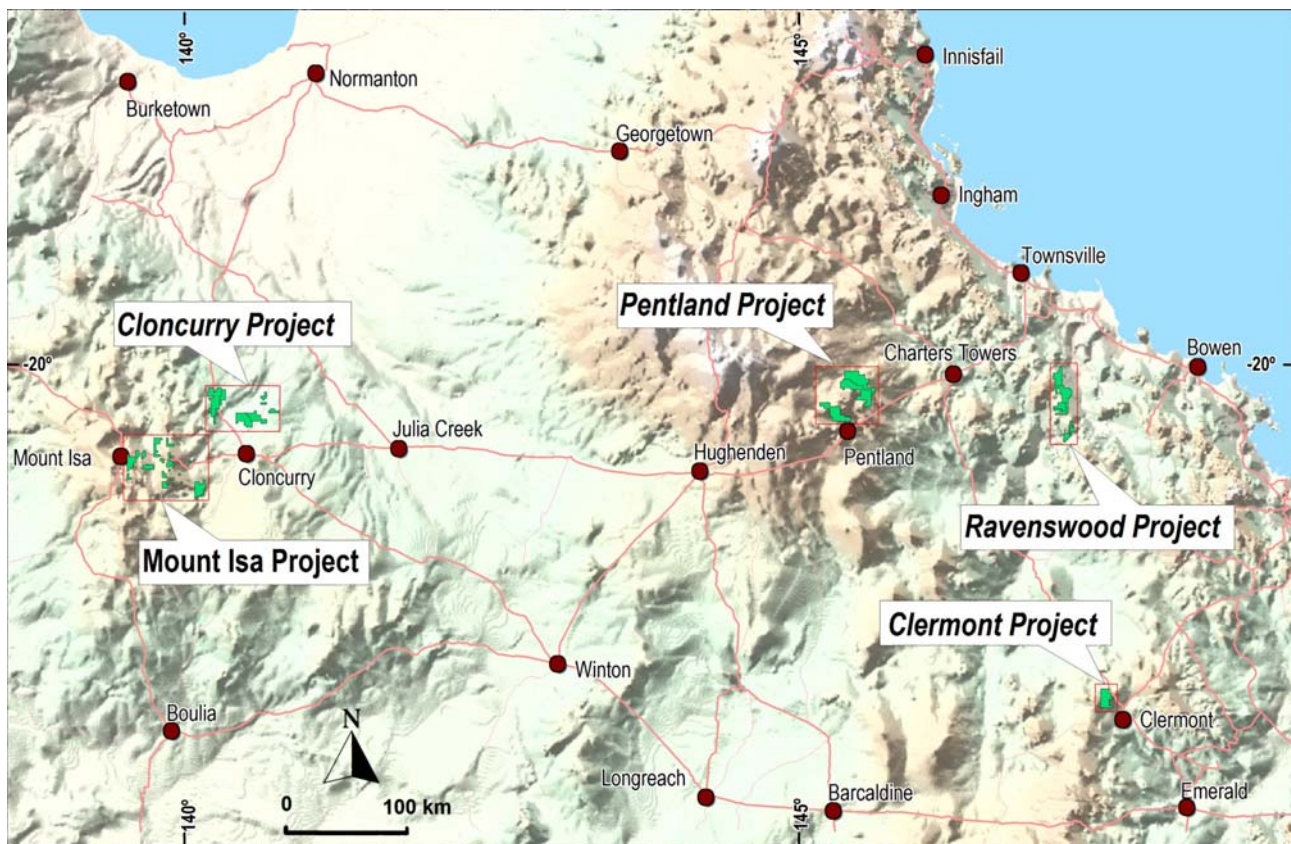


Figure 1 Location of CYU's North Queensland projects

CLONCURRY (100% EQUITY)

The Cloncurry exploration program commenced on three high priority targets; One Tree, Capsize and FC4 prospects (Figure 2).

Diamond drill results have been received for CMD_001. The assays from CMD001 indicate higher grades than anticipated and the intercepts are wider than expected although results are not economic.

CMD001: 182.5 metres @ 0.11% Cu from 319 metres to end of hole at 501.5 metres.

including 94.0 metres @ 0.16% Cu from 319 metres to 413 metres.

A three dimensional alteration and geology model is being completed incorporating the new holes. This may suggest further drill targets or may indicate that the target has already been tested. CMD002 results are possibly two weeks away but visual logging suggests a similar type of result.

A diamond drilling program commenced in mid January 2008 to test the FC4 Prospect 6 kilometres north of Ernest Henry on EPM15095.

Reprocessing of existing geophysical induced polarization (IP) data on the FC4 Prospect has identified a possible sulphide body at depth. The reprocessing used new 3D inversion software of previously collected 2D data.

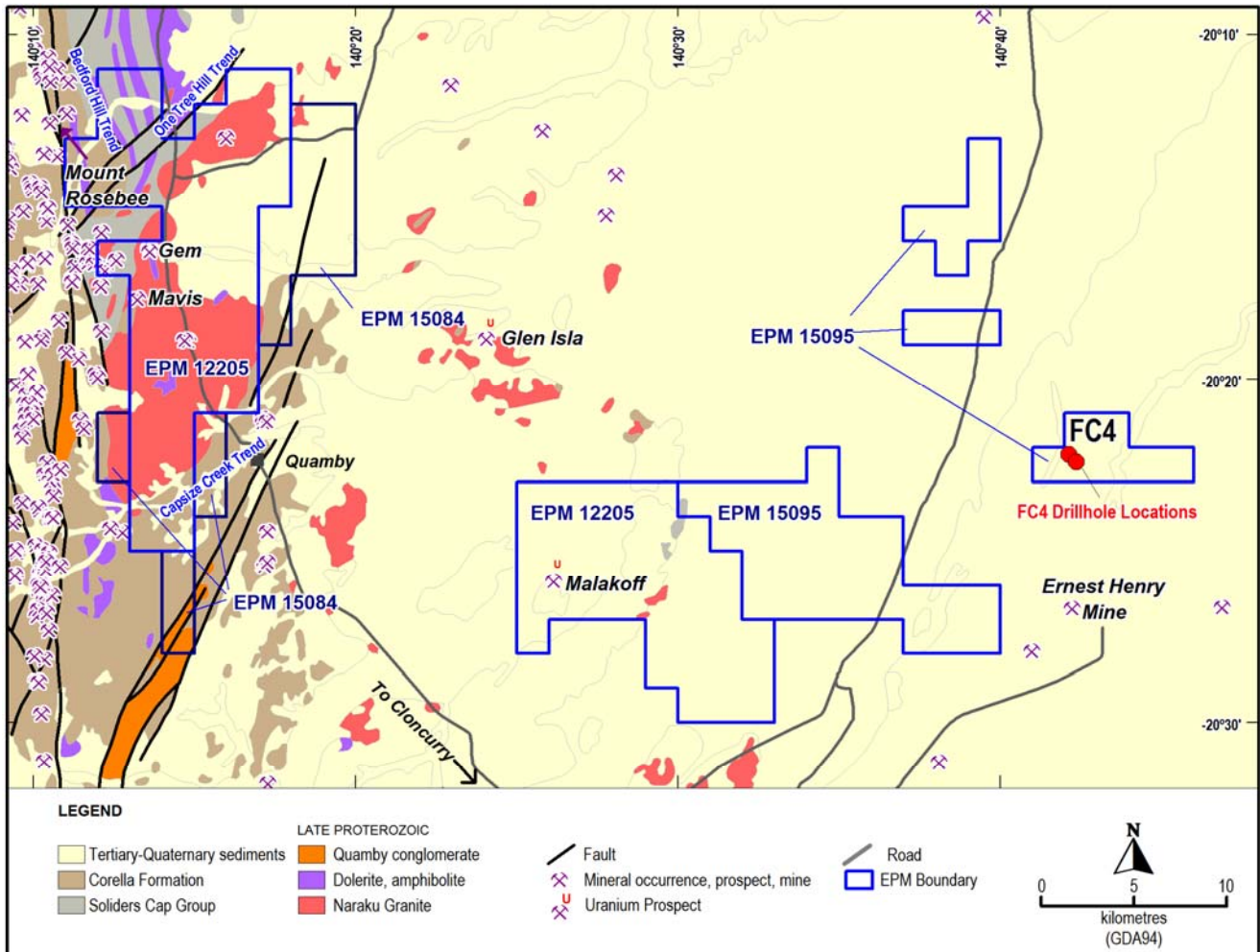


Figure 2. The Cloncurry Project targets investigated in the March Quarter

Previously collected IP data have been re-examined and modeled by Geophysical Resources and Services Pty Ltd looking particularly at the chargeability. The model shows that the southern lobe of the anomaly appears not to have been drill tested. As a result two diamond holes (CMD_001 and 002) tested the anomaly on two north-south sections 225 metres apart.

A 1726 metre RC program has been completed, testing targets at One Tree Hill and Capsize Creek. A soil sampling program will be designed to assist in following the Bedford Hill Trend (Figure 2) onto CYU EPM12205.

The area targeted by the geophysical program on EPM 12205 is the north western and southern margins of the Naraku Granite in contact with the prospective Corella and Soldiers Cap metasediments (Figure 3). There is little evidence of previous drilling of these zones despite strong

copper anomalism from a previous soil sampling program on the north western margin of the granite and significant magnetic anomalism on the southern margin of the granite, named Capsize Creek.

A total of 400 soil samples have been taken over the Capsize Creek area. Results are anomalous for copper with significant strike extent and 100ppm plus zones. The RC program for EPM12205 will incorporate the completed ground magnetics, IP, soil samples and previously collected geological mapping. During March, an RC rig tested twelve of the 30 current target zones selected from a review of recently generated geochemical and geophysical anomalies. Holes were drilled throughout the tenement in order to build up a first pass 3D geological model to be used to further test known and new mineralised zones. Results for the limited first pass RC program are expected by the end of May.

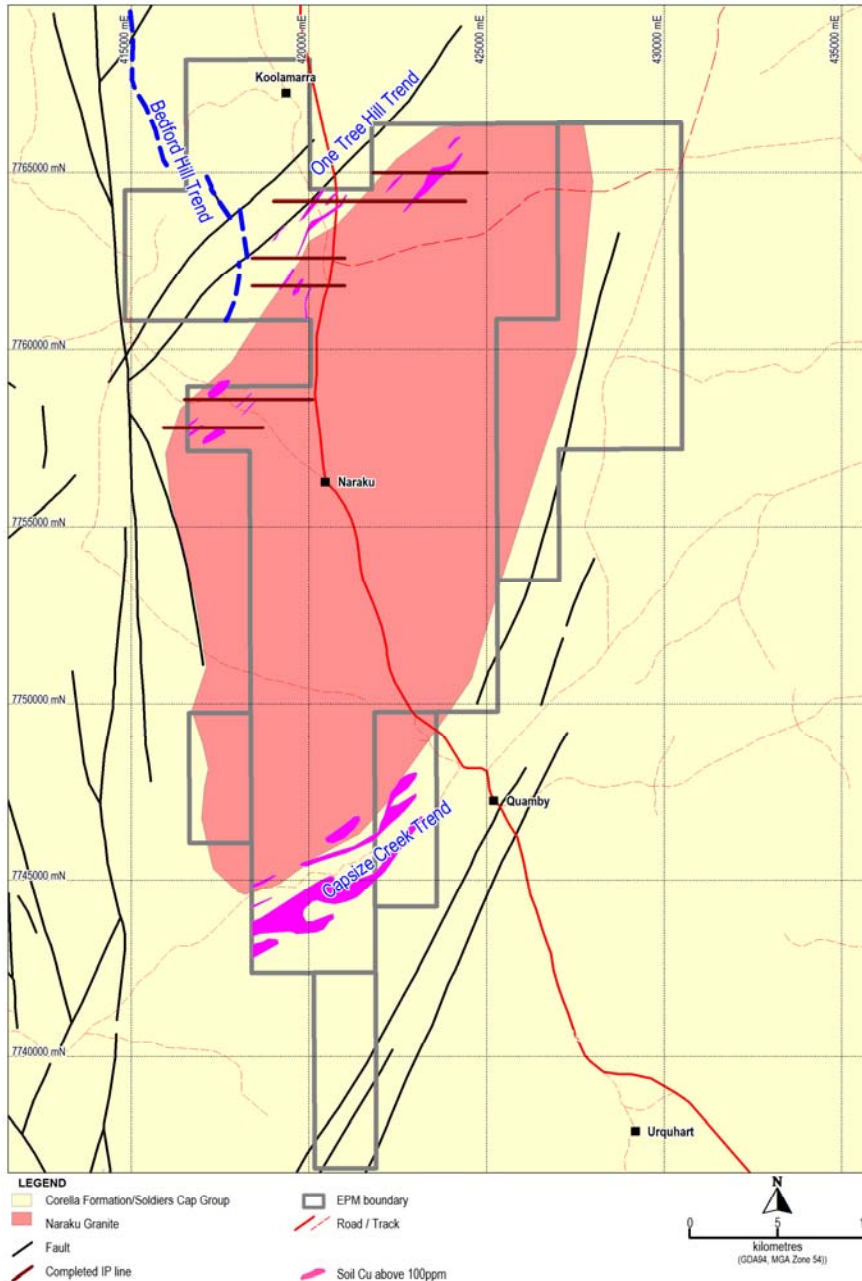


Figure 3 EPM12205 - Location of IP lines along with soil geochemical results contoured above 100ppm copper. Ground Magnetics covered the entire One Tree Hill Trend. RC targets exist in at least 30 separate locations and to date twelve have been tested with results expected by the end of May.

MT ISA (100% EQUITY)

Mapping of known mineralised structures has commenced on EPM15248 starting with Argylla Creek Prospect, where 300 soil samples were taken. An encouraging zone of 100ppm copper plus results was returned along the Ballara Quartzite/Argylla Volcanics contact.

PENTLAND (100% EQUITY)

The Pentland Project (Figure 5) 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.

Reconnaissance mapping has been completed in preparation for a soil sampling program over The Gap Gold Prospect. To date, thin gold bearing quartz veins have been defined but the programs have not been extensive enough to cover the full extent of the mineralisation at this prospect.

Due to above average rainfall a planned program of over 1300 soil samples for The Gap Prospect will now be carried out in the second quarter of 2008. Access to the Ralph's Ridge Prospect will be cleared during the June Quarter to allow an IP survey team test this exiting gold-copper target.



Figure 5. Location of CYU's north east and central Queensland projects

CLERMONT (100% EQUITY)

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 June Quarter.

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

During the March Quarter reconnaissance traversing was completed in the southern portion of EPM15057 and encountered non-prospective Bulgonunna Volcanics, Mt Winsdor Rhyolite and Permo-Carboniferous granitoids in the north and Drummond Basin stratigraphy in the south. In the June Quarter exploration will focus on mapping and rock chip sampling in the Rangeview area on EPM11982.

CORPORATE

Board Changes

Mr Jason Beckton was appointed Managing Director replacing Dr. Mark Elliott who will stay on as an Executive Director. Dr. Elliott is to be commended for his dedicated efforts in preparing and successfully listing CYU on the Australian Stock Exchange and leading the Company during its formative period. Mr. Beckton, previously an Executive Director of CYU, has extensive exploration, underground and open-pit experience and is well placed to lead the growth of the Company.

Cash Position

As at 31 March 2008, the Company had approximately \$5.3 million cash and no debt. Exploration expenditure for the quarter was \$725,000 which was under budget due to weather related access restrictions in NE Queensland projects.

For further information please contact;

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

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 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.

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	Non-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
March 2008 Qtr	\$0.62	\$0.25	\$0.43

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Please direct shareholding enquiries to the share registry.