

CHINALCO YUNNAN COPPER

RESOURCES

L I M I T E D

HIGHLIGHTS

AUSTRALIA

GOLDSEARCH MARY KATHLEEN JV & XSTRATA COPPER MOUNT FROSTY JV

26.1Mt initial inferred resource defined at Elaine copper-gold prospect.

Scout drilling at Elaine 2 and Elaine 3 prospects along strike from Elaine copper-gold prospect.

Regional exploration along 6.5km strike length commenced on Mount Frosty JV with Xstrata Copper.

CHILE

RIO TINTO JV'S

Candelabro: 2,500m of diamond drilling - source porphyry intercepted for first time - assays pending.

Caramasa: Drilling ready to commence Q3 2012.

Palmani: Permits complete, road construction planned for Q3 2012, drilling to start after Caramasa.

LAOS

DRILLING COMPLETED – FIELD WORK TO RE-COMMENCE Q4 2012 AFTER MONSOON SEASON

Xinzhai: Minor copper mineralisation associated with small breccia zones - indicative of ore fluid migration and element enrichment similar to nearby Mohan Mine in Yunnan, China. Additional surficial zones of copper and silver mineralisation defined by geophysical anomalies.

Juizhai: Elevated zones of silver-lead-zinc indicate structural control to low-temp hydrothermal activity. Geochemical anomalies and favorable geological settings indicative of carbonate-related silver-lead-zinc deposits and lateritic silver deposits.

AUSTRALIA - Elaine & Mt Dorothy Discoveries

SUMMARY

Chinalco Yunnan Copper Resources (“CYU”) continues to advance its projects in Northwest Queensland with the release of an initial resource of 26.1 Million tonnes with a contained metal content of 146,000 tonnes of copper and 74,000 ounces of gold at its Elaine copper-cobalt-gold prospect. CYU continued drilling the Elaine copper-gold-cobalt-light rare earth element (LREE) mineralised zone, returning intersections along strike, near surface and at depth from the resource evaluation area demonstrating the growth potential of the resource. Preparation and planning is underway for further resource infill and extensional drilling plus metallurgical testwork.

Additional regional field programs have commenced. These programs target the Mary Kathleen shear zone - the 6 kilometre, regionally-significant structure to the south of the Elaine resource and to the north within the recently acquired Mount Frosty JV project with Xstrata Copper and the Prince of Wales prospect within the Mary Kathleen JV with Goldsearch. Drill target generation is underway with drilling of the targets expected to commence in late Q3 2012.

MARY KATHLEEN JOINT VENTURE (CYU 70% : GSE 30%)

CYU and Goldsearch (“GSE”) are continuing to advance their discoveries by undertaking delineation and scout drilling within the Mary Kathleen style uranium (U) - REE and Iron Oxide Copper Gold (IOCG) belt in the Mount Isa region of northwest Queensland.

ELAINE – COPPER-GOLD-COBALT-LREE (LIGHT RARE EARTH OXIDE)

At the end of the quarter, an Inferred JORC resource of 26.1Mt @ 0.56% copper and 0.09g/t gold (0.62% CuEq) at a 0.25% CuEq cut-off, with contained metal content of 146,000t copper and 74,000oz gold, for the Elaine copper-gold-light rare earth elements (LREE)-uranium -thorium prospect (a.k.a: Elaine 1) was completed (Table 1). The resource is open at depth and along strike to the north-northeast and south-southwest.

Independent resource consultants, Mine Development Associates (MDA), of Reno, Nevada USA, completed an initial resource estimate. The resource estimate has been prepared in compliance with the disclosure and reporting requirements set forth in the 2004 edition of

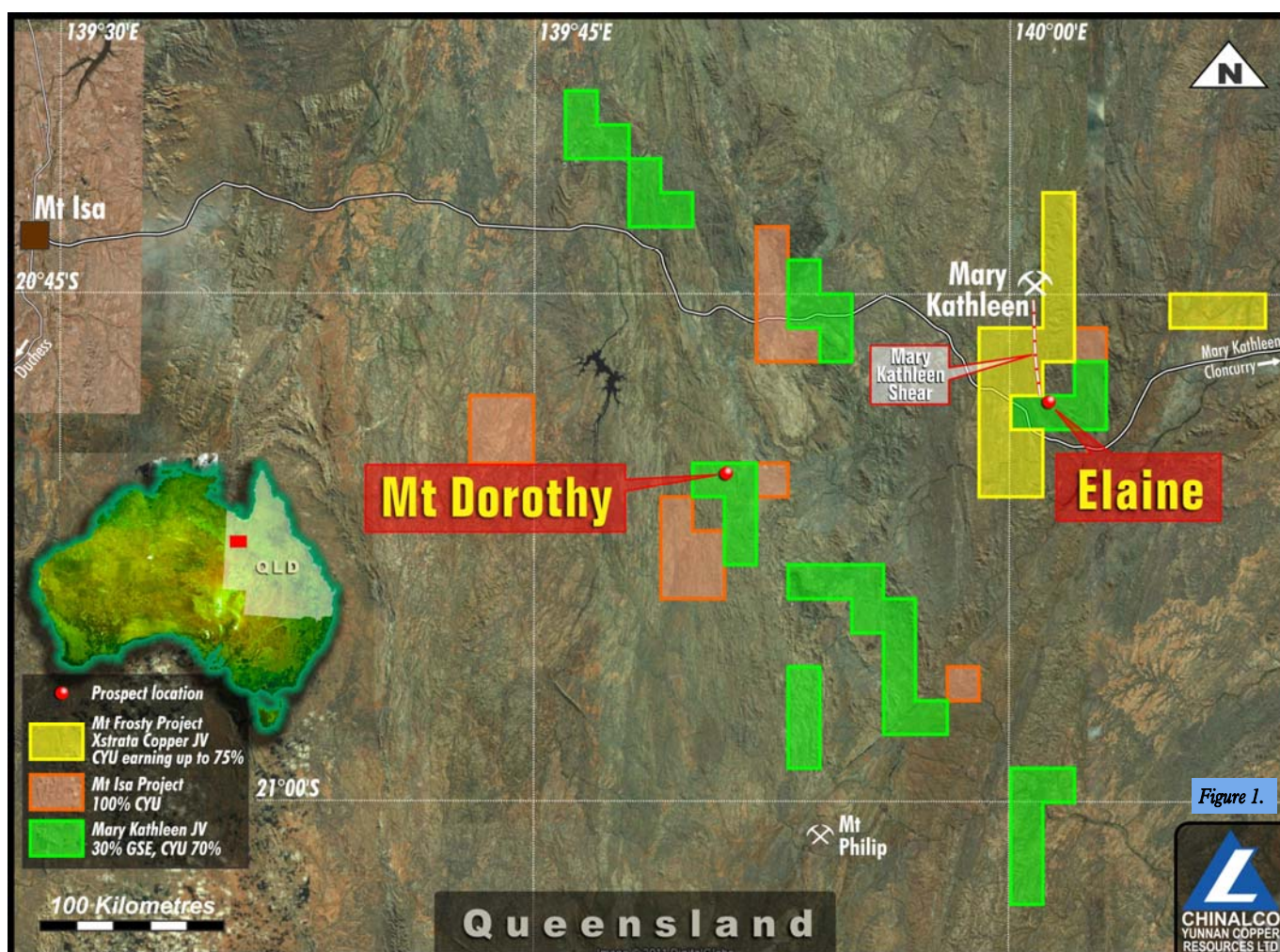


Table 1. Elaine 1 Resource Table at Increasing CuEq (%) Cut-offs

Cut-off CuEq (%)	Tonnage (t)	CuEq (%)	Cu (%)	Cu (t)	Cu ('000 lbs)	Au (g/t)	Au (oz)
0.10	64,340,000	0.34	0.31	201,000	443,129	0.05	94,000
0.20	32,770,000	0.54	0.49	160,000	352,740	0.08	79,000
0.25	26,100,000	0.62	0.56	146,000	321,875	0.09	74,000
0.30	22,810,000	0.67	0.60	138,000	304,238	0.10	71,000
0.40	17,810,000	0.76	0.68	121,000	266,759	0.12	66,000
0.50	15,050,000	0.82	0.73	110,000	242,509	0.13	63,000
0.60	12,470,000	0.88	0.77	96,000	211,644	0.15	60,000
0.70	9,310,000	0.95	0.82	77,000	169,756	0.19	56,000
0.80	6,460,000	1.04	0.87	56,000	123,459	0.25	51,000

Notes. 1. Geological modeling and data acquisition was undertaken by CYU geological staff. 2. Metal domain and block model with grade estimate prepared by Mr. Steven Ristorcelli C.P.G who is a full-time employee of Mine Development Associates. 3. Gold assays by 30-gram fire assay with AAS finish, copper, cobalt, uranium, thorium and other elements assays by multi-acid digestion with ICP-MS or ICP-AES; all assays undertaken by ALS Chemex, Mount Isa, QLD. 4. In-situ bulk density values ranging from 3.19 t/m³ to 3.52 t/m³ were assigned based on lithology. 5. A geological block model with block sizes of 5m x 5m x 10m was constructed. 6. Cu and Au grades were estimated using inverse distance squared interpolation within parent blocks constrained within two metal domains, with a minimum of one sample, maximum of four samples per drill hole and a maximum of 16 samples per block estimate. 7. High-grade capping was applied to the sample data prior to compositing to 5m lengths: at 1% Cu and 3% Cu, for the low-grade and high-grade copper domains, respectively, 1.5g Au g/t and not capped for the low and high-grade domains of gold, respectively. 8. QA/QC checks on sampling and assaying quality are satisfactory. 9. The reported mineral resource estimate has been rounded to appropriate significant figures. 10. Copper Equivalent (CuEq%) = Cu (%) + (Au (g/t) x 0.70216)

the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). This initial resource is reported as Inferred using JORC Code guidelines and incorporates both historic and recent drilling results. The resource incorporated 65 drill holes totalling 16,238m with 9,500-10,000 assays made up of 30 historic holes (11 holes for 738m drilled in 1955 and 19 holes for 3,107m drilled in 1980), 6 holes (924m) drilled 2005 to 2007 by joint venture partner GSE and 29 holes (11,469m) drilled from November 2009 by CYU, including one RC water bore (35m). Final assay results were received up to and including MKED023. At the time of resource estimation, assays were still pending for MKED024 to 028 and only geological data from these holes was utilised in the estimation.

The Elaine 1 deposit is a multi-element deposit and eight metals (Cu, Au, Co, U, Th, Ce, La, Nd) were estimated for this study. Only copper and gold are reported in the resource as Elaine 1 is an early-stage project whose resource is just being defined and for which there is no metallurgical test work. Based primarily on geological data in the absence of metallurgical test work, copper is the most attractive metal from a metallurgical perspective, with the potential for conventional flotation recovering about 80% of the copper value. Gold values are expected to report with copper and may have a potential recovery of about 60%. Uranium, thorium, and the LREEs occur both together and separately from the copper, which may permit them to be extracted using standard rare earth oxide leach-extraction techniques, albeit at a high cost of treatment. Cobalt values are low and may not warrant extraction. Two domains each were defined for copper and gold and modelled on section and then on plan. The lower-grade domains are generally described as having disseminations and stringer zones of mineralisation. The higher-grade domains have more disseminations and stringer mineralisation, but they are mostly characterised by patchy replacements of sulphide minerals. The drill-hole sample intervals were coded by

their defined domains, capped and then composited to 5m lengths. Variography studies showed grade continuity for copper to be about 100m or more.

MDA classified the resource as Inferred mostly to reflect the stage of the exploration at Elaine 1. The exploration work done and the resulting data are high quality and the classification of Inferred does not suitably reflect that work but, due to sparse drilling, the certainty in location of the grades is lower than could be used for pre-feasibility work or Indicated classification. There is no supporting metallurgical test work. The resource and all the mineralisation defined to date are open-ended at depth and to the north-northeast and south-southeast.

At Elaine, during the quarter, CYU continued drilling and resource estimation. An additional 6 diamond holes (MKED029 to 034) totalling 1,620.6m were drilled testing additional regional targets (Elaine 2 and Elaine 3) and extensions to the resource area. Encouraging visual copper mineralisation intersected in MKED029 and MKED034 are evidence of the growth potential of the resource.

Five scout diamond drill holes (MKED024, MKED025, MKED027, MKED028 and MKED030), totalling 725.4m were drilled, approximately one kilometre southeast of Elaine 1, at the Elaine 2 and Elaine 3 prospect along strike of the significant regional Mary Kathleen Shear (Figure 1). Drilling focused on the evaluation of the copper, rare earth and thorium potential targeting areas of historic drilling, ground scintillometer/radiometric and soil geochemistry anomalies.

At end of the quarter, assay results have been returned for all the holes to date except for MKED034 (Table 3).

Drilling at Elaine 1, returned numerous significant widths of strong sulphide mineralisation (chalcopyrite, pyrite and pyrrhotite) along strike and up dip from the open resource area. Broad copper intersections include: 120m @ 0.56% Cu, 0.08g/t Au and 272ppm Co from 505m in MKED023.

Table 2. Elaine Prospects Drilling Quarter 2, 2012						
Hole ID	UTM* East (m)	UTM* North (m)	RL (m)	Dip (°)	UTM** Azimuth (°)	Maximum Depth (m)
Elaine 1						
MKED023 ¹	398,227	7,699,573	459	-70	328	891.7
MKED026 ¹	398,057	7,699,621	399	-60	310	294.6
1,186.3						
MKED029	398,123	7,699,442	417	-70	285	633.8
MKED031	398,123	7,699,441	418	-50	271	329.8
MKED032 ²	398,107	7,699,476	417	-65	290	16.8
MKED033 ²	398,107	7,699,476	417	-65	290	18.5
MKED034	398,109	7,699,476	417	-65	305	432.3
1,431.2						
Elaine 2						
MKED024 ¹	399,012	7,698,874	423	-60	205	150.6
MKED027 ¹	398,962	7,698,719	465	-90	0	114.6
MKED028 ¹	398,695	7,698,938	446	-60	180	156.4
MKED030	399,265	7,698,884	466	-60	236	189.4
Elaine 3						
MKED025 ¹	399,263	7,698,527	441	-90	0	114.8
725.8						
Total (metres): 3,343.3						
*Datum is UTM MGA94 Zone 54. **Azimuth is UTM Grid North						
¹ Drilled Q1 2012 – assays pending. ² Holes abandoned, MKED034 re-drill.						

MKED026, drilled to test the up dip potential and postulated surface expression of the main mineralised body at Elaine 1, returned a near-surface copper intersection of 47m @ 0.43% copper, 0.06g/t gold and 170ppm cobalt from 86m, (approximately 50m from surface). Also returned were two copper+gold intersections of 22m @ 0.51% copper, 0.57g/t gold and 349ppm cobalt from 146m and a high grade gold zone of 11m @ 0.39% copper, 3.03g/t gold, 350ppm cobalt and 0.49% bismuth from 175m.

In addition, elevated zones of rare earth-uranium-thorium mineralisation were also intersected in all holes except MKED030 (Elaine 2) with MKED023, MKED026, MKED027 (Elaine 2) and MKED029 returning significant intersections, highlighted by 6m @ 3,223ppm TREO, 149ppm U₃O₈ and 462ppm ThO₂ from 874m including 3m @ 5,168ppm TREO, 285ppm U₃O₈ and 827ppm ThO₂ from 877m in MKED023, 3m @ 4,750ppm TREO, 397ppm U₃O₈ and 30ppm ThO₂ from 63m including 1m @ 10,044ppm TREO, 873ppm U₃O₈ and 31ppm ThO₂ from 64m in MKED026, 34m @ 2,094ppm TREO, 28ppm U₃O₈ and 180ppm ThO₂ from 8m in MKED027 and 16m @ 1,840ppm TREO, 74ppm U₃O₈ and 198ppm ThO₂ from 83m in MKED029.

The rare earth and associated uranium-thorium mineralisation is interpreted as a separate mineralising event that overlaps with the copper-cobalt-gold mineralisation in places. For Elaine 1, TREOs consist of >95% being the three light rare earth elements of

Table 3. Summary of Significant Copper-Gold Intersections @ 0.25% CuEq (maximum of 3m internal dilution)								
Hole ID	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	CuEq (%)	Co (ppm)	
MKED023	121	128	7	0.30	0.06	0.34	52	
	451	454	3	0.44	0.10	0.51	250	
	inc	452	453	1	1.00	0.20	1.14	336
	inc	463	497	34	0.47	0.42	0.77	586
	inc	464	478	14	0.77	0.84	1.36*	574
	inc	464	470	6	1.62	1.41	2.61*	174
	inc	505	625	120	0.56	0.08	0.62	272
	inc	517	536	19	0.55	0.04	0.57*	198
	inc	544	568	24	0.70	0.08	0.76*	369
	inc	572	595	23	0.85	0.19	0.98*	275
	inc	581	585	4	1.34	0.27	1.53*	171
	inc	589	595	6	0.99	0.40	1.27*	134
	inc	599	623	24	0.59	0.07	0.64	166
	inc	612	618	6	1.03	0.07	1.08*	141
inc	640	656	16	0.81	0.18	0.93	637	
inc	643	656	13	0.95	0.21	1.10*	771	
inc	661	696	35	0.39	0.06	0.44	251	
inc	700	711	11	0.31	0.10	0.39	224	
MKED024	0	150.6	150.6	No significant Intersections				
MKED025	0	114.8	114.8	No significant Intersections				
MKED026	21	27	6	0.41	0.02	0.42	365	
	66	68	2	0.43	0.02	0.44	390	
	86	133	47	0.43	0.06	0.47	170	
	inc	86	113	27	0.48	0.08	0.54*	145
	inc	117	122	5	0.62	0.07	0.67*	292
	inc	146	168	22	0.51	0.57	0.91	349
	inc	146	162	16	0.57	0.67	1.04*	404
	inc	175	186	11	0.39	3.03	2.52	350
	inc	177	186	9	0.47	3.63	3.02*	413
	MKED027	0	114.6	114.6	No significant Intersections			
MKED028	16	17	1	0.40	0.02	0.41	65	
MKED029	22	25	3	0.26	0.02	0.27	55	
	30	49	19	0.36	0.02	0.37	173	
MKED030	54	56	2	0.02	0.40	0.30	33	
MKED031	0	2	2	0.53	0.02	0.55	163	
	63	68	5	0.49	0.02	0.51	322	
MKED032	0	16.8	16.8	Hole abandoned, unsampled, MKED033 re-drill				
MKED033	0	18.5	18.5	Hole abandoned, unsampled, MKED034 re-drill				
MKED034	0	432.3	432.3	Assays Pending				
* 0.5% CuEq cut-off. * 1% CuEq cut-off.								
Notes. Copper equivalent calculated on copper and gold only as per Elaine JORC resource (CuEq(%) = Cu (%) + (Au (g/t) x 0.70216)). Drilling at Elaine 1, returned numerous significant widths of strong sulphide mineralisation (chalcopyrite, pyrite and pyrrhotite) along strike and up dip from the open resource area. Broad copper intersections include: 120m @ 0.56% Cu, 0.08g/t Au and 272ppm Co from 505m in MKED023.								

cerium, lanthanum and neodymium as opposed to the Elaine 2 and Elaine 3 prospects where TREOs consist of 65%-95% LREE (Ce, La, Nd) & 5%-35% HREE (Dy, Gd, Er, Tb).

Elaine 1 is a unique deposit with multiple phases of mineralisation and multiple important metals. An interpreted extension of the Mary Kathleen Shear Zone controls mineralisation along a northeast strike with a steep southeast dip. Copper, cobalt, and gold are generally restricted to the shear zone, while uranium, thorium and the LREE's extend outside of, and envelop, the shear. Stratiform limbs of mineralisation also extend out to the southeast and dip north-northeast at about 60°, apparently paralleling original bedding in calc-silicate/garnetite. Copper, gold, cobalt and LREEs occur as replacement-style mineralisation with uranium and thorium, which is analogous to the Mary Kathleen deposit about 6km to the north (Figure 1).



An example of the high grade gold bismuth mineralisation in the core of the Elaine copper cobalt REE Thorium deposit. Intercept is 11.5g/t gold, 2.3% bismuth, 0.28% copper from 178 to 179 metres.

Table 4. Summary of Significant TREO-Uranium-Thorium Intersections @ 1,500ppm TREO (max of 3m internal dilution)

Hole ID	From (m)	To (m)	Width (m)	ThO ₂ (ppm)	U ₃ O ₈ (ppm)	TREO (ppm)	LREO (%Tot)	HREO (%Tot)	Y ₂ O ₃ (%Tot)	
MKED023	inc	620	634	14	187	49	2,060	94	3	3
		623	632	9	228	57	2,347	96	2	2
		687	700	13	63	27	1,975	95	2	4
		710	720	10	91	41	2,574	95	2	2
	inc	738	741	3	371	142	2,688	94	3	4
		738	740	2	467	183	2,968	94	2	3
		747	756	9	188	50	2,335	94	2	3
		760	778	18	205	46	2,149	91	4	5
	inc	763	771	8	302	67	2,610	93	3	4
		821	832	11	262	57	1,732	92	3	5
	inc	821	828	7	330	73	1,871	94	2	4
		837	848	11	176	48	1,599	88	5	8
inc	874	880	6	462	149	3,223	95	2	2	
	877	880	3	827	285	5,168	97	1	1	
MKED024	888	890	2	633	207	3,550	94	2	3	
	31	45	14	152	35	1,692	87	5	9	
MKED025	inc	55	74	19	173	47	1,964	83	6	11
		23	32	9	296	65	2,051	94	2	4
	inc	24	32	8	308	68	2,163	95	2	4
		38	49	11	266	54	1,928	95	2	4
		71	97	26	212	34	1,554	94	2	4
MKED026	inc	71	76	5	325	51	2,371	95	2	3
		63	66	3	30	397	4,750	98	1	1
		64	65	1	31	873	10,044	99	1	0
MKED027	inc	185	200	15	45	30	2,279	96	1	3
		8	42	34	180	28	2,094	83	6	11
		21	28	7	247	23	2,722	86	5	9
MKED028	inc	87	99	12	105	11	1,735	78	8	14
		79	92	13	165	38	1,937	89	4	8
MKED029	inc	79	82	3	346	92	3,214	93	3	4
		83	99	16	198	74	1,840	90	4	6
	inc	88	94	6	290	127	2,413	93	3	4
		133	154	21	190	55	1,729	90	4	7
MKED030	inc	146	153	7	236	69	1,724	90	4	6
		No significant Intersections								
MKED031	inc	35	41	6	160	26	2,173	92	3	4
		89	92	3	149	38	1,703	90	4	6
		96	107	11	147	40	1,596	90	4	6
MKED032	0	Hole abandoned, unsampled, MKED033 re-drill								
MKED033	0	Hole abandoned, unsampled, MKED034 re-drill								
MKED034	0	432.3	432.3	Assays Pending						

Continued refining of the geological interpretation and 3D re-modeling of the drillhole data has helped to redefine the orientation of the mineralised system. A new exploration model, comparable to the Mary Kathleen uranium deposit, has identified the occurrence of a sulphide body developed in the vicinity of the Mary Kathleen Shear Zone characterised at Elaine by NE striking, SE steeply-dipping biotite schist. From detailed interpretation, a steep-dipping feeder zone is interpreted to have used the shear zone as a conduit, extending from depth upwards and then along and replacing the horizontal bedding of the host-banded calc-silicate rocks, forming a shallow-dipping-to-horizontal zone coming to within 50 metres of surface. Unlike the uranium-rare earth dominate mineralisation at the Mary Kathleen Mine, the Elaine body is dominated by copper-cobalt +/- gold mineralisation.

Follow up field work of detailed geological mapping plus geochemical and geophysical surveys, is currently being undertaken in defining the next phase of drilling at the Elaine 2 and Elaine 3 prospects and to investigate the Mary Kathleen Shear strike extensions. Planning is underway for metallurgical testwork and refined delineation drilling at Elaine 1 for the rest of the 2012 field season.



Elaine Project view

PRINCE OF WALES CU-AU-FE

The Prince of Wales (POW) Cu-Au prospect is located approximately 22 kilometres south of the Mary Kathleen uranium mine, in an area known as the Fountain Range. It consists of numerous sediment and ironstone outcrops striking northeast over approximately 2 kilometres.

The prospect has been mined in two phases, the first closing in 1959 and the second ending in 1969. Exploration activity has occurred in various stages since the 1950s. POW has been subject to numerous geophysical surveys which have identified a number of magnetic and IP anomalies over the area. In addition, several geochemical surveys have identified Cu anomalies trending NE-SW over a strike length of 2km.

During the quarter, CYU has undertaken data compilation of a deep penetrating EM geophysical survey (EH4) undertaken in late 2011 and follow up field investigations. Field surveys are planned to commence in Q3 with a XRF soil extension program covering a strong magnetic anomaly to the North of the POW workings and to close off significant Cu geochemical anomalies previously reported. Detailed geophysical surveying is proposed for drill targeting. Exploration drilling is proposed to commence late Q3 2012.

MOUNT DOROTHY CU-CO-HREO+Y (HEAVY RARE EARTH OXIDE + YTTRIUM)

No field work has been undertaken on the prospect.

Desktop reviews on the 3D Inversion modelling of the SAM (Sub-audio magnetics) survey data, which defined an approximately 700 metre long conductivity anomaly, have been completed. A number of areas have been identified for follow-up field investigation when access is permitted. This anomaly continues northeast under cover and appears to coalesce with the Wee Wyeems (northeast trending) mineralised zone at its southern end.

MOUNT FROSTY JOINT VENTURE (CYU EARNING IN : XSTRATA CU 100%)

CYU signed a binding agreement in Q1 with Xstrata Mount Isa Mines Limited ("Xstrata Cu") to commence exploration activities on the Mount Frosty project (EPM 14467) covering the Mary Kathleen Shear Zone.

The Mount Frosty project is located about 60 kilometres east of Mount Isa in far northwest Queensland, Australia and is contiguous with CYU's 100% owned Mt Isa project (EPM 15248) and EPM 14022 part of the Mary Kathleen Joint Venture project in which CYU hold 70% and Goldsearch Limited ("GSE") 30%.

Drilling undertaken by Xstrata Cu on Mount Frosty returned best intersections of 13m @ 0.64% Cu (including 1m @ 1.2% Cu) from 109m in KOPD001 and 20m @ 1.2% TREO from 144m in KOPD005. Xstrata Cu concluded that copper mineralisation is associated

with pyrrhotite, as seen at Elaine, which was detected with VTEM and confirmed in the drilling.

Under the terms of the joint venture, CYU will farm-in to the Mount Frosty project and can earn up to a 75% interest by spending \$4.5 million in the next 6 years in a two stage earn-in. In the first stage, CYU can earn up to 51% of the project by spending \$1.5 million within three years including 1,500m of drilling per annum. If CYU elects to continue to stage two, it can earn an additional 24% by spending a further \$3 million within three years.

CYU's minimum commitment to the project is the first year's expenditure commitment of \$250,000 and a minimum of 1,500m of drilling. Xstrata Cu retains a right to buy back 26% of the project (to give Xstrata Cu 51% and CYU 49%) by paying 3 times the expenditure contributed by CYU in the stage two period.

At the end of the quarter, field investigations commenced with geological mapping along the Mary Kathleen Shear; previous regional and prospect geophysical data compiled identifying a number of geophysical anomalies along the Mary Kathleen Shear targeted for follow-up detailed geophysics and infill XRF soil programs. Drilling on Mount Frosty is planned to commence in late Q3 2012.

MOUNT ISA EAST PROJECT (CYU 100%)

No field work has been undertaken on the prospect.

The tenement is due to expire in August 2012.

A renewal application was submitted for a further 5 years, during the quarter.

CLONCURRY NORTH PROJECT (YEX EARNING IN : CYU 100%)

During 2011, CYU farmed out the Cloncurry North projects to the Yunnan Copper Mineral Resources Exploration and Development Co. Ltd. (YEX).

YEX will farm-in and subsequently obtain the opportunity of earning up to a 55% of the Cloncurry North project.

During the quarter, YEX completed drill preparation targeting a number of anomalies defined by deep-penetrating EM geophysical survey (EH4) undertaken in late 2011, on the FC4 prospect, EPM 15095, approximately six kilometres north of Ernest Henry. Two ~800m diamond drillholes are to be drilled to test these anomalies where YEX is targeting Ernest Henry style mineralisation. At the end of the quarter, a diamond drill rig was mobilised to the FC4 prospect to commence drilling in Q3 2012.

CHILE - Copper - Rio Tinto JV

SUMMARY

All exploration initiatives are focused on large scale porphyry copper exploration with drill operations nearing completion at the Candelabro Prospect and drill preparations complete at Caramasa and Palmani.

CANDELABRO

(CYU EARNING IN : RIO TINTO 100%,)

The Candelabro Porphyry Copper System is characterised by multi-phase intrusive bodies emplaced as dykes, structurally controlled, with the occurrence of some post-mineral rhyodacitic porphyry dykes. The Candelabro Prospect exhibits indications on surface of a late porphyry copper system with minor chalcopryrite but mainly pyrite mineralisation.

The quarter's drilling was completed with a total of six diamond drill holes totalling 2,499.83 metres. The drill holes targeted the inferred mineralised porphyry copper zone based on field observations (and Río Tinto reports).

Three drillholes (CAND004, CAND005 and CAND007) did not reach the planned depth with only CAND007 intersecting the target copper mineralisation zone. The remaining three drillholes (CAND006, CAND008 and CAND009) that did reach target depth, all intersected zones of extensive veining, quartz porphyries and sulphide disseminations with some chalcopryrite, all characteristic of porphyry mineralisation.

Assays results have only been returned for two drillholes CAND005 and CAND006. Assays are pending for CAND007 to CAND009. The delay to assay turn-around has been with the laboratory which is inundated with samples waiting for preparation and analysis. When overloaded, it is procedure to ship samples to their laboratory in Lima, Perú, resulting in extensive delays.

Visual copper and sulphide mineralisation has been intersected in drillholes CAND007, CAND008 and CAND009 with the occurrence of porphyry veinlets, intercepted by drilling, initially indicating the top of a large porphyry copper system.

CAND006 has intersected peripheral sulphides with mainly pyrite veining suggesting this hole is not close to the central porphyry zone as seen for CAND007.

CAND007 has intersected an interval of abundant copper, zinc and molybdenum sulphide zone from 25-150 metres. CAND008 and CAND009 also intercepted the porphyries, with chalcopryrite mineralisation observed, but in both cases the mineralisation was less than CAND007. Assays are expected to be returned during Q3 2012.

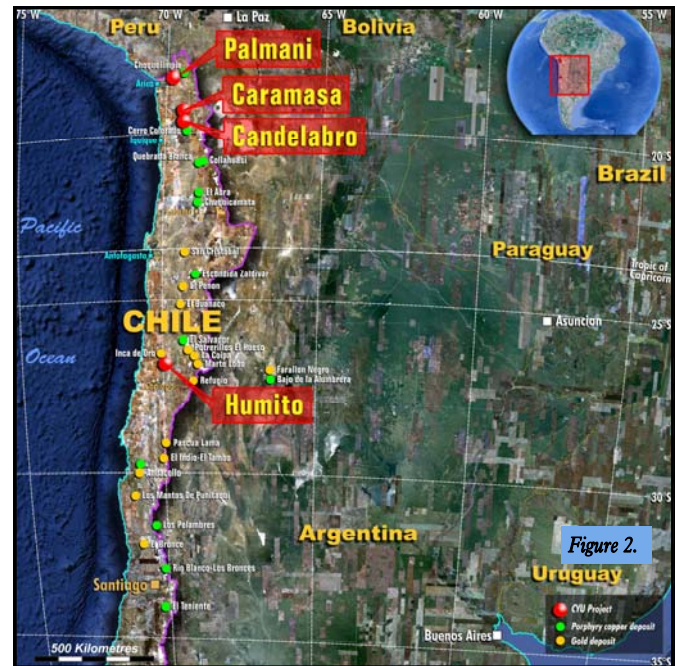


Figure 2.

The drill rig is de-mobilising from the prospect in early July 2012 for schedule maintenance work and will then be mobilised to the Caramasa Prospect to commence drilling operations.

Additional field geological mapping has also been undertaken at Candelabro where the recent, wet, Bolivian winter has washed and cleaned the outcrop exposures showing evidence of a large structural system. This system is the control for the emplacement of the parallel quartz veinlets and porphyries also containing copper mineralisation occurring as malachite.

In the north of the prospect, the veins are dominated by chlorite, but have no association with mineralisation. Quartz vein intensity increases south from the area of drilling where, within the creek, the best evidence for hydrothermal activity is observed. The area is characterised by quartz-limonite veins with associated quartz-sericitic alteration and copper mineralisation.

Table 5. Candelabro 2012 Drill Program

Hole ID	UTM East* (m)	UTM North* (m)	RL (m)	Dip (°)	UTM** Azimuth (°)	Maximum Depth (m)
CAND004	470,240	7,829,173	2,760	-70	150	108.15
CAND005	469,659	7,829,172	2,807	-70	120	486.60
CAND006	470,048	7,829,375	2,710	-70	140	620.20
CAND007	469,750	7,829,400	2,720	-70	140	392.85
CAND008	470,364	7,829,180	2,800	-65	280	590.95
CAND009	469,846	7,828,948	2,820	-65	180	301.08
Total (metres): 2,499.83						
*Datum is UTM PSAD 56 Zone 19S. **Azimuth is UTM Grid North						

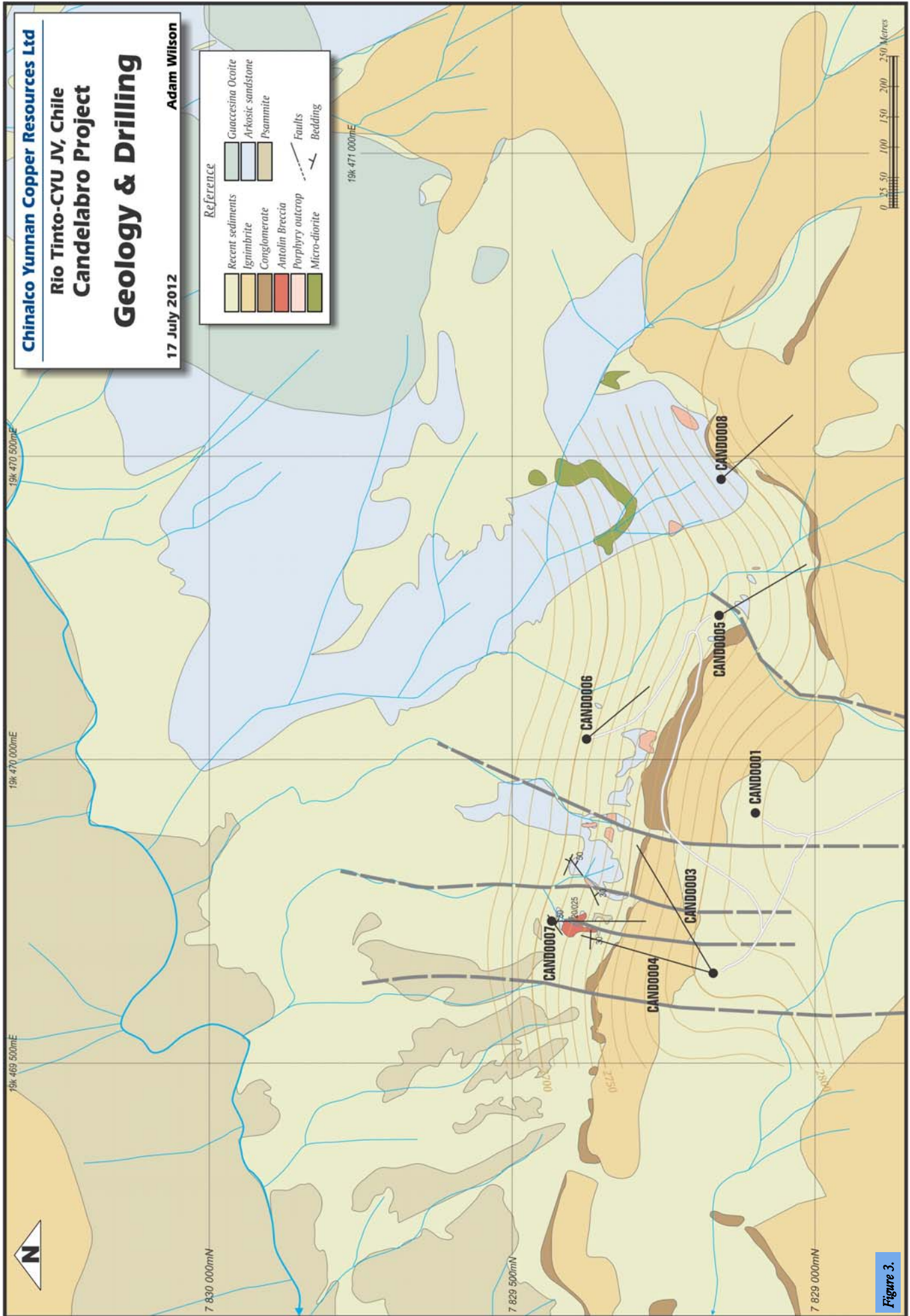
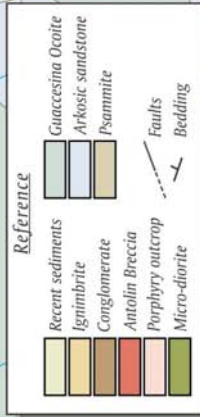


Figure 3.

CARAMASA

(CYU EARNING IN : RIO TINTO 100%)

The Caramasa central target is currently drill ready. The Caramasa drilling is expected to commence in Q3 2012 after the Candelabro drill program is completed.

PALMANI

(CYU EARNING IN : RIO TINTO 100%)

During the quarter, drill road construction has been approved by the local authorities. The Palmani target has sufficient mapping and sampling to commence drilling after the Caramasa drill program is completed.

HUMITO

(CYU 100%)

A joint venture signed with Xstrata in 2011 consolidated additional land holdings. This enables further drill targets to be prepared during 2012. New targets in the Xstrata tenure are currently being evaluated.



Candelabro view

Table 6. Candelabro 2012 Diamond Drilling Summary of Significant Intersections

HOLE ID	From (m)	To (m)	Width (m)	Cu (%)	Pb (%)	Zn (%)	Mo (ppm)
CAND004	Hole abandoned – not sampled						
CAND005	No significant Intersections						
CAND006	No significant Intersections						
CAND007	Assays Pending						
CAND008	Assays Pending						
CAND009	Assays Pending						



Veins truncated by breccia events



Photo 1a & 1b. Mineralised veins in CAND008



Photo 2a & 2b. Vein system of Candelabro mineralised belt

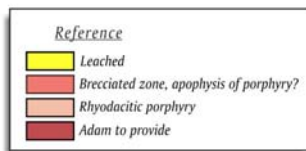
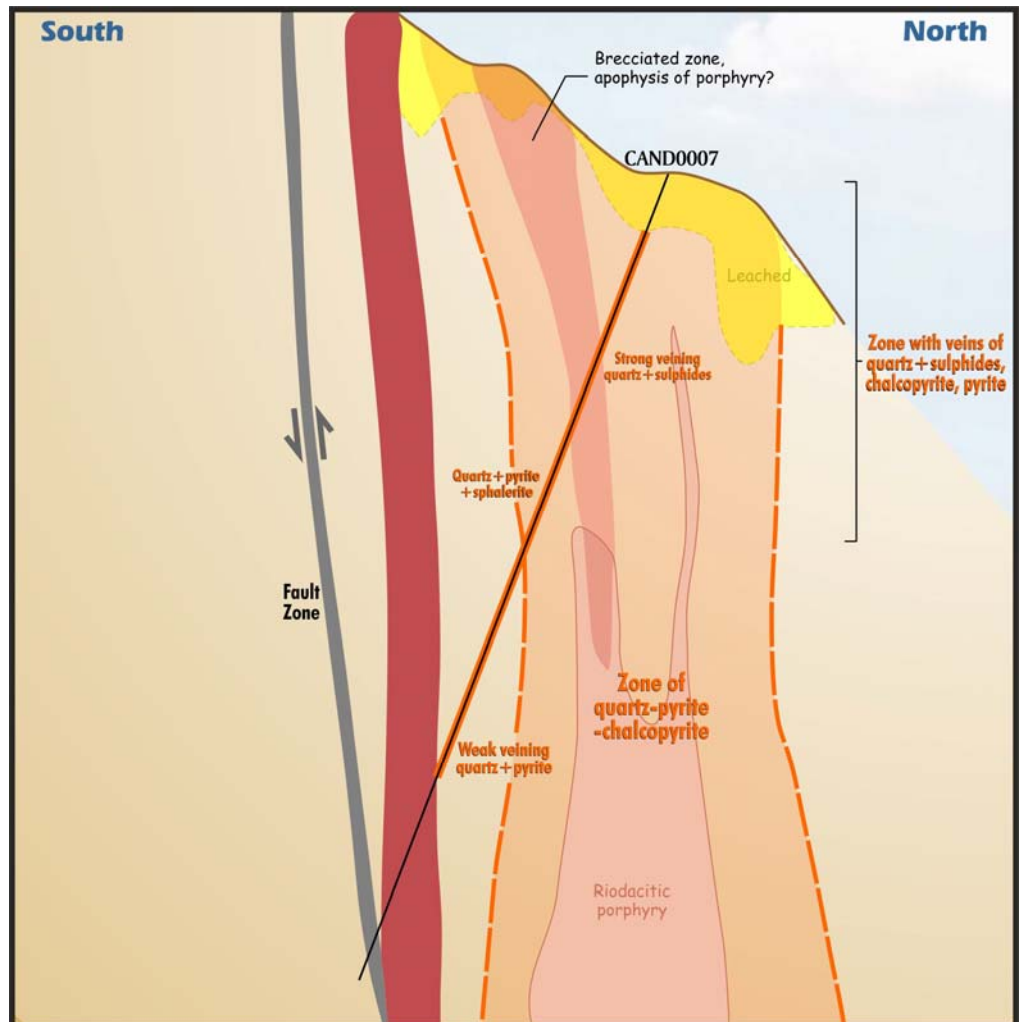


Figure 4.

Chinalco Yunnan Copper Resources Ltd
Rio Tinto-CYU JV, Chile
Candelabro Project
Cross Section CAND0007
Geology & Mineralisation
 18 July 2012 Adam Wilson

LAOS - Jiuzhai Copper-Polymetallic Project

SUMMARY

CYU is currently earning-in up to 51% equity of Yunnan Copper Sanmu Mining Industry Co. Ltd (Sanmu) which holds 100% of the four projects in Northern Laos.

During the quarter, diamond drilling programs at the Xinzhai (1 hole) and Jiuzhai (3 holes) projects were completed for a total of 1,107.46 metres and targeted base and precious metals anomalies defined by electrical geophysics, trenches and underground adit sampling. Field operations were suspended at the end of the quarter for the oncoming monsoon season.

Under the supervision of the CYU technical team, Sanmu is aiming to define several JORC resources and focus on producing cash flow in the short term with the support of partner YCI's infrastructure and processing mill at Mohan, within trucking distance across the border with southern China. The corporate exploration target is 80-100 million tons at a grade of 0.9-1.0% copper and 120-150g/t silver. Short-term processing of copper-silver ore bodies in neighbouring Yunnan Copper Industries (YCI) facilities is also a realistic project objective in Laos, subsequent to resource drilling.

XINZHAI PROJECT

(SANMU 100%, CYU EARNING IN 51%)

Drilling operations to date have totaled 376.56 meters in one diamond drill hole (Table 7 and Figure 6).

Table 7. Xinzhai 2012 Diamond Drill Program

Hole ID	UTM East* (m)	UTM North* (m)	AHD RL (m)	Dip (°)	UTM** Azimuth (°)	Maximum Depth (m)
ZK1301	34,487,886	2,459,119	1,420	-80	134	376.56
Total (metres):						376.56
*Datum is UTM Beijing 1954 - 3° Zone 34. **Azimuth is UTM Grid North						

Drilling intersected units of grey feldspar quartz sandstone interbedded with minor red mudstone and siltstone layers. A number of minor breccia zones were identified in the core at: 29.06-32.66m, 71.66-78.96m, 102.1-106.55m, 138.36-138.86m and 285-289.60m.

Assay results (Table 8) have returned minor copper mineralisation from the intervals corresponding with the interbedded breccia zones as very fine-grained sporadic chalcocite disseminations and stockworking consisting of 1m @ 0.20% copper from 31 meters; 1m @ 0.12% copper from 72 meters; 1m @ 0.12% copper from 103 meters; 1m @ 0.17% copper from 275 meters and 2m @ 0.13% Cu from 285 meters.



Figure 5. Locations of Jiuzhai, Xinzhai, Nadao and Modeng projects held by Sanmu in Northern Laos. Sanmu will drill several targets at Jiuzhai and Xinzhai projects in 2011/12.

Follow-up surface mapping has identified copper mineralisation outcropping, mostly hosted in the fault zones. From the drill core, copper mineralisation is observed along the contact of the light-colored sandstone with the red mudstone and siltstone. Five separate zones of visual mineralisation were observed at these contacts contained in small breccia zones. These breccia zones are indicative of ore fluid migration and mineralisation element enrichment, similarly observed at the operating Mohan Mine across the border in Yunnan Province, Southern China.

Table 8. Xinzhai 2012 Diamond Drilling Summary of Significant Copper (at a nominal 0.1% Cu lower cut)

HOLE ID	From (m)	To (m)	Width (m)	Cd (%)	Cu (%)	Pb (%)	Zn (%)
ZK1301	31	32	1	0.0001	0.20	0.002	0.005
ZK1301	72	73	1	0.0003	0.12	0.005	0.003
ZK1301	103	104	1	0.0006	0.12	0.004	0.011
ZK1301	275	276	1	0.0004	0.17	0.007	0.008
ZK1301	285	287	2	0.0004	0.13	0.006	0.005

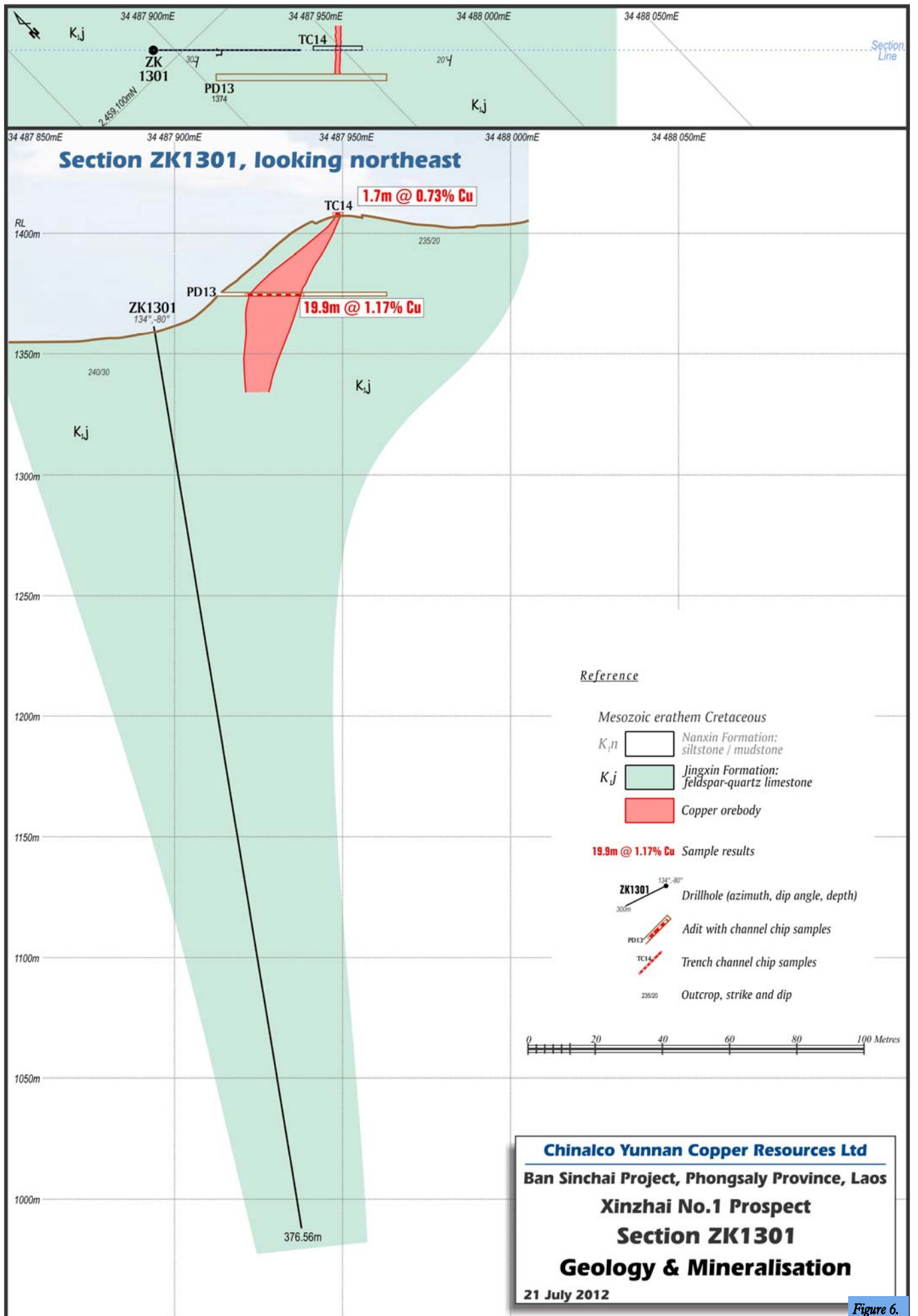


Figure 6.

All geological, geophysical and geochemical work has been combined with the latest drillhole results of ZK1301 and reviewed. A number of surface copper, lead and zinc geochemical anomalies have been identified in the exploration area, in conjunction with several intermediate-gradient induced polarisation (IP) geophysical anomalies. Drillhole targeting is underway, during the wet season, for continued exploration planned to focus on these anomalies with the aim of identifying a Mesozoic and Cenozoic sedimentary-hosted copper polymetallic deposit.

JIUZHAI PROJECT (SANMU 100%, CYU EARNING IN 51%)

Drilling operations to date have totaled 730.90 meters in three diamond drill holes (Table 9).

Table 9. Jiuzhai 2012 Diamond Drill Program						
Hole ID	UTM East* (m)	UTM North* (m)	AHD RL (m)	Dip (°)	UTM** Azimuth (°)	Maximum Depth (m)
ZK001 ¹	17,790,552	2,306,746	921	-75	030	172.01
ZK001α	17,790,551	2,306,745	921	-75	030	218.74
ZK2301	17,790,175	2,305,400	1,020	-75	360	318.15
Total (metres):						708.90
*Datum: UTM Beijing 1954 - 6° Zone 17. **Azimuth is UTM Grid North. ¹ ZK001 abandoned ZK001a re-drill.						

Drilling has identified a number of anomalous silver zones in ZK001a: 0-30m, 44-75m, 110-140m and 151- 216m. Assay results have been returned for drillhole ZK001a, a re-drill of drillhole ZK001 abandoned due to adverse drilling conditions.

Assay results returned for ZK001a (Table 9 and Figure 7) were generally low-order, slightly elevated zones with the best intersection returned being 2m @ 0.21% lead, 0.26% zinc and 5g/t silver from 26 meters.

While low-order copper, lead, zinc and silver content has been intersected, geostatistical analysis supports the identification of the four separate anomalous zones. These anomalous zones showed positive correlation with the contents of lead and zinc. In combination with observations made in the drill core, these zones are located in the faulted and shattered zone, indicating a structural control to the low-temperature hydrothermal activity.

Regionally, there are multi-stage tectonic movements, fracturing and fold development. Background values of silver, lead and zinc are high and, in combination with favorable geological settings, the project area has the potential of carbonate-related silver, lead and zinc deposits and lateritic silver deposits.

These drill results however have downgraded Jiuzhai with respect to Xinzhai which will be the focus of the upcoming field season commencing October 2012.

Table 10. Jiuzhai 2012 Diamond Drilling Summary of Significant Copper (at a nominal 0.1% Cu lower cut)							
Hole ID	From (m)	To (m)	Width (m)	Cd (%)	Cu (%)	Pb (%)	Zn (%)
ZK1301	0	172.01	Hole abandoned, not assayed				
ZK001α	28.26	73	2	5	0.02	0.21	0.26
ZK2301	0	318.15	No significant results				



Drill pad preparation, Xinzhai Project, Laos

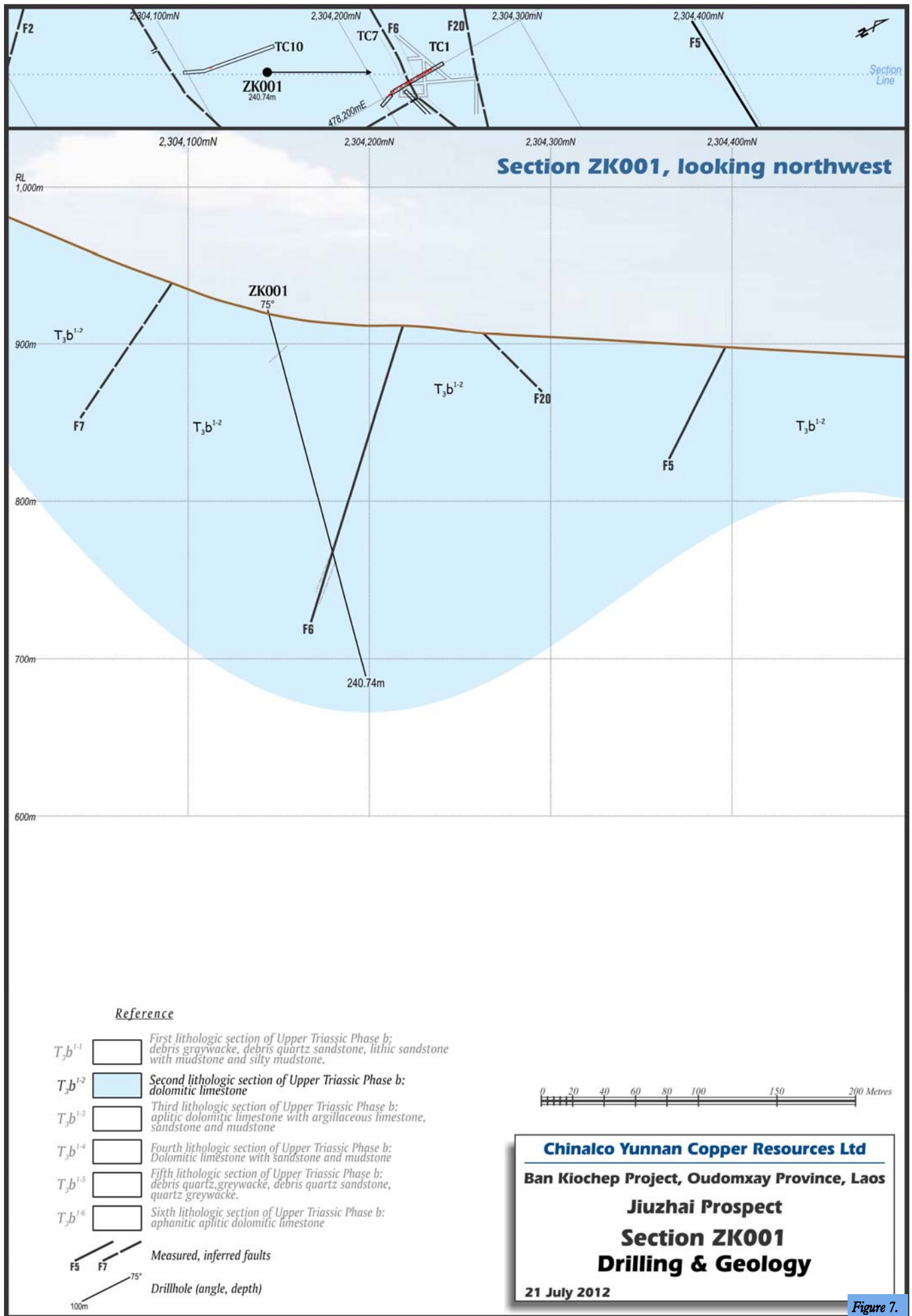


Figure 7.

Corporate

BOARD OF DIRECTORS

Norm Zillman, Non-Exec Co-Chairman
Zihua Yao, Non-Exec Co-Chairman
Jason Beckton, Managing Director
Zewen Yang, Executive Director

COMPANY SECRETARY

Paul Marshall

FURTHER INFORMATION

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Managing Director, CYU
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EXCHANGE LISTING

ASX : CYU

SHARE REGISTRY

Link Market Services Limited
Level 12, 300 Queen Street, Brisbane QLD
4000 Australia
Phone: 1300 554 474
Fax: (61 7) 3228 4999
www.linkmarketservices.com.au

Quarterly Share Price Activity

Quarter	High	Low	Last
Sep 2008	\$0.25	\$0.12	\$0.12
Dec 2008	\$0.19	\$0.07	\$0.07
Mar 2009	\$0.10	\$0.07	\$0.068
Jun 2009	\$0.20	\$0.16	\$0.17
Sep 2009	\$0.35	\$0.16	\$0.24
Dec 2009	\$0.35	\$0.17	\$0.20
Mar 2010	\$0.35	\$0.205	\$0.205
Jun 2010	\$0.23	\$0.091	\$0.15
Sep 2010	\$0.225	\$0.091	\$0.165
Dec 2010	\$0.20	\$0.15	\$0.175
Mar 2011	\$0.44	\$0.18	\$0.31
Jun 2011	\$0.31	\$0.18	\$0.185
Sep 2011	\$0.26	\$0.155	\$0.155
Dec 2011	\$0.235	\$0.16	\$0.18
Mar 2012	\$0.19	\$0.165	\$0.165
Jun 2012	\$0.19	\$0.10	\$0.11

ISSUED SHARE CAPITAL

Chinalco Yunnan Copper Resources Limited has 173.26 million ordinary shares currently on issue and 16.20 million options.

Competent Person's Statement

The information regarding Exploration Activities in this report that relates to all exploration projects and to the Inferred Resource at the Elaine Project is based on information compiled by Jason Beckton, who is a Member of the Australian Institute of Geologists and is Managing Director of Chinalco Yunnan Copper Resources Limited. 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.



View from drill pad, Xinzhai Project, Laos