



LAOS UPDATE **DRILLING COMMENCES**

- **600 metres of diamond drilling of two targets of base and precious metals defined by electrical geophysics, trenches and underground adit sampling.**
- **Results likely to be end January/early February 2012.**
- **Sediment hosted Copper and Silver mineralisation at Xinzhai Project will be then drilled**

Chinalco Yunnan Copper Resources Ltd (**CYU**) and Yunnan Copper Industry (Group) Co. Ltd (**YCI**) are pleased to announce that drilling commenced at Jiuzhai project on 8th December 2011. Jiuzhai project is one of the four projects in Northern Laos which are 100% held by Yunnan Copper Sanmu Mining Industry Co. Ltd (Sanmu, a joint venture CYU can earn in up to 51% within one year).



Figure 1. The Drilling Commencement Ceremony jointly attended by Lao government officials and Sanmu team.

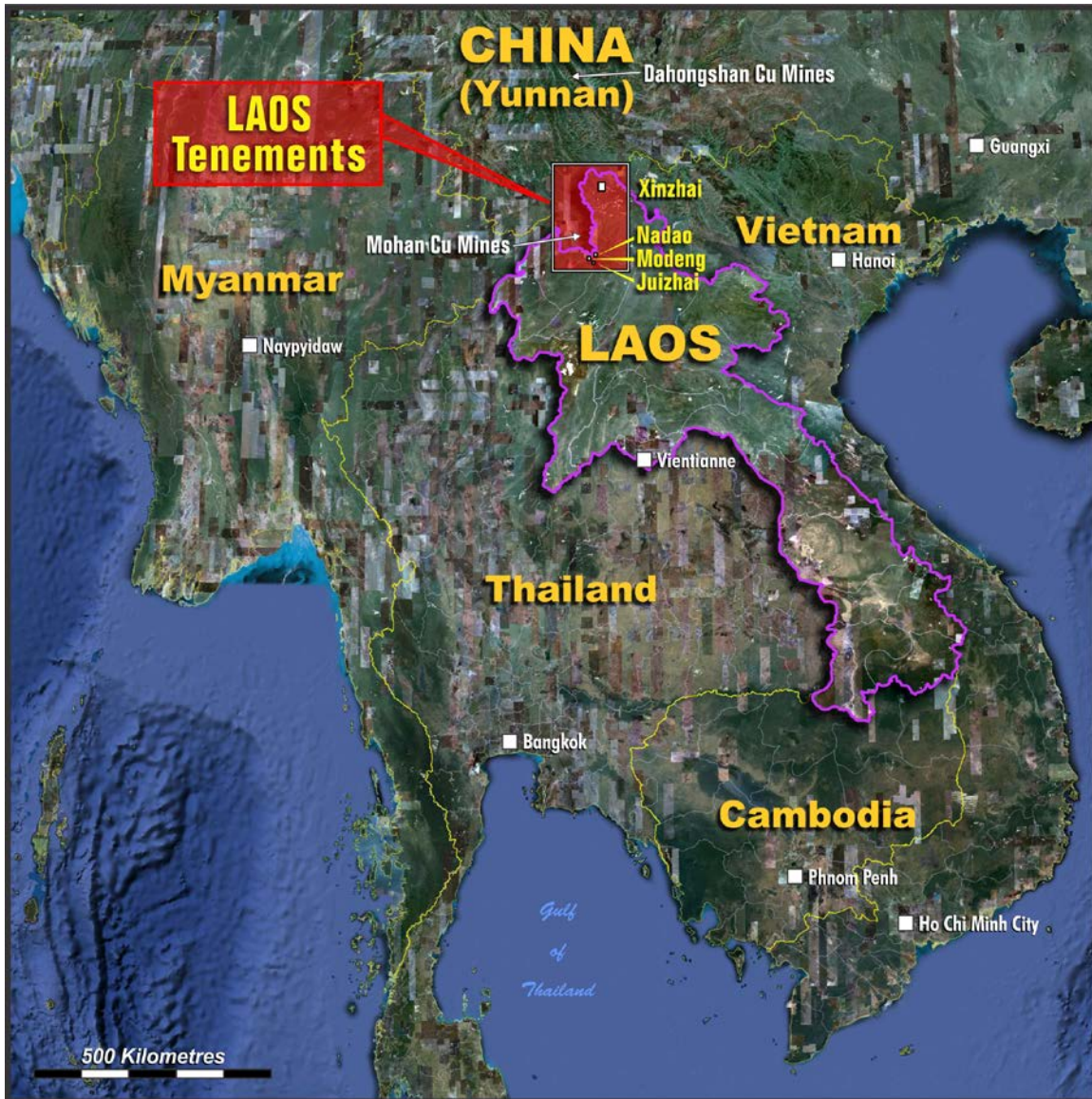


Figure 2. Locations of Jiuzhai, Xinzhai, Nadao and Modeng projects held by Sanmu in Northern Laos. Sanmu will drill several targets at Jiuzhai and Xinzhai projects in 2011/12

After CYU's EGM approved the JV agreement with Sanmu on 21 Oct 2011, CYU started to earn in to Sanmu by transferring the first tranche of share capital. The new Sanmu management team has kicked off extensive exploration programs at projects in Northern Laos. Within the 2 months since the EGM, the drilling proposal and budget have been approved by Sanmu's new board. The first rig has been set up to test some highly prospective targets defined by previous exploration work. CYU has received the first geochemical results from trenching with two prospective zones identified.

The corporate exploration target is 80 - 100 million tonnes at a grade of 0.9% -1.0% copper and 120g/t -150 g/t silver. Short term processing of copper-silver ore bodies in neighboring YCI facilities is also a realistic project objective in Laos, subsequent to resource drilling.

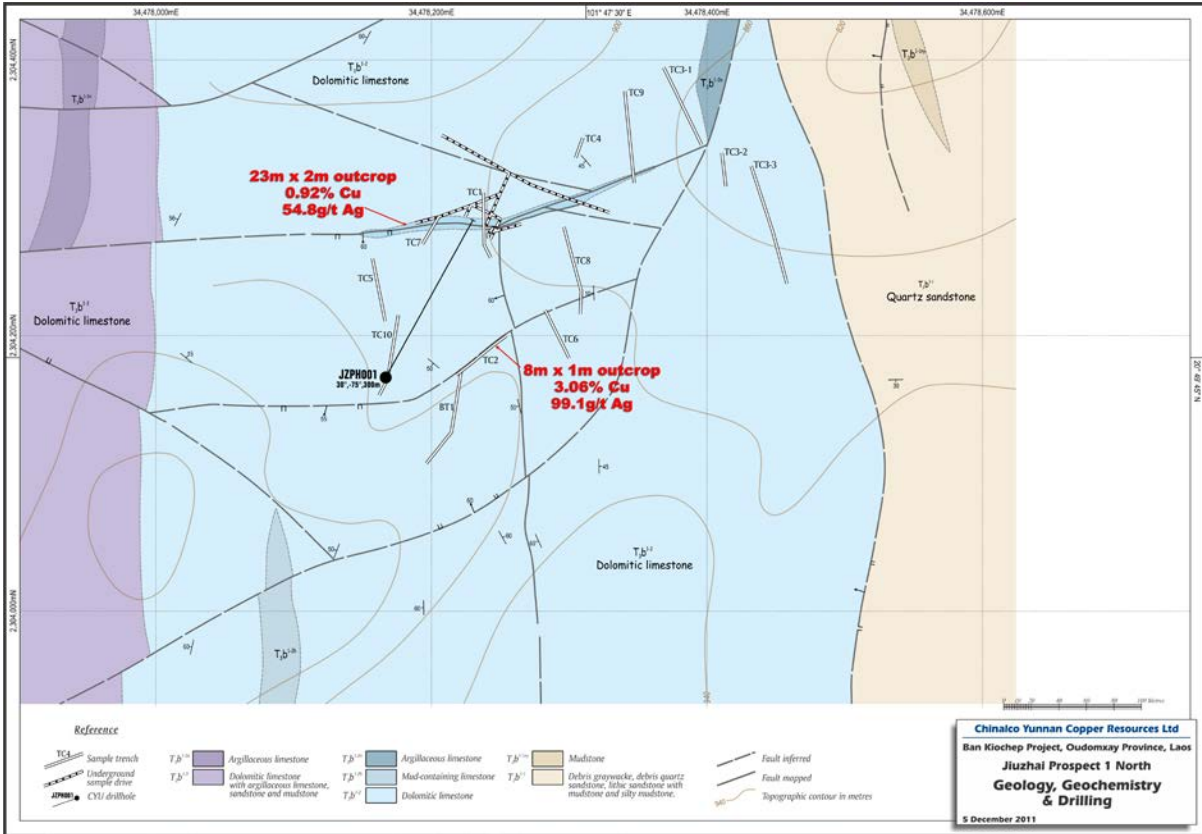


Figure 3. Hole JZPH001 is designed to test the deep extension of known mineralization defined by Geology, Geochem, Geophy, Trenches and Adit.

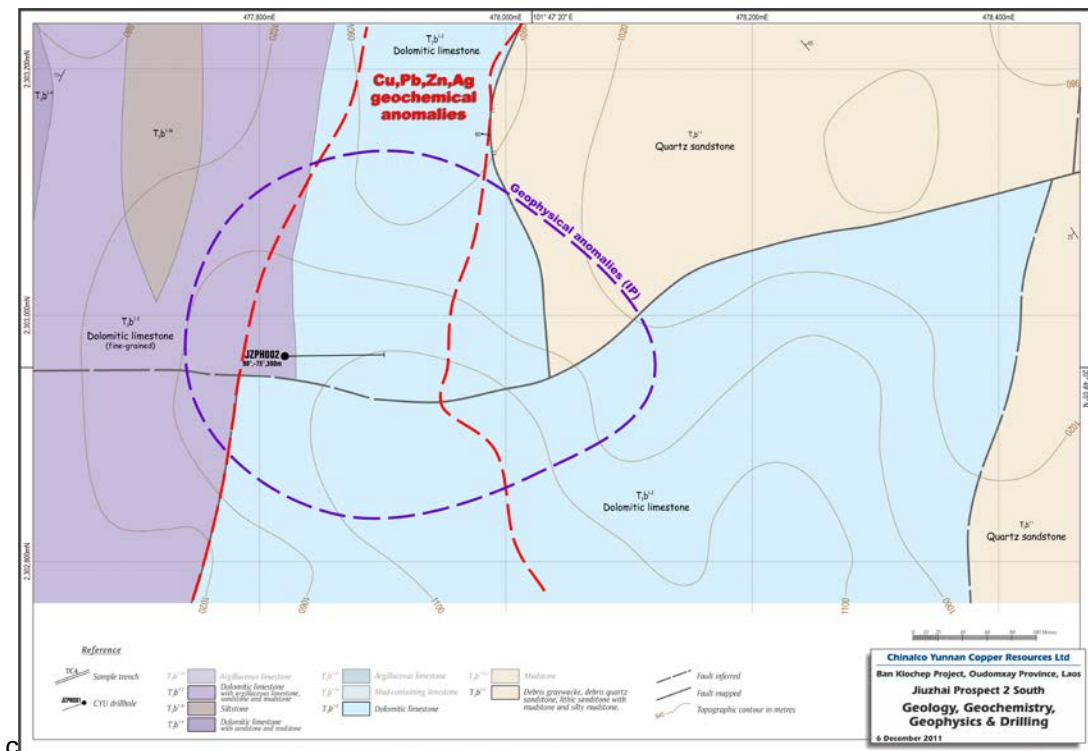


Figure 4. Hole JZPH002 is designed to the anomaly coincidence defined by Geochem, IP and Trenches.



Under the supervision of CYU technical team, Sanmu is aiming to define some JORC resources and focus on producing cash flow in the short term with the support of partner YCI's infrastructure and processing mill that is within trucking distance across the border at Mohen within southern China, as per Figure 2.

About Chinalco Yunnan Copper Resources Ltd

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. CYU is currently employing four drill rigs actively growing the Elaine discovery in Australia, a pipeline of porphyry copper targets in northern Chile and now in Laos on the known Copper Silver occurrences of northern Laos.

Australia

CYU is currently drilling the Elaine copper-cobalt-gold-LREE discovery within Mary Kathleen JV tenements near Mount Isa. CYU has earned 70% from the Mary Kathleen project working with joint venture partner Goldsearch Limited. A second rig has commenced drilling to extend the open strike length of this new discovery.

Chile

From CYU's new operational base in Iquique in Northern Chile, drilling has commenced on the Candelabro Porphyry Copper JV with Rio Tinto. Subsequently, Caramasa and Palmani Porphyry Copper prospects will be drilled all in early 2012. Humito is subject to review and may be drilled later in 2012.

Competent Person's Statement

The information regarding the Exploration Activities on the Jiuzhai and Xinzhai Prospects is based on information compiled by Mr Jason Beckton, who is a Member of the Australian Institute of Geologists and is the Managing Director of Chinalco Yunnan Copper Resources 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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