



ASX/Media Announcement (ASX:CYU)

18th May 2011

CYU – Chinalco Yunnan Copper Resources – Project Update

CYU has adopted the Chinalco and Yunnan Copper Industry (Group) Co. Ltd (YCI) strategy of exploring and developing major copper sulphide projects. In line with this direction CYU is pleased to announce the following initiatives;

1. COPPER REE – MOUNT ISA

Drilling has commenced today to extend high grade copper, heavy rare earths, cobalt silver zones at Mount Dorothy and to confirm the recently discovered copper REE zone at Elaine Dorothy. These projects form part of the Mary Kathleen JV with Goldsearch Ltd (ASX:GSE).

2. COPPER – CHILE JV WITH RIO TINTO

Three holes of approximately 500 metres each will be drilled at the Caramasa porphyry target once permitting and access construction is complete. Exploration Target* size for Chilean Cordillera style copper porphyry deposits is between 0.5 to 1 billion tonnes grading 0.5 to 0.8% copper.

3. COPPER SILVER – LAOS JV WITH YUNNAN COPPER INDUSTRY (GROUP) Co Ltd (YCI)

Drilling will start shortly on the copper silver Zambian style deposits of the Laos Copper Silver JV, operated by YCI. The Laos Copper Silver JV is subject to CYU shareholder approval. Exploration Target* size for Zambian style Copper Silver deposits is between 50 to 100 Mt grading 1 to 1.5 % copper and 2 to 3 ounces/tonne silver.

4. COPPER – CLONCURRY FARMOUT WITH YUNNAN COPPER MINERAL RESOURCE EXPLOARTION CO. LTD (YEX)

YEX has commenced field operations to define Ernest Henry style drill targets on the FC4 property which is located 6km north of Ernest Henry. Ernest Henry is owned by Xstrata and is a 160 Mt deposit grading 1% copper and 0.20 g/t gold. The Cloncurry Farmout agreement remains subject to CYU shareholder approval in the current quarter.

**These Exploration Targets are conceptual in nature and there has been insufficient exploration to define a mineral resource under the JORC Code and it is uncertain if further exploration will results in the definition of a mineral resource.*

CYU is an Australian company with Chinalco as the largest shareholder (21%), focused on exploring for and developing major copper sulphide deposits.

CYU Managing Director Jason Beckton said "The Elaine and Mount Dorothy drilling program is designed to define a copper resource with rare earth and cobalt credits."

"We are also active in the Laos Copper Silver JV with YCI, which remains subject to shareholder approval. Drilling will potentially allow resource estimation and subsequent growth of what are considered near production assets."

"In Chile we have very exciting porphyry targets. This is proven from surface mapping, sampling and geophysical surveys. The targets have the correct parameters to allow drilling to occur when regulatory approvals for work are received."

COPPER REE – MOUNT ISA

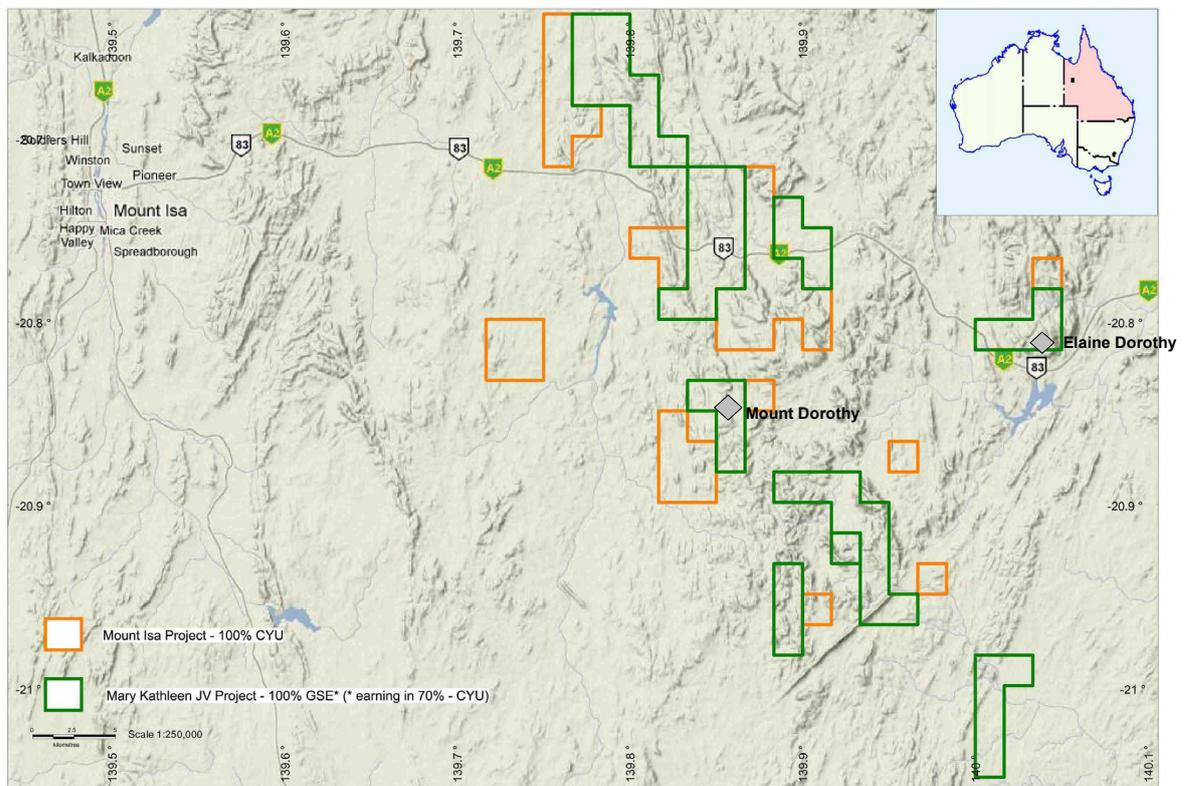


Figure 1. Tenement location plan of the Mary Kathleen Joint Venture Project with GoldSearch Limited (GSE:ASX). Mount Dorothy is located approximately 50 kilometres east of Mount Isa.

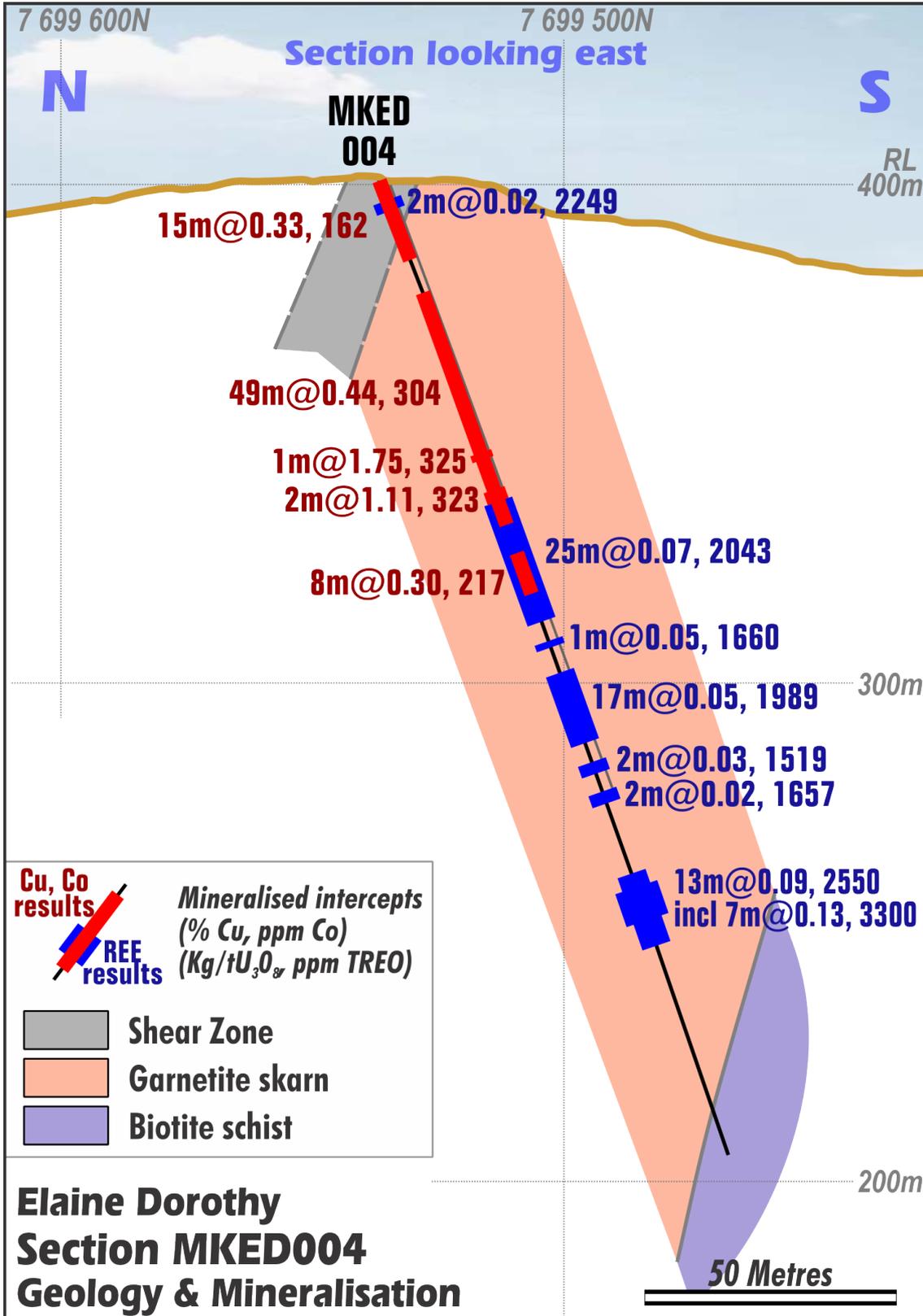


Figure 2. Mount Isa Copper REE – Elaine section which discovered a new copper zone above a Rare Earth Element Zone. Drilling commencing 18th May will grow this zone down dip and along strike.

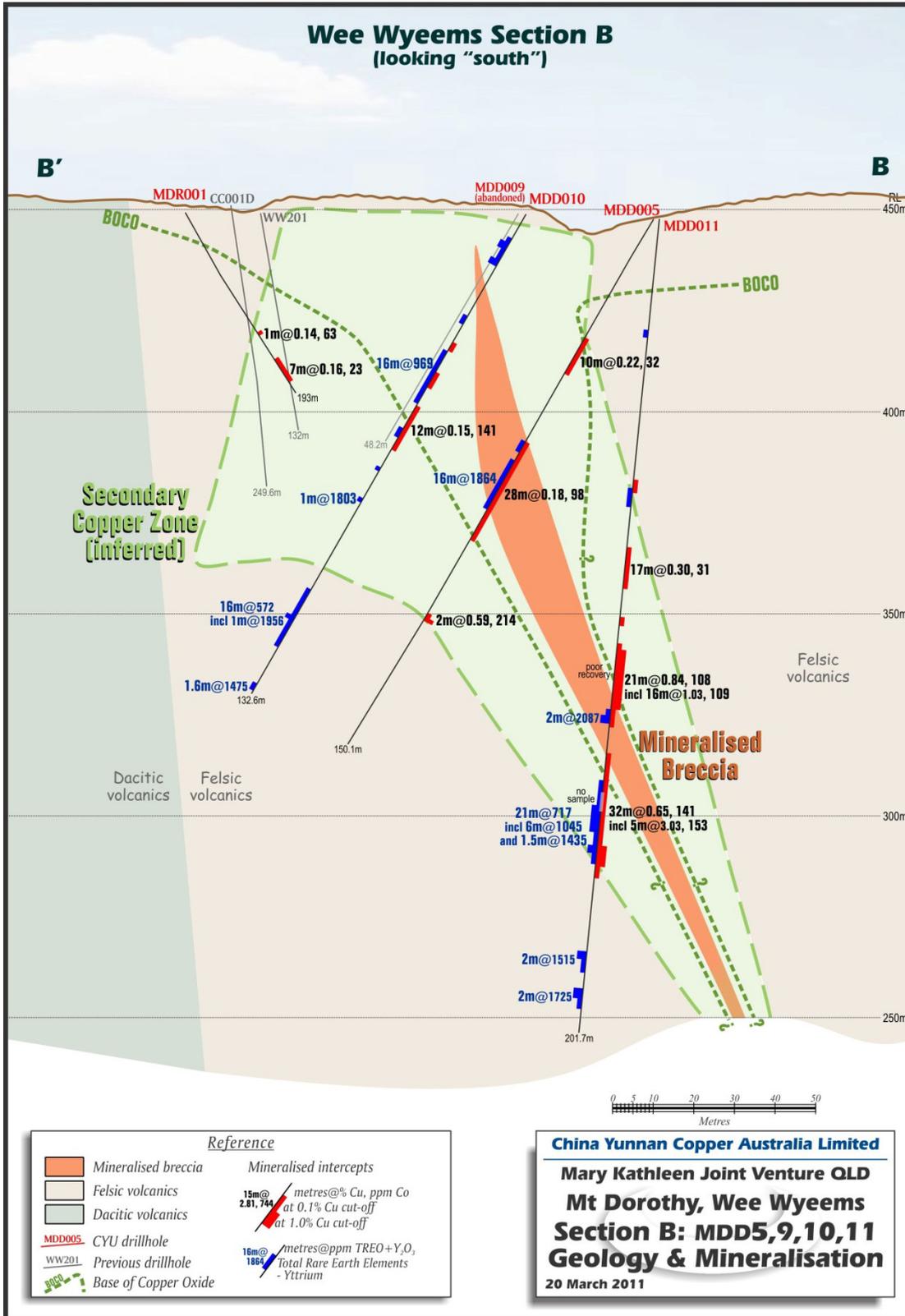


Figure 3. Mount Isa Copper REE – Mount Dorothy section drilling will confirm NE trend of the mineralised breccia. Drilling will occur under and along strike to extend the sulphide zone strike length to beyond 200 metres.

COPPER – CHILE – RIO TINTO JV

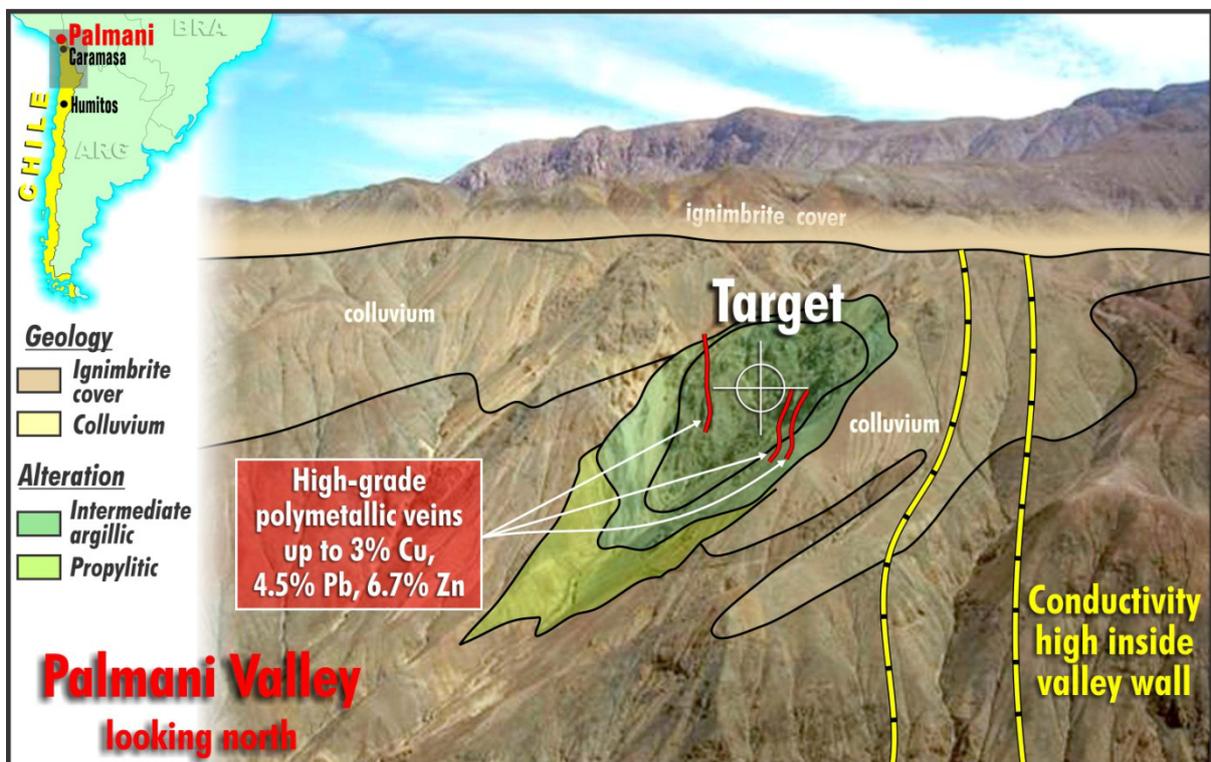
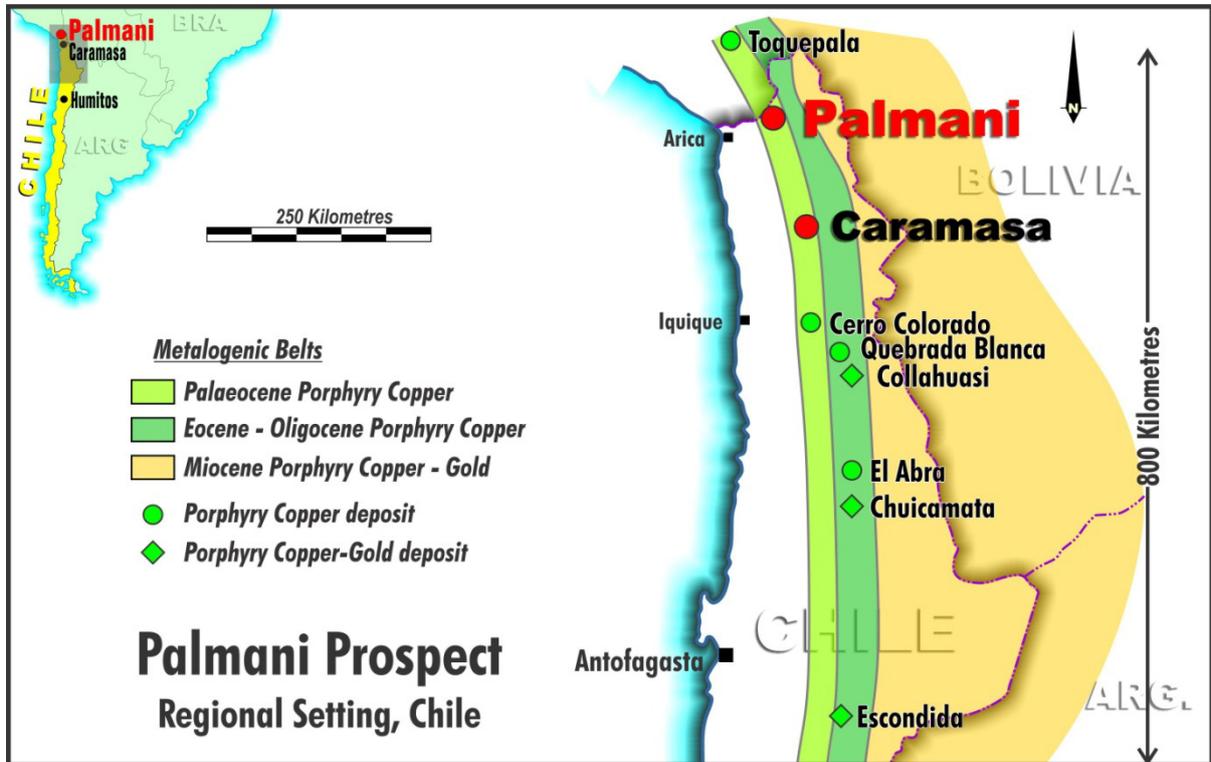


Figure 4. The Palmani Target has dimension of 1km by 3km and represents a porphyry target to be drilled at the end of winter.

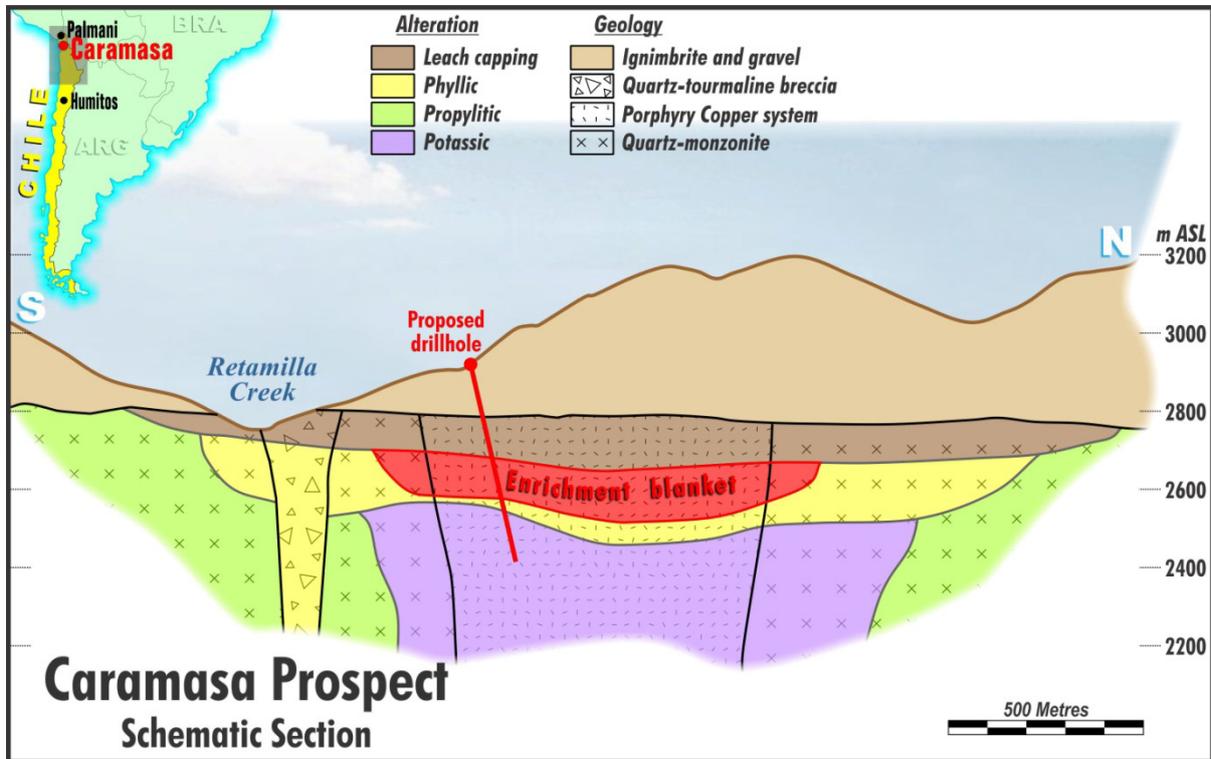
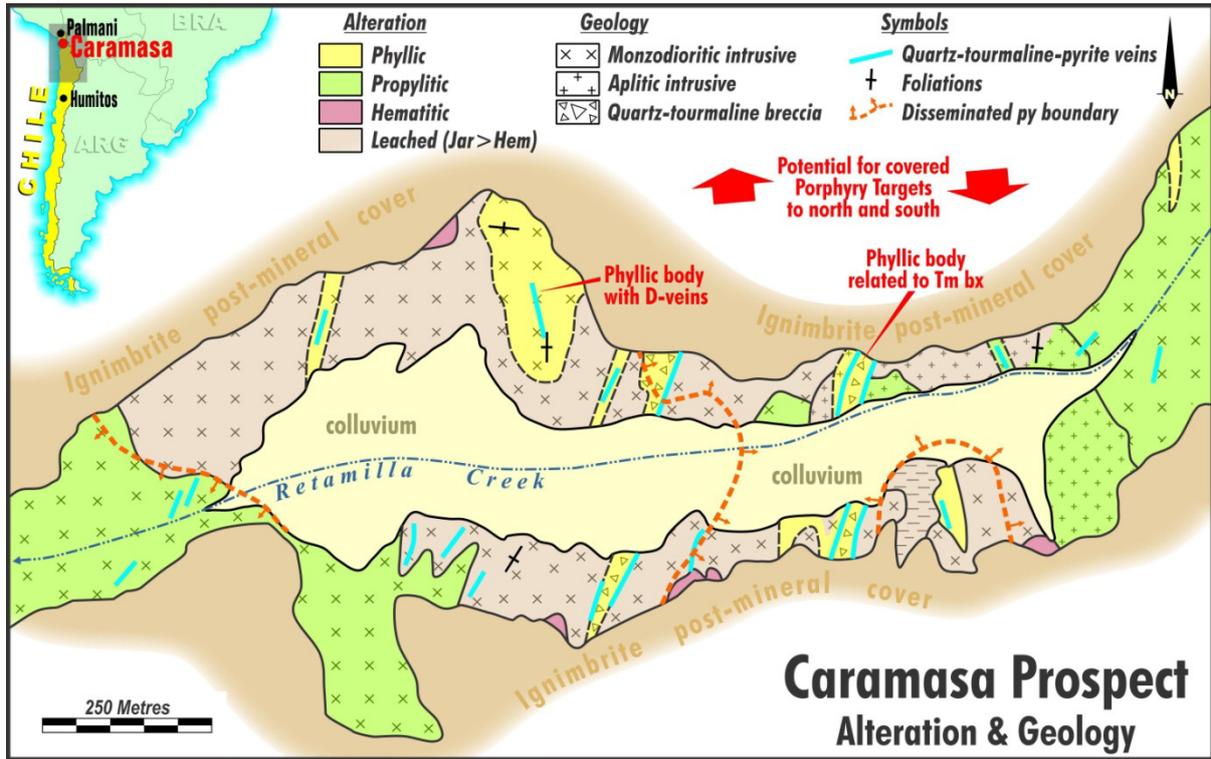


Figure 5. The Caramasa Target is drill ready with excellent alteration observed in the valley. Permitting of drill access is underway with possible drilling operations in the current quarter.

COPPER SILVER – LAOS

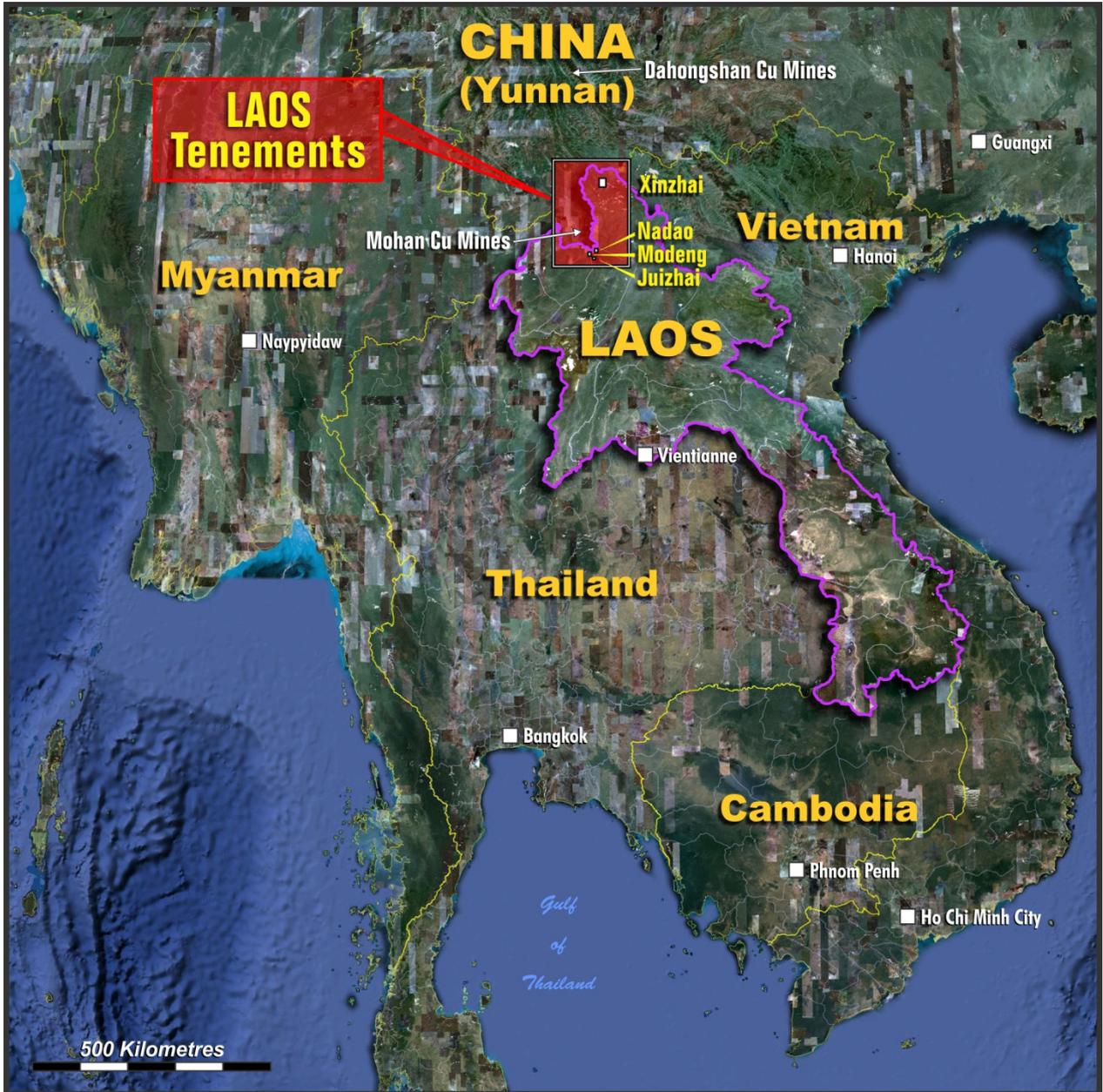


Figure 6. Laos Copper Silver - A series of copper silver deposits will be drilled prior to the end of June. These are part of the Copper Silver Development JV CYU signed in the previous quarter. The concept for Laos is near term production of copper and silver, utilising local expertise and nearby processing facilities such as Mohan processing plant highlighted, operated by YCI.



Competent Person's Statement

The information regarding to Exploration Activities in this report that relates to the Chile, Laos and Mount Dorothy (EPM 14019) prospect, Chile and Laos is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists 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.

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