



LAOS UPDATE **DRILLING COMMENCES AT XINZHAI PROJECT**

- **300 metres diamond drilling to test dipping extension of copper and silver mineralisation defined by trenches and adits**
- **Results likely end February 2012**
- **Sediment hosted copper and silver mineralisation**

Chinalco Yunnan Copper Resources Ltd (CYU) and Yunnan Copper Industry (Group) Co. Ltd (YCI) confirm that drilling commenced at the Xinzhai project on 31 January 2012. Xinzhai project is one of the four projects in northern Laos that are 100% held by Yunnan Copper Sanmu Mining Industry Co Ltd (a joint venture in which CYU has an agreement to earn a 51% interest within one year).



Figure 1. Locations of Jiuzhai, Xinzhai, Nadao and Modeng projects held by Sanmu in northern Laos

The first hole will test Prospect 1 at the Xinzhai tenement, which covers 140 km² in Phongsaly Province, northern Laos. The hole (XZPH-001) is being drilled along a section line focusing on the previous mineral results obtained from trench TC14 of 1.70m @ 0.73% copper and from adit PD13 of 19.94m @ 1.17% copper.

TYPE	HOLE ID	EAST*	NORTH*	RL (m)	Dip (°)	AZM (Grid)	DEPTH (m)
Diamond	XZPH-001	2459119	34487786	1364	-80	134	300

The mineralisation is controlled by a north-east fault and is located at the centre of a soil sampling anomaly. The results from the trench and adit indicates that the mineralisation becomes thicker and higher grade when it dips to the north-west.

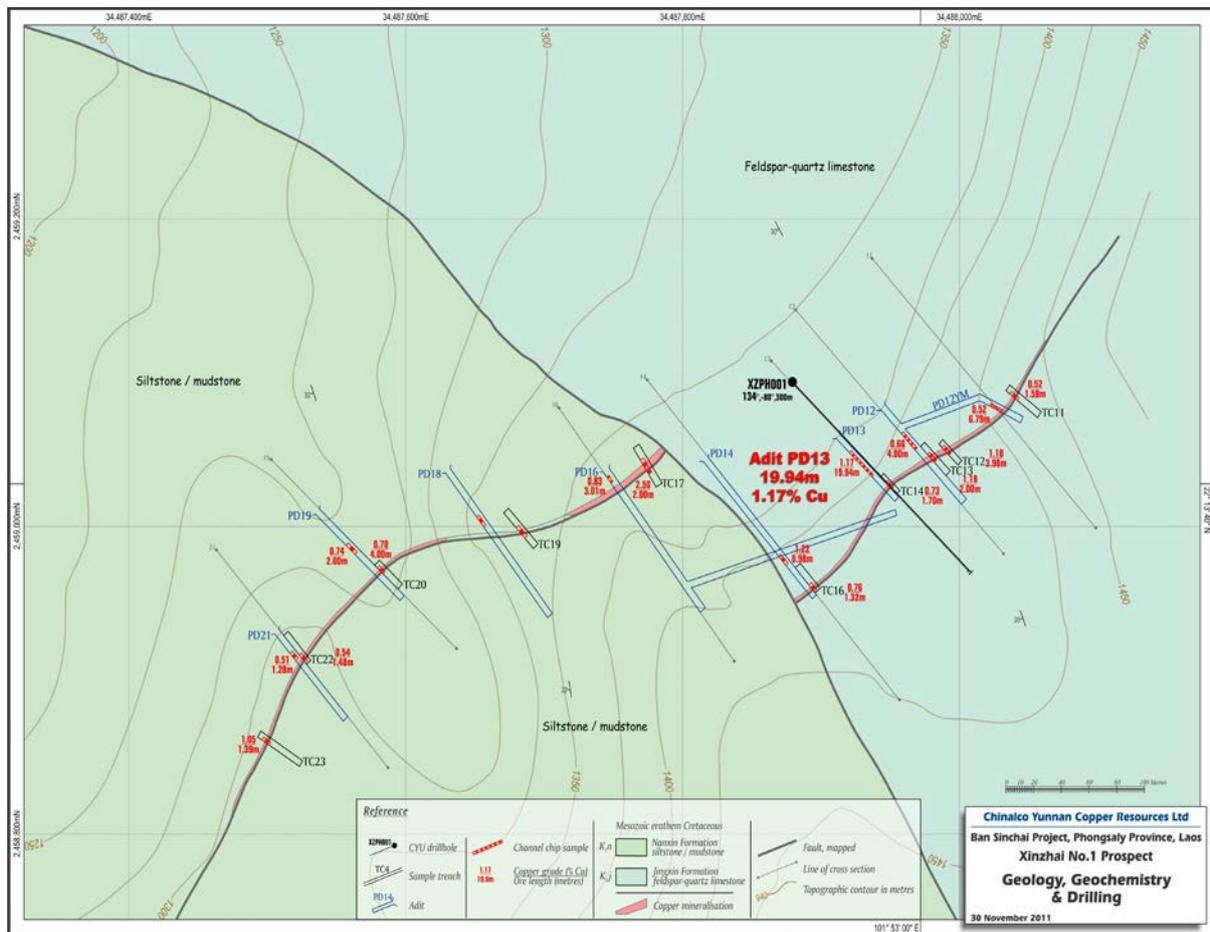


Figure 2. Hole XZPH001 is to test the dipping extension of known mineralisation defined by trenches and adits

新寨铜矿1号矿区 XZPH001号钻孔设计图

比例尺 1 : 500

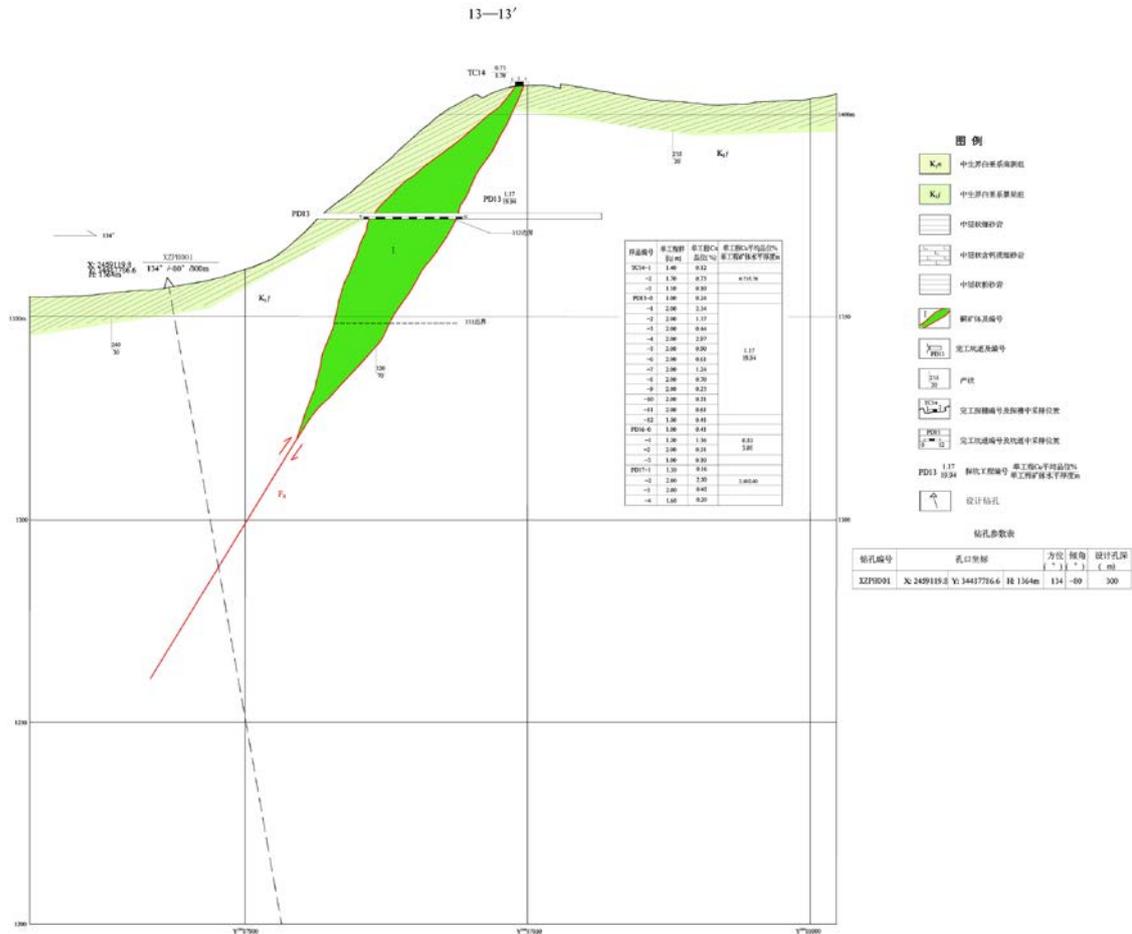


Figure 3. Section map along Hole XZPH001, trench TC14 and adit PD13

Further holes will be designed and drilled to test the minerals at Prospect 1 after reviewing the results of XZPH001. In addition a drilling program will be designed for Prospects 3 and 5 as defined by previous exploration within the Xinzhai project.

The current drilling program at Jiuzhai project, Oudomxay Province in northern Laos is still on-going. Sanmu now have two rigs at the site and aim to finish the 600m diamond program by the end of February 2012.

About Chinalco Yunnan Copper Resources

Chinalco Yunnan Copper Resources Limited (CYU) explores and develops minerals in Australia, Chile and Laos. CYU is supported by cornerstone shareholder Yunnan Copper Industry (Group) Co Ltd (YCI); China's third largest copper producer. CYU acts as YCI's international investment arm and mining house.

Australia

CYU is currently undertaking a resource estimation on the Elaine Copper REE Cobalt Gold discovery within Mary Kathleen JV tenements near Mount Isa that cover over 1,000km² in a pedigree mining area. CYU has earned 70% in the Mary Kathleen project working with joint venture partner Goldsearch Limited (GSE).

Chile

CYU is currently drilling at the Candelabro project with drilling preparations underway also at the Caramasa and Palmani porphyry properties, all three in joint venture with Rio Tinto in Northern Chile. Another CYU Chile project is the Humitos Copper Porphyry in the Copiapo District of north Chile with tenure here in JV with Xstrata subsidiary Xstrata Copper Norte. Humitos comprises undrilled targets including an untested supergene horizon in the most prolific copper belt in the world, the Chilean Cordillera.

Laos

CYU is undertaking drilling in Northern Laos through its agreement to acquire 51% ownership of China-based company Sanmu Mining. Sanmu holds 100% of four properties in northern Laos. The corporate target is 100 million tonnes at a grade of 1% copper and 150 g/t silver. Short term processing of copper silver orebodies is also a project objective in Laos, subsequent to resource drilling.

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