

CHINALCO YUNNAN COPPER

RESOURCES

L I M I T E D

HIGHLIGHTS

AUSTRALIA - ELAINE COPPER GOLD COBALT LREO DISCOVERY

Inferred Resource Estimate underway, expected January quarter, 2012.

CHILE - RIO TINTO & XSTRATA JVs

Drilling commenced on Candelabro.

Road construction underway for Caramasa.

Environmental approval received for road construction for Palmani.

LAOS - COPPER-POLYMETALLIC PROJECT

First drillhole at 200 metres+ at Juizhai Copper Silver Project.

AUSTRALIA - Elaine & Mt Dorothy Discoveries

SUMMARY

Chinalco Yunnan Copper Resources ("CYU") has continued diamond drilling during the quarter on the new copper-gold-cobalt-light rare earth element (LREE) zone, Elaine Prospect, with intersections including 109m @ 0.50% Cu, 482ppm Co and 1.98g/t Au from 491m in MKED009 and 185m @ 0.59% Cu, 324ppm Co and 0.04g/t Au from 201m in MKED011. Additional small-scale diamond and reverse circulation drilling was undertaken on the separate copper-cobalt-heavy rare earth element (HREE) discovery at Mount Dorothy.

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

CYU and Goldsearch are aggressively drilling these two discoveries in the Mary Kathleen style uranium (U)-REE and Iron Oxide Copper Gold (IOCG) belt in the Mount Isa region of northwest Queensland (Figure 1).

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

CYU has drilled a total of 7,312.24 metres in 20 diamond core holes and 1 percussion hole (MKWB001 - Water Bore) over four phases of drill programs at the Elaine prospect from 2009 – 2011 (Table 1 and Figure 2).

Drilling for the fourth quarter 2011 totaled 3,221 metres of core in 8 holes (MKED013 to 020 inclusive) plus the water bore (35 metres).

Following on from the Phase III drilling results and the geophysical surveys, as reported in the September 2011 quarterly activities report, a Phase IV drilling program was undertaken targeting the newly discovered copper-cobalt mineralised body containing gold, uranium and rare earth elements (Figure 3). Drilling pierce points are at a nominal 100m x 100m spacing to achieve a comprehensive understanding of the prospect's resource potential (Figure 4).

Of the 12 core holes drilled, three were abandoned due to excessive azimuth deviation - MKED010, 012 and 017. The last two drillholes, MKED019 (267.5m) and MKED020 (474.5m), were suspended, for the Christmas break, before reaching their respective target depths. Drilling has now recommenced on these holes.

Assays have been received for holes up to MKED018 by the quarter's end (Table 2). MKED009 and MKED011 intersected significant widths of strong sulphide mineralisation (chalcopyrite, pyrite and pyrrhotite), similar in tenor to MKED007 and MKED008. Broad copper intersections include: 109m @ 0.5% Cu, 482ppm Co and 1.98g/t Au from 491m in MKED009 that includes a 28m intercept with 0.17% Cu, 448ppm Co

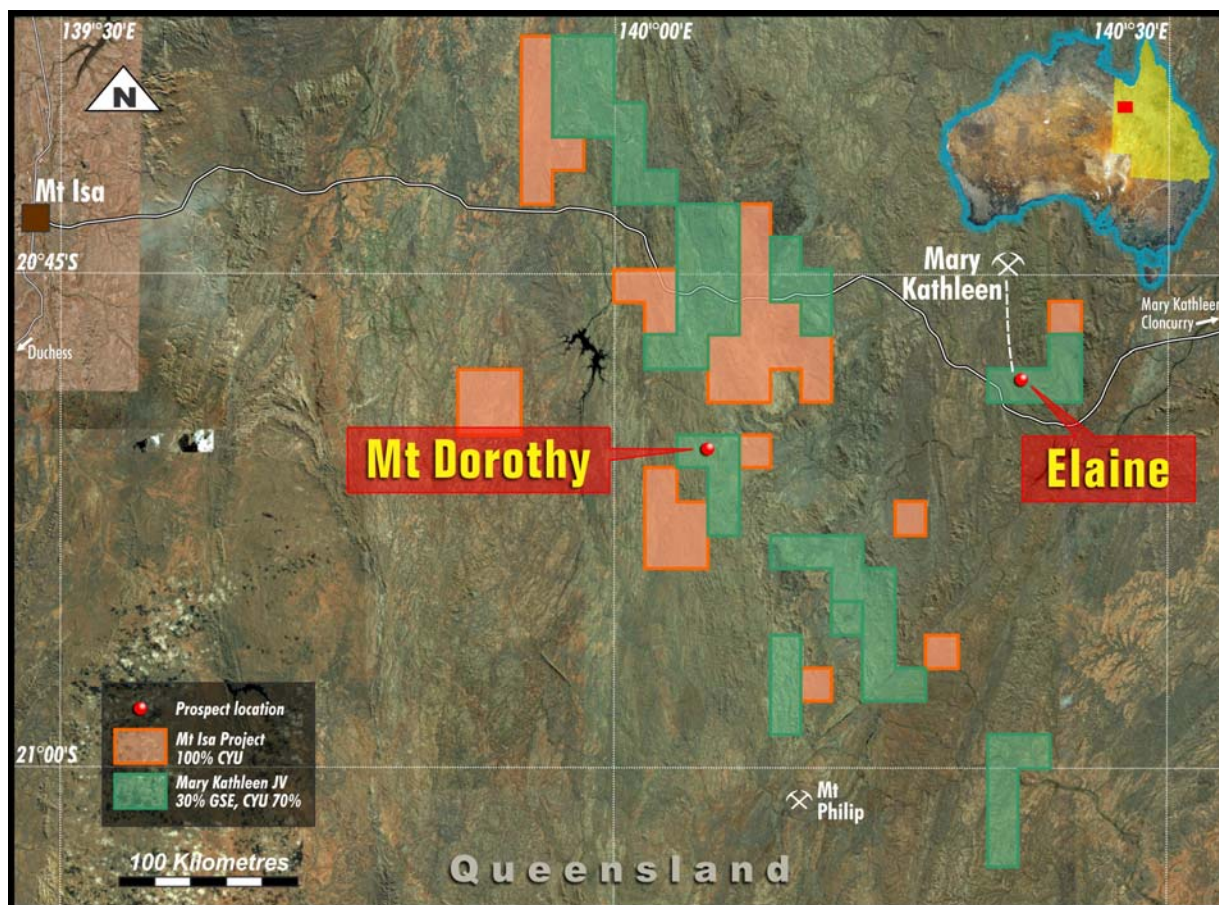


Figure 1. Mary Kathleen JV tenement location map.

and 7.76g/t Au, 834ppm Mo and 3.37kg/t U₃O₈ from 508m and a high grade copper intercept of 32m @ 1.04% Cu, 688ppm Co and 0.29g/t Au from 568m; and 185m @ 0.59% Cu, 324ppm Co and 0.04g/t Au from 201m in MKED011 that includes 19m @ 1.16% Cu, 674ppm Co and 0.07g/t Au from 224m.

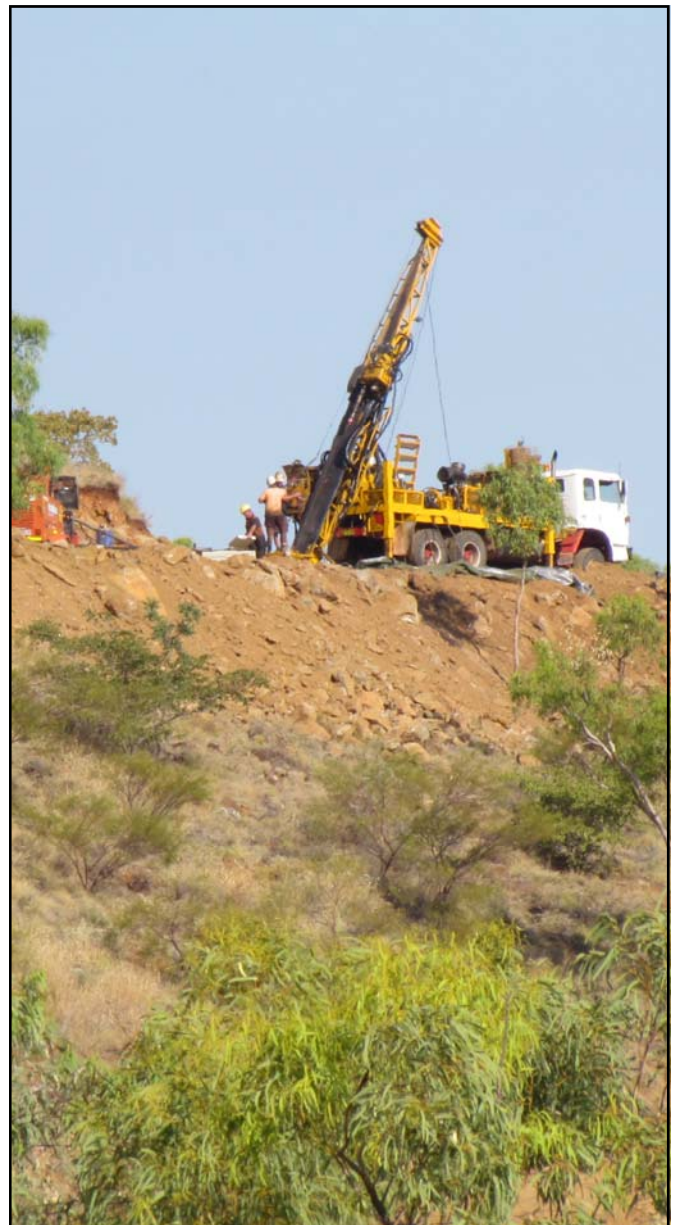
MKED013, 014, 015, 016 and 018 intersected only weak sulphides as reflected in zones of narrow, patchy copper grades.

In addition, elevated zones of rare earth-uranium-thorium mineralisation were also intersected in several holes, highlighted by 5m @ 2,681ppm TREO from 477m in MKED010 and 5m @ 2,459ppm TREO from 70m in MKED011. MKED016 reported several REE intercepts, commonly associated with elevated to strong Th values. The best intercept is 96m @ 1760ppm TREO (1674ppm LREO) from 471m associated with 0.13% Cu and 0.16kg/t Th and includes narrower high-grade intervals of 2m @ 9,417ppm TREO with 1.22kg/t Th from 536m and 9m @ 3,951ppm TREO with 0.46kg/t

Table 1. CYU drilling at Elaine Prospect 2009 - 2011

Hole ID	UTM East (m)	UTM North (m)	AHD RL (m)	Dip (°)	UTM Azimuth (°)	Maximum Depth (m)
PHASE I						
MKED001	398,259	7,699,444	417	-90	0	133.69
MKED002	398,296	7,699,437	418	-90	0	125.60
MKED003	398,316	7,699,399	419	-90	0	75.60
PHASE II						
MKED004	398,054	7,699,540	389	-70	177	207.80
PHASE III						
MKED005	398,228	7,699,521	444	-75	177	267.10
MKED006	398,189	7,699,536	447	-60	177	299.90
MKED007	398,203	7,699,552	448	-75	332	609.70
MKED008	398,127	7,699,502	418	-60	326	604.60
PHASE IV						
MKED009	398,128	7,699,506	418	-56	10	657.40
MKED010	398,127	7,699,506	418	-66	7	528.75
MKED011	398,058	7,699,621	391	-67	3	531.30
MKED012	398,095	7,699,705	387	-66	350	14.80
MKED013 ¹	398,095	7,699,705	387	-66	350	339.60
MKED014 ¹	398,155	7,699,725	394	-70	1	420.50
MKED015 ¹	397,967	7,699,617	377	-60	358	438.30
MKED016 ¹	398,057	7,699,618	391	-75	306	642.40
MKED017 ¹	398,225	7,699,570	450	-60	354	7.90
MKED018 ¹	398,225	7,699,570	450	-60	354	630.30
MKED019 ²	398,120	7,699,443	402	-69	334	267.50
MKED020 ²	398,236	7,699,529	442	-70	338	474.50
MKWB001	398,415	7,699,775	387	-90	0	35.00
Total (metres): 7,312.24						

¹ Completed in Q4 2011. ² MKED0019 & 020 drilling to resume in 2012.



Drill rig #1 on the Elaine copper-gold-cobalt-LREO (light rare earth oxide) prospect

Th from 544m. The REO-Th mineralisation is hosted by Kspar-altered calc-silicates. Hole MKED018 (total depth 630.3m) intersected narrow intervals of elevated gold mineralisation with the best being 9m @ 0.25g/t Au from 617m.

The rare earth and associated uranium-thorium mineralisation is interpreted as a separate mineralising event that overlaps the copper-cobalt-gold mineralisation in places.

3D modelling of the drillhole data has helped to redefine the orientation of the mineralised system. A new exploration model of the sulphide body has been developed, with a NE strike and steep SE dip that remains open along strike at deeper levels, below 50mRL (350m vertical depth) and at depth (Figure 5). An interpreted pipe-like structure, with a 100-150m diameter, extends upwards from this zone to within 100m of surface and is centred on MKED011. The body is mostly contained within the NE trending shear zone.

Holes MKED019 and 020 are designed to test the extent and continuity of the deeper mineralisation where the

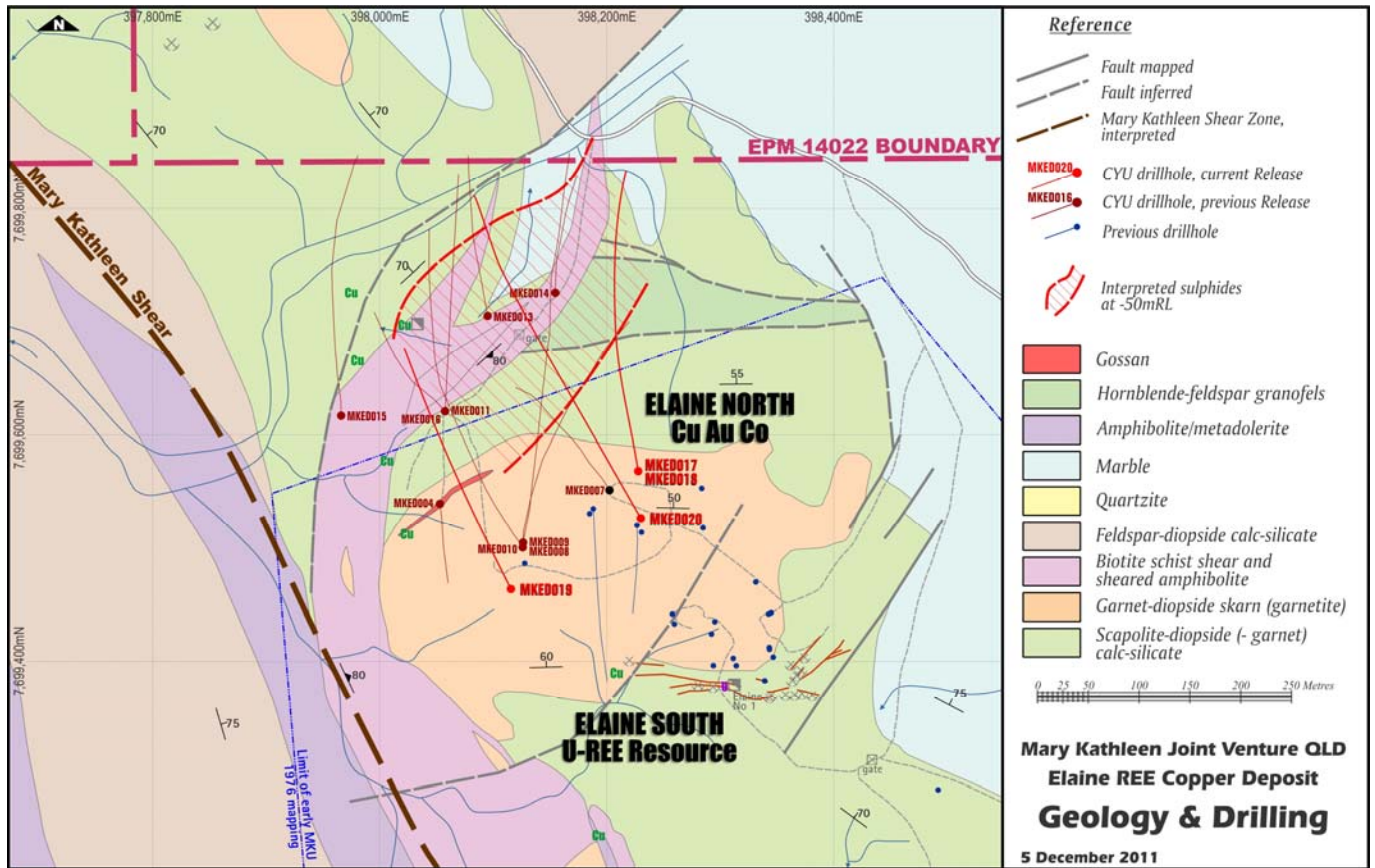
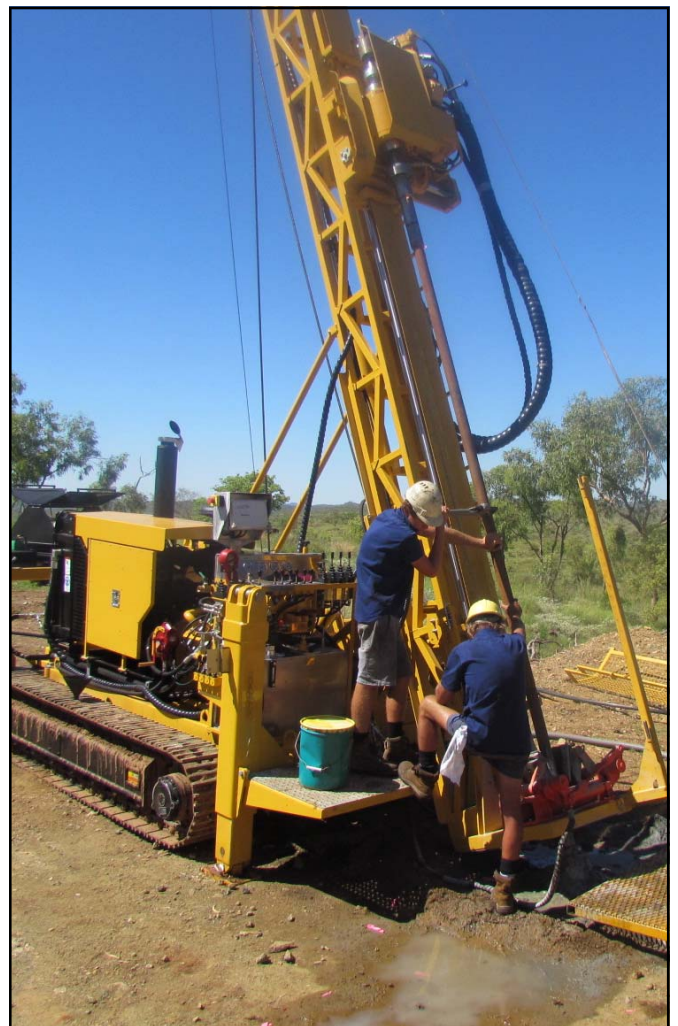


Figure 2. Elaine Drillhole Location Plan

Table 2. Elaine Phase IV Drilling Significant Copper-Cobalt-Gold Intersections (0.2% Cu cut-off)							
Hole ID	From (m)	To (m)	Width (m)	Cu (%)	Co (ppm)	Au (ppm)	CuEq (%)
MKED010	7	12	5	0.89	227	0.03	1.00
	42	49	7	0.37	192	<0.01	0.45
MKED011	35	45	10	0.36	403	0.02	0.53
	57	69	12	0.27	229	0.11	0.44
	77	84	7	0.40	467	0.20	0.73
	88	107	19	0.33	196	0.02	0.42
	119	125	6	0.48	247	0.07	0.63
	134	139	5	0.34	148	0.01	0.41
	147	174	27	1.11	190	0.21	1.33
	184	189	5	0.33	79	0.05	0.40
	201	386	185	0.59	324	0.04	0.75
	incl. 224	243	19	1.16	674	0.07	1.47
	incl. 254	264	10	1.15	437	0.08	1.38
incl. MKED011	350	361	11	0.91	328	0.06	1.08
	446	451	5	0.30	373	0.03	0.47
MKED012	Hole abandoned – MKED013 re-drill						
MKED013	Zones of weak copper values						
MKED014							
MKED015							
MKED016	80	91	11	0.21	127	0.01	0.27
	363	364	1	0.54	377	0.13	0.78
	493	498	5	0.22	37	0.01	0.24
	514	528	14	0.26	39	0.02	0.29
	604	614	10	0.25	165	0.01	0.32
	642	642.4	0.4	0.86	164	0.09	0.99
MKED017	Hole abandoned – MKED018 re-drill						
MKED018	No significant copper intersections						
MKED019	Assays pending						
MKED020	Assays pending						



Drill rig #2 on the Elaine copper-gold-cobalt-LREO (light rare earth oxide) prospect

real tonnage potential lies and future drilling is dependent on the outcome of these holes. Resource consultants Hellman & Schofield have been engaged to undertake a resource estimation on the drilling to date (depending on timing and assay turn around, MKED019 and MKED020 may be included) expected to be completed in Q1 of 2012.

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

CYU has followed up on previously-reported, moderate to high-grade copper+cobalt results with heavy rare earth oxide and yttrium oxide (HREO-Y₂O₃), highlighted by 36m @ 1.14% Cu and 198ppm Co in MDD006 and 16m @ 1.03% Cu and 109ppm Co in MDD011. The best HREO result, reported as total rare earth oxide (TREO) predominately comprising the HREE of Dysprosium (Dy), Europium (Eu) and Holmium (Ho), was returned from MDD005 with 16m @ 1,864ppm TREO-Y₂O₃. In addition, significant precious metal values were returned from the bottom of MDD011 with individual assays of up to 157ppm Ag and 0.29ppm Au.

3D Inversion modelling of the SAM (Sub-audio magnetics) survey data has defined an approximately 700 metre long conductivity anomaly (Figure 6). This anomaly continues northeast under cover and appears to coalesce with the Wee Wyeems (northeast trending) mineralised zone at its southern end.

A 17 hole, 2500 metre RC drill program was originally planned to be undertaken in the quarter of which 7 holes, totalling 1400 metres, were designed to test:

- Strong IP anomaly around Three Threes derived from the SAM survey,
- Strong north trending SAM conductors (SAM Targets 1 and 2),
- Strike extent of the recently discovered NE mineralised trend at Wee Wyeems,
- Mineralised zones in MDD011 (at Wee Wyeems) that reported heavy core loss.

Due to drill rig availability and damp ground conditions, work on the Mount Dorothy prospect was not able to resume until Q3 2011. Early attempts to commence drilling during the previous quarter were abandoned with the bogging of support vehicles. As a result, only six drill holes totalling 1,171m were completed. They comprised two diamond holes (MDD012-013) and four RC holes (MDR014-017) (Table 3). One shallow 42 metre percussion hole was also drilled as a water bore (MDWB001).

Assays for all six holes were returned during the quarter (Table 4).

MDD012 and 013 were drilled for a total of 529 metres, testing a large 3D conductivity anomaly near the Wee Wyeems prospect. Both diamond holes intersected oxidised and clay-altered breccia zones at targeted depths. Rare native copper and cuprite were visually

Table 3: CYU drilling at Mt Dorothy Prospect 2011

Hole ID	UTM East (m)	UTM North (m)	AHD RL (m)	Dip (°)	UTM Azimuth (°)	Maximum Depth (m)
MDD012 ¹	380,519	7,695,126	433	-67	121	308.5
MDD013 ¹	380,476	7,695,254	431	-70	70	220.5
MDD014 ²	380,351	7,695,324	435	-60	225	168
MDD015 ²	380,076	7,695,667	423	-60	50	90
MDD016 ²	380,615	7,695,157	451	-60	120	186
MDD017	380,613	7,695,117	448	-60	120.5	198
MDWB001	380,077	7,695,663	425	-90	0	42
Total (metres): 7,312.24						
¹ Core holes drilled in Q3 2011. ² Hole abandoned.						

Table 4. Elaine Phase IV Drilling

Significant Copper-Cobalt-Gold Intersections (0.2% Cu cut-off)

Hole ID	From (m)	To (m)	Width (m)	Cu (%)	Co (ppm)	Au (g/t)
MKED012	103	107	4	0.25	46	0.01

identified along fracture surfaces however, no other significant visual mineralisation was noted. MDD012 returned 4m @ 0.25% Cu from 103m along with isolated 1 to 2 metre intervals containing Cu to 0.71% and Co to 865ppm. MDD012 also contains elevated REE values (>500 TREO) in two 20 metre zones containing isolated values to 2,600ppm TREO, dominated by cerium (elevated yttrium is present in places). These holes were drilled as diamond due to the scarcity of RC drill rigs at the time. Adverse drilling conditions with extremely broken ground, short drilling runs and core loss inhibited the drilling and further indicated that Mount Dorothy is not amenable to diamond core drilling.

Four RC holes were designed to test various geological and electrical geophysical targets at both the Three Threes and Wee Wyeems prospects. This drill program encountered serious problems with large volumes of ground water affecting depth penetration due to insufficient rig air pressure and volume. Two planned RC holes, including the twinning of MDD011, could not be completed because of major regional grass fires.

The drilling intersected the top of targeted breccia zones but three of the four holes were abandoned before completely testing the targets. No significant visual encouragement was observed in any of the holes with only trace amounts of visible copper mineralisation noted in some. No significant copper intersections were returned but elevated zones of cobalt (to 926ppm in MDR014 at Three Threes) and broad zones of REE mineralisation >500 ppm TREO, containing isolated values to 2,400ppm TREO, are again dominated by cerium. No coherent zones of >1,000ppm TREO over 5 metres were recorded.

Data is being compiled and historic geophysical work reviewed to assist in the current 3D modelling and the evaluation of the next phase of work to be undertaken.

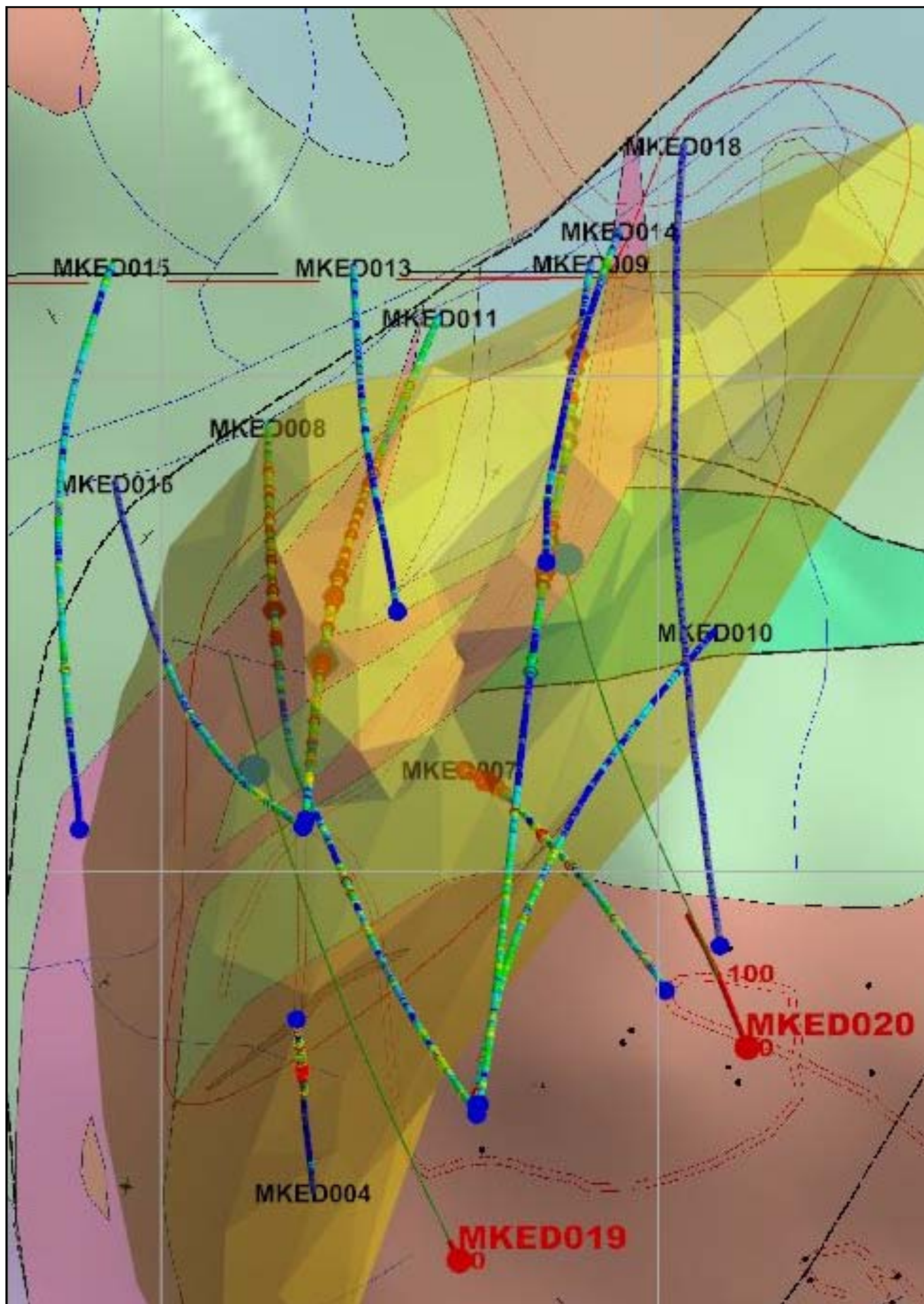


Figure 3. Elaine 3D Perspective Plan - showing the drillholes and copper equivalence grades to date on prospect geology with the revised sulphide exploration model (yellow). Drillhole traces are coloured as green >0.05% CuEq, yellow >0.2% CuEq and red >0.5% CuEq. The current holes MKED019 and 020 are shown as red with projected traces in green.

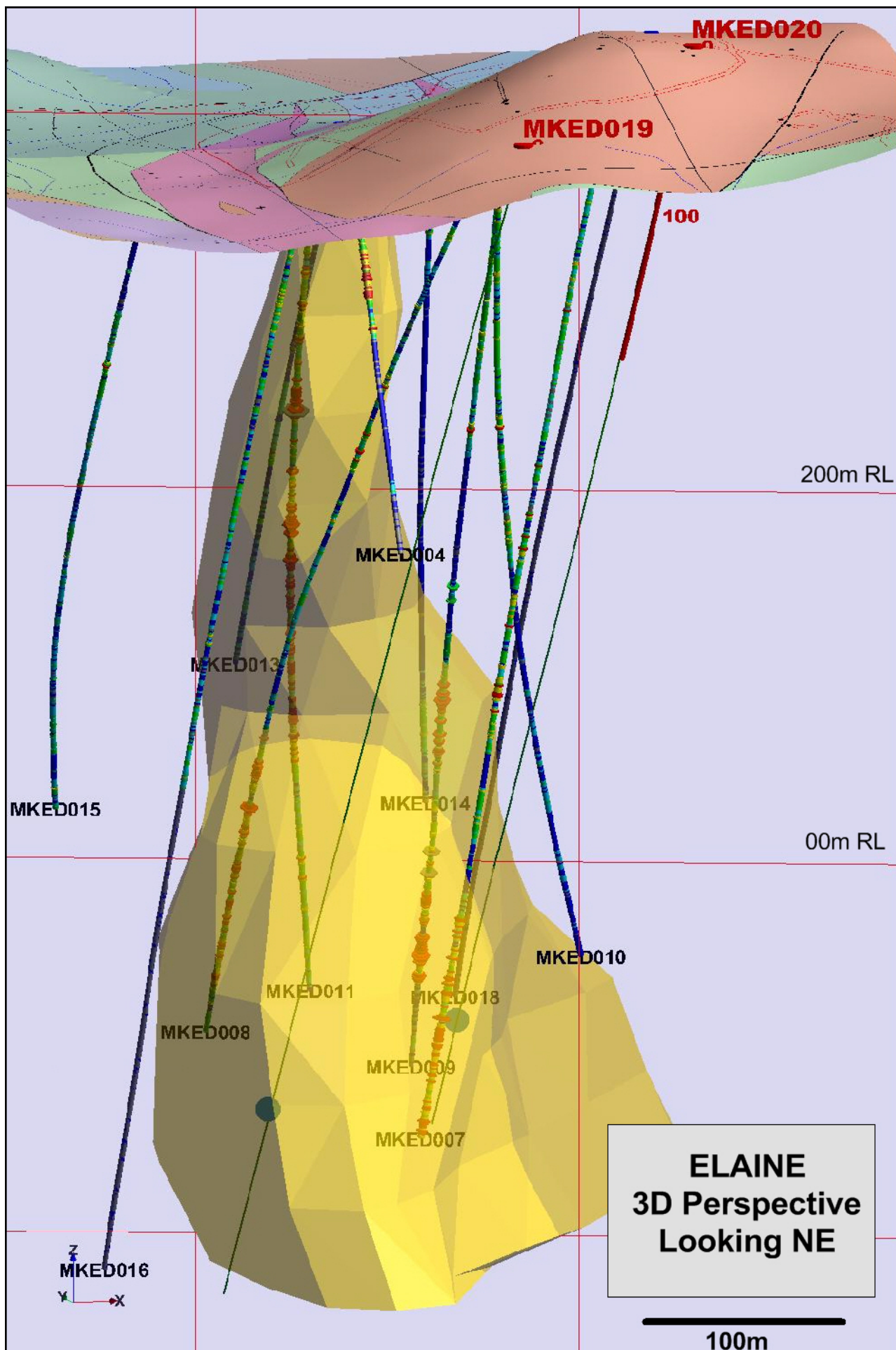
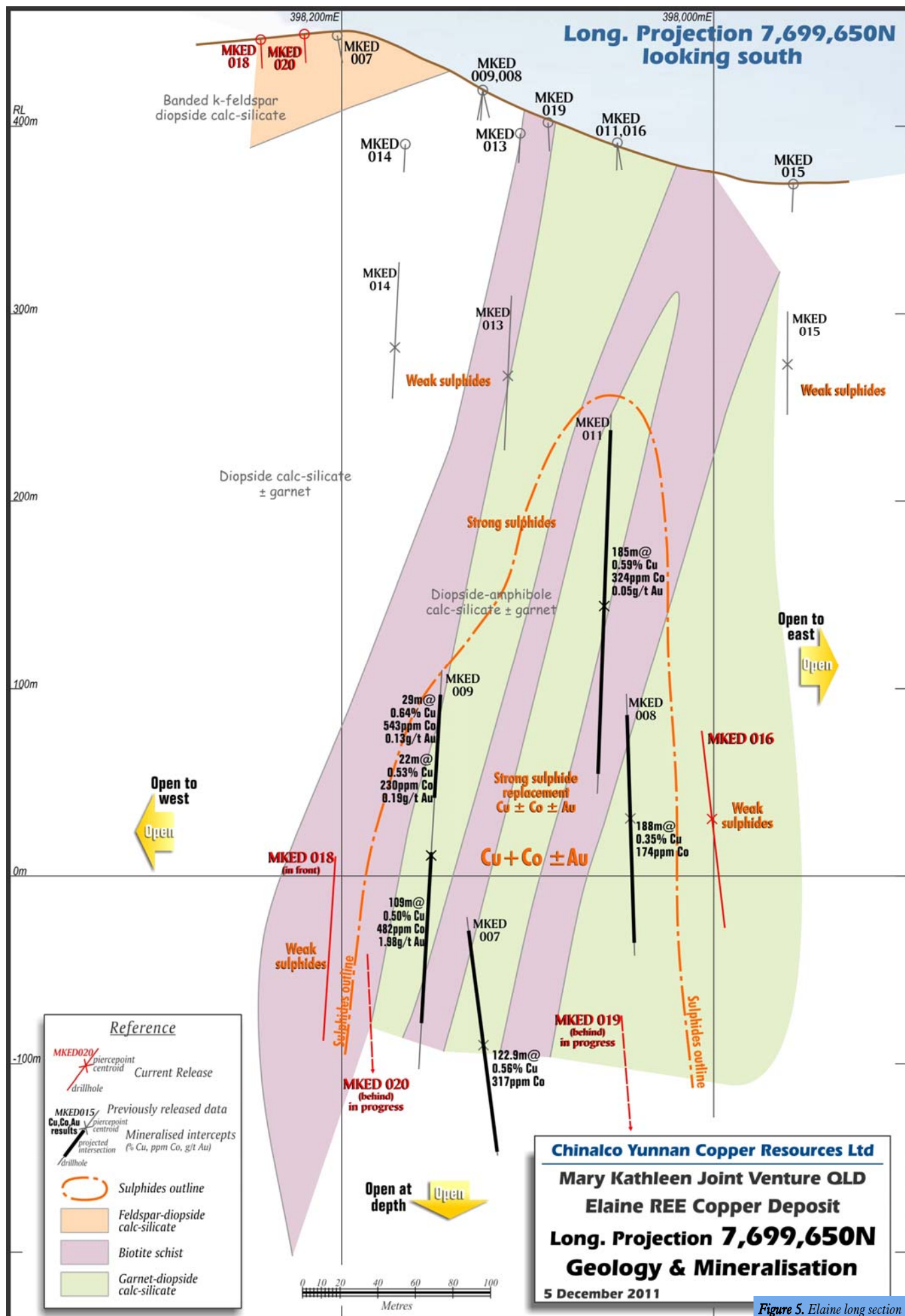


Figure 4. 3D Perspective Looking North - showing the revised sulphide exploration model (yellow); Drill hole traces are coloured as green >0.05% CuEq, yellow >0.2% CuEq and red >0.5% CuEq. The current holes MKED019 and 020 are shown as red with projected traces in green.



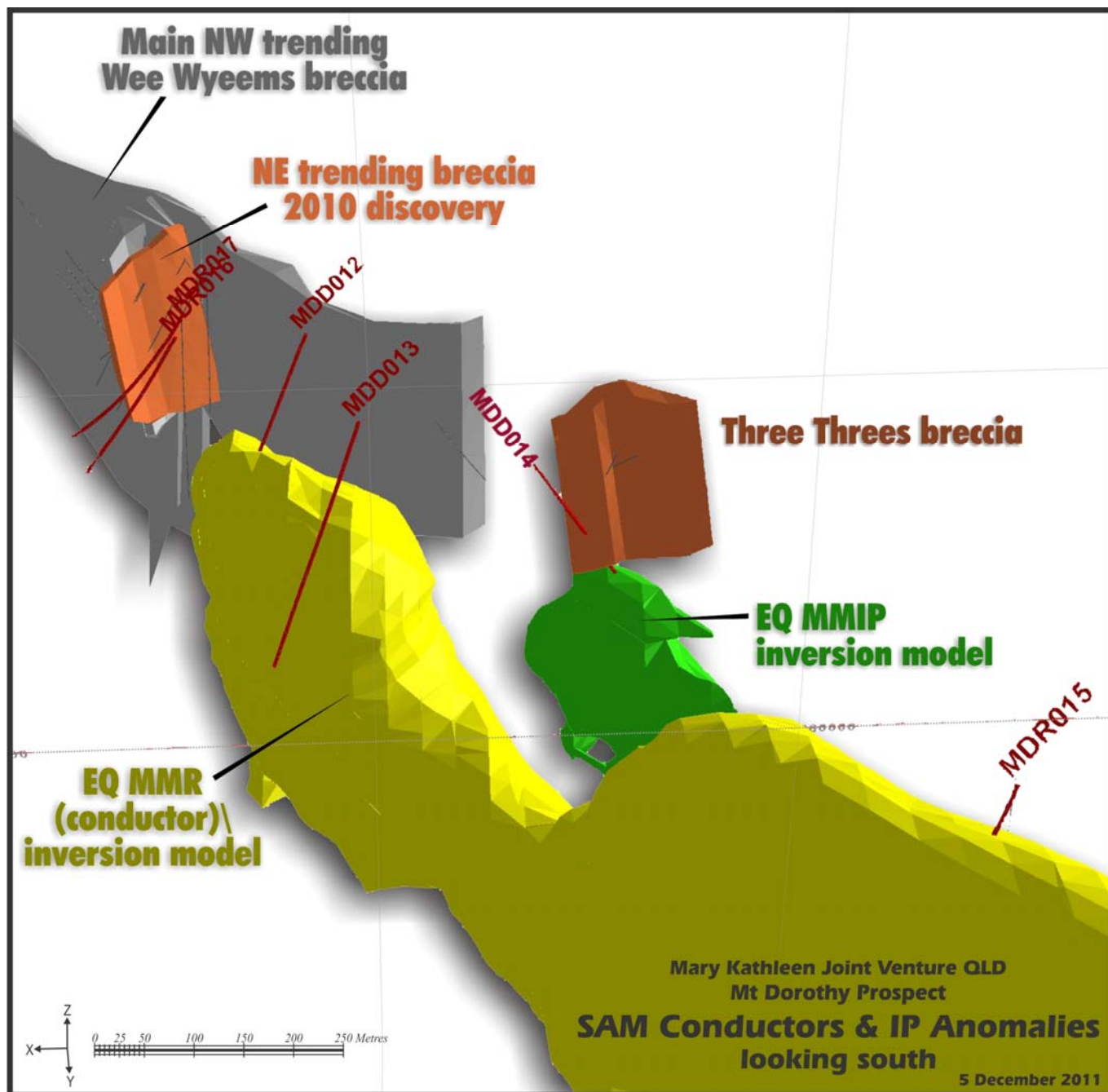


Figure 6. Mt Dorothy 3D Perspective looking south - showing the SAM inversion modes for EQ MMR (conductivity- yellow) and MMIP (IP- green), the Wee Wyeems NE mineralised breccia (discovered 2010 - orange) and recent drill holes in red.



Drilling, Mt Dorothy, QLD.

CHILE - Copper - Rio Tinto JV

All exploration initiatives are focused on large scale porphyry copper exploration. CYU porphyry copper ground under management now totals 29,254 hectares in northern Chile.

CANDELABRO

(RIO TINTO 100%, CYU FARMING IN)

Drilling has commenced in December and will continue after summer snow disrupted operations for 20 days after the Christmas period. All environmental and community agreements are in place.

CANDELABRO PROSPECT

At report date, Hole 4 (see Figure 8 below) is being drilled to a target depth of 500 metres.

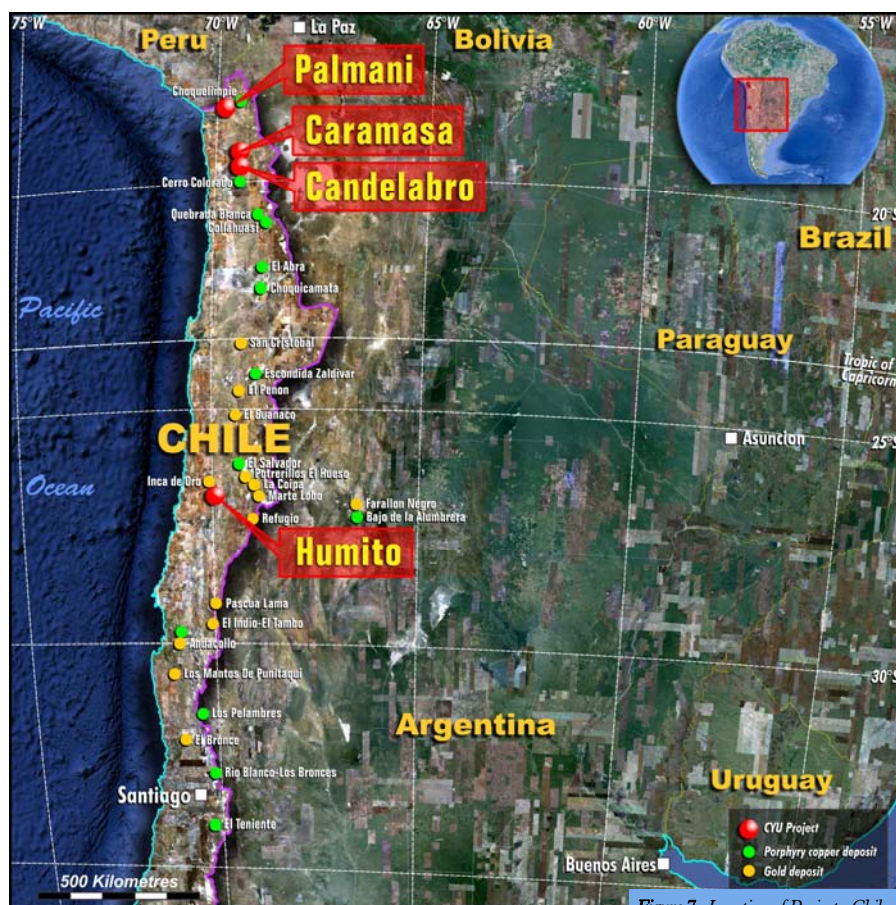


Figure 7. Location of Projects, Chile.

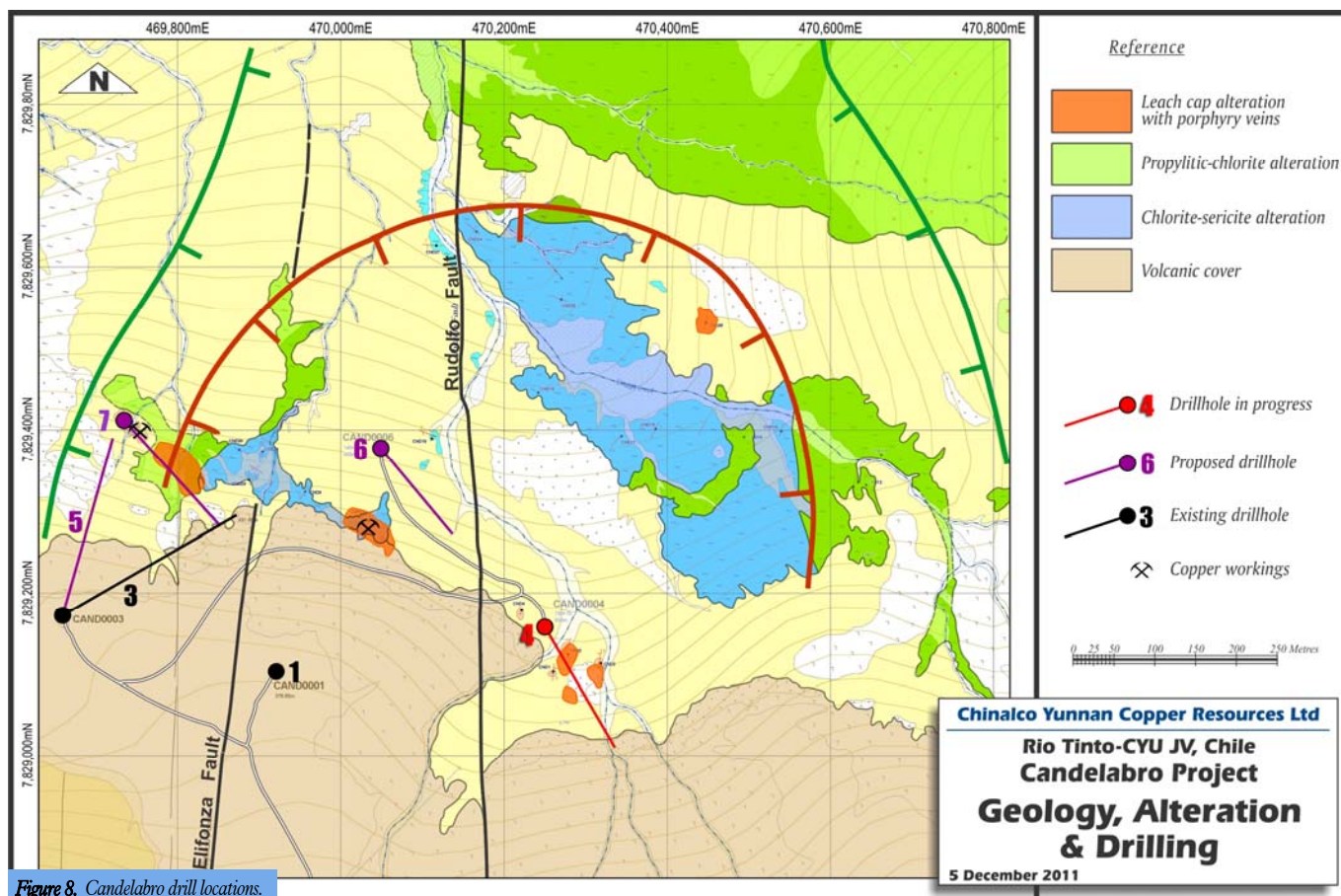


Figure 8. Candelabro drill locations.

CARAMASA

The **Caramasa porphyry copper and molybdenum prospect** has a defined, central, copper porphyry target.

The drill road is expected to be completed, and drill ready, by the end of January when the drill rig will move to Caramasa after the Candelabro drill program is completed.

Caramasa drilling is expected to commence in late February.

PALMANI

The **Palmani porphyry copper and molybdenum prospect** is located in the Palaeocene Porphyry Copper Belt of Northern Chile. It is 60 kilometres northeast of Arica, approximately 5 kilometres west of the Palaeocene-aged La Mancha porphyry copper system, which was drilled by Rio Tinto in 1997 and 1998. The area of the project is 7,200 hectares.

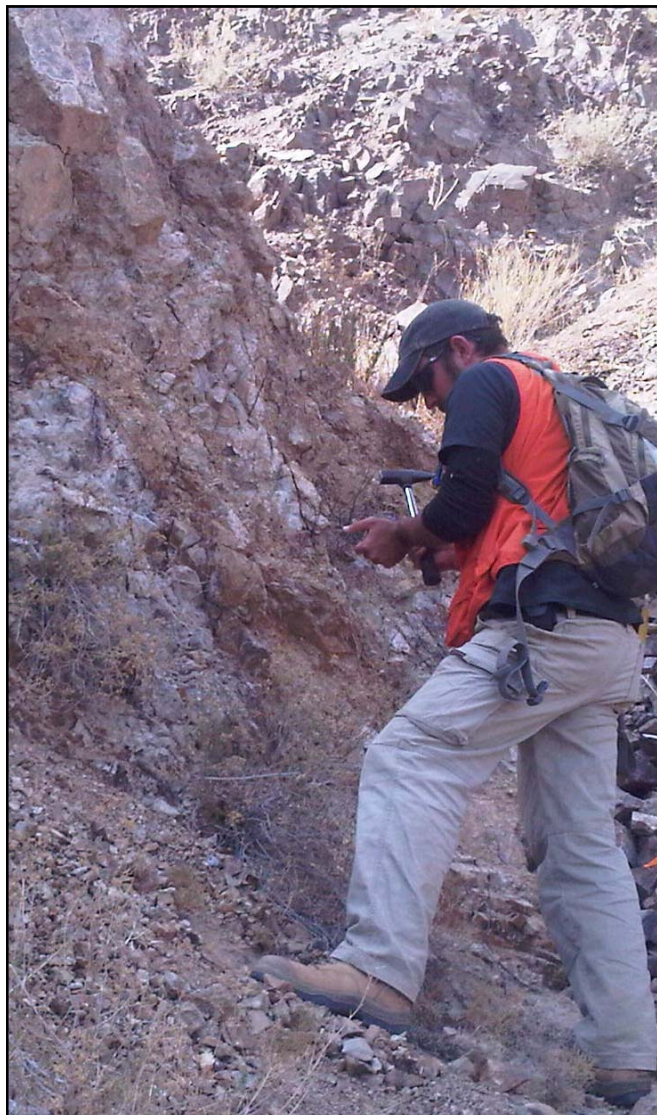
Recently, CYU received authorisation from local authorities to excavate a drill road to the main target area. This target has sufficient mapping and sampling to commence drilling as soon as possible after the Caramasa drilling.

HUMITO

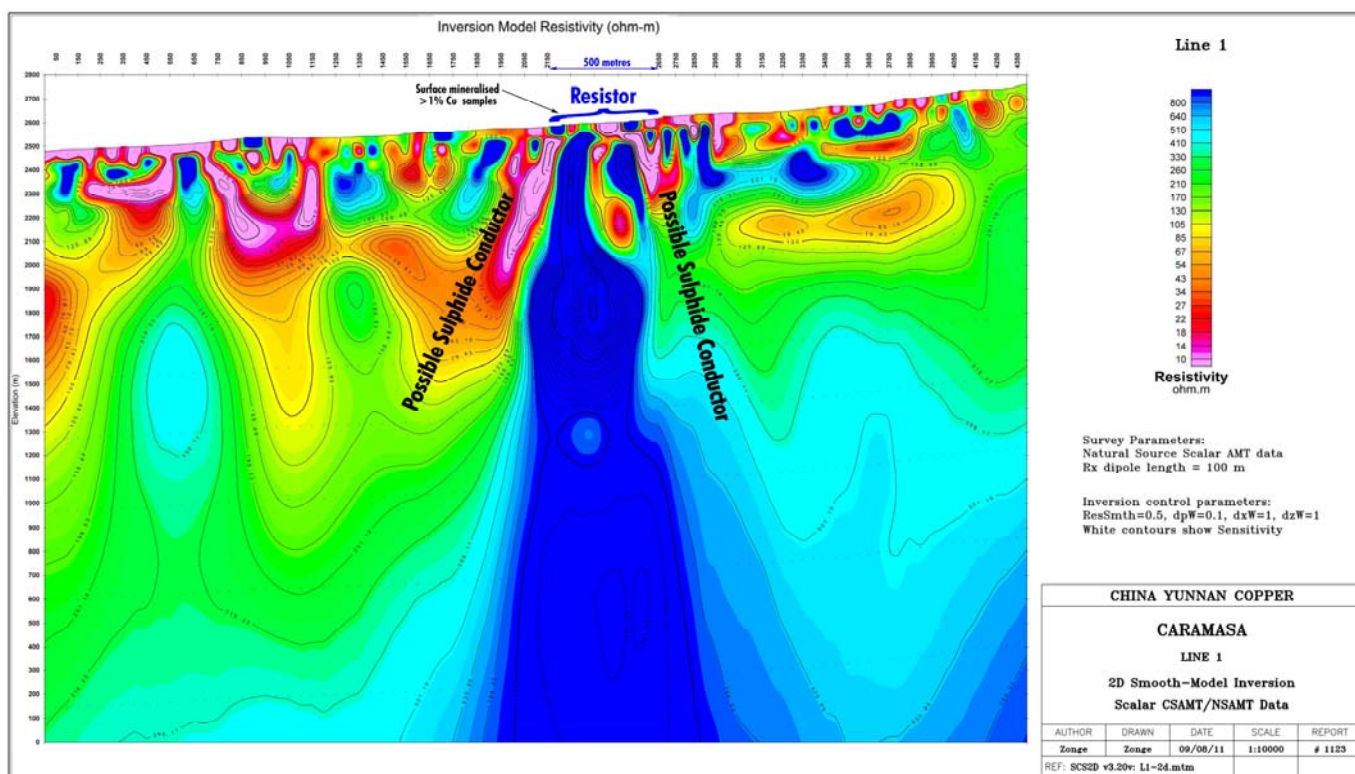
A joint venture was signed with Xstrata to consolidate land holdings and enable several drill targets to be prepared early in 2012.

New targets in the Xstrata tenure are currently being evaluated.

These targets represent potentially large Palaeocene-age porphyry copper, molybdenum and gold deposits similar to the billion tonne porphyries of Southern Peru.



Adam Wilson, Honours student from the Economic Geology Research Unit of James Cook University, North Queensland examining mineralisation at Candelabro.



LAOS - Jiuzhai Copper-Polymetallic Project

After CYU's EGM approved the JV agreement of Sanmu on 21 October 2011, CYU started the earn-in of the equity of Sanmu by transferring the first batch of share capital. The new Sanmu management team has commenced extensive exploration programs at projects in Northern Laos (Figure 10).

Drilling commenced at Jiuzhai project on 8 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).

600 metres of diamond drilling is planned for two targets of base and precious metals defined by electrical geophysics, trenches and underground adit sampling. 212 metres have been drilled to date (Figures 11 and 12). After this initial drilling is completed, then the sediment-hosted copper and silver mineralisation at Xinzhai Project will be drilled.

Under the supervision of 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 tonnes at a grade of 0.9-1.0% copper and 120-150g/t silver. Short-term processing of copper-silver ore bodies in neighboring Yunnan Copper Industries (YCI) facilities is also a realistic project objective in Laos, subsequent to resource drilling.



Figure 10. 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.



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

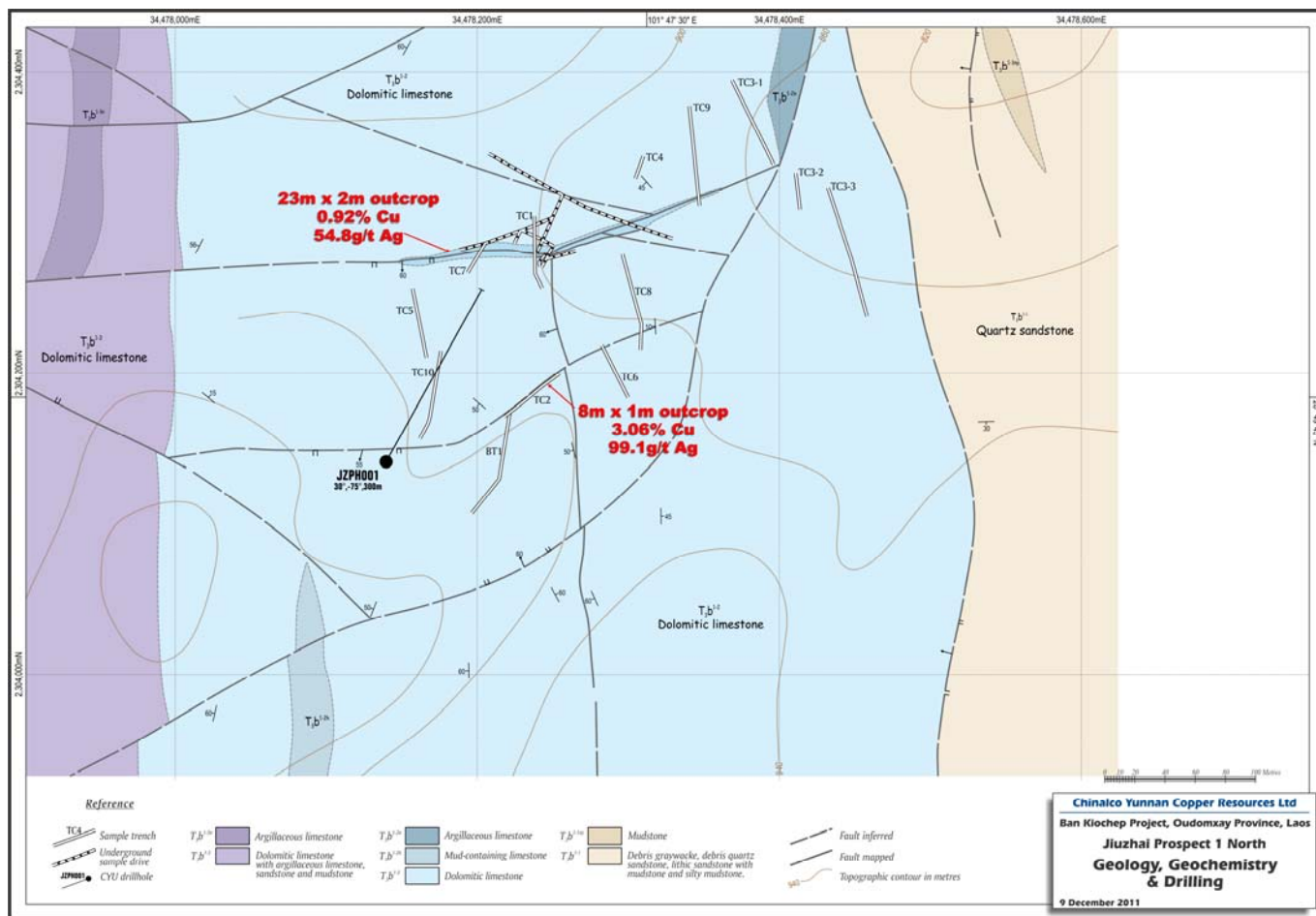


Figure 11. Hole JZPH001 is designed to test the deep extension of known mineralization defined by geology, geochemistry, geophysics, trenches and adit.

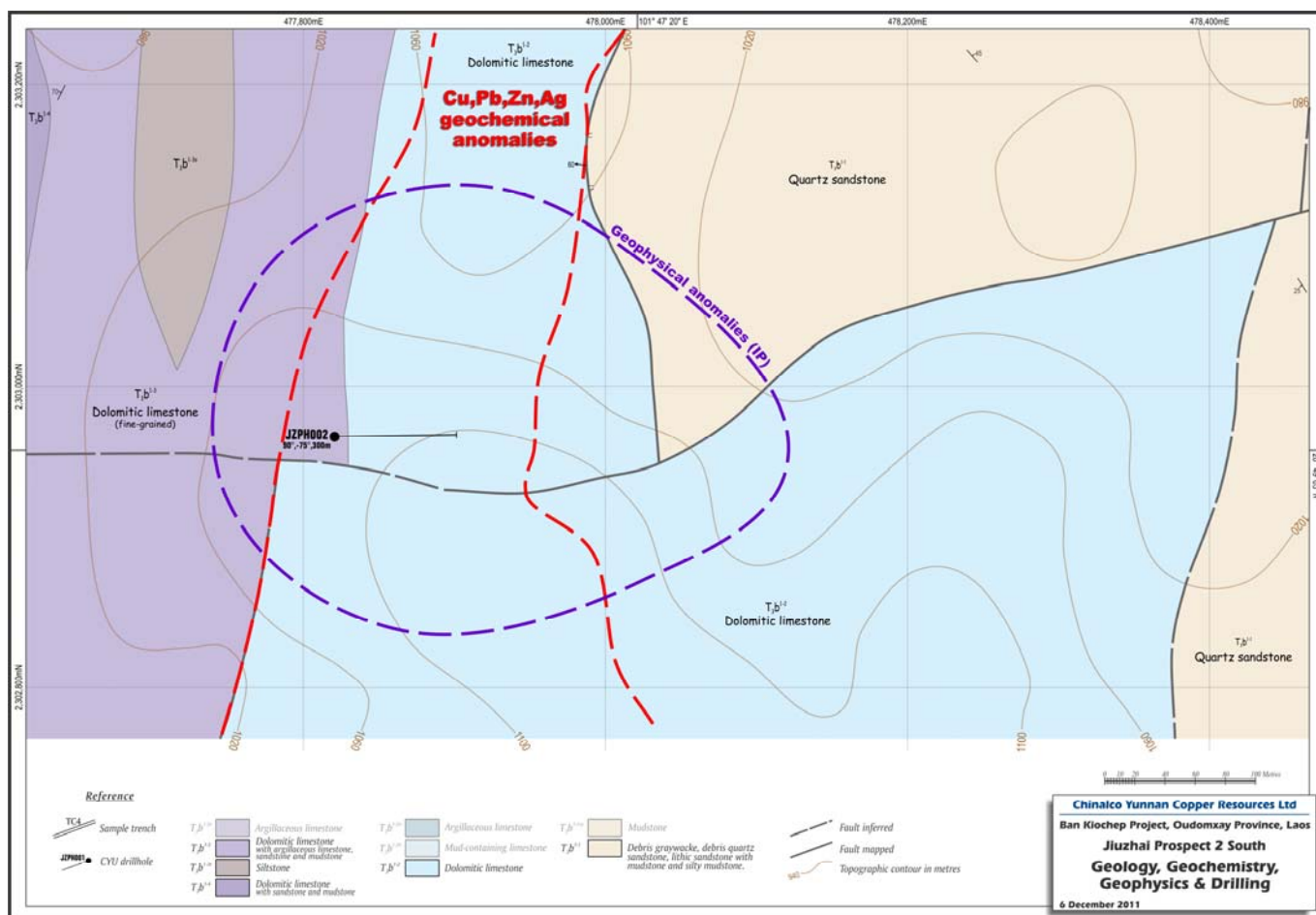


Figure 12. Hole JZPH002 is designed to test the anomaly coincidence defined by geochemistry, IP surveys and trenches.

Corporate

BOARD OF DIRECTORS

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

COMPANY SECRETARY

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FURTHER INFORMATION

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Quarterly Share Price Activity

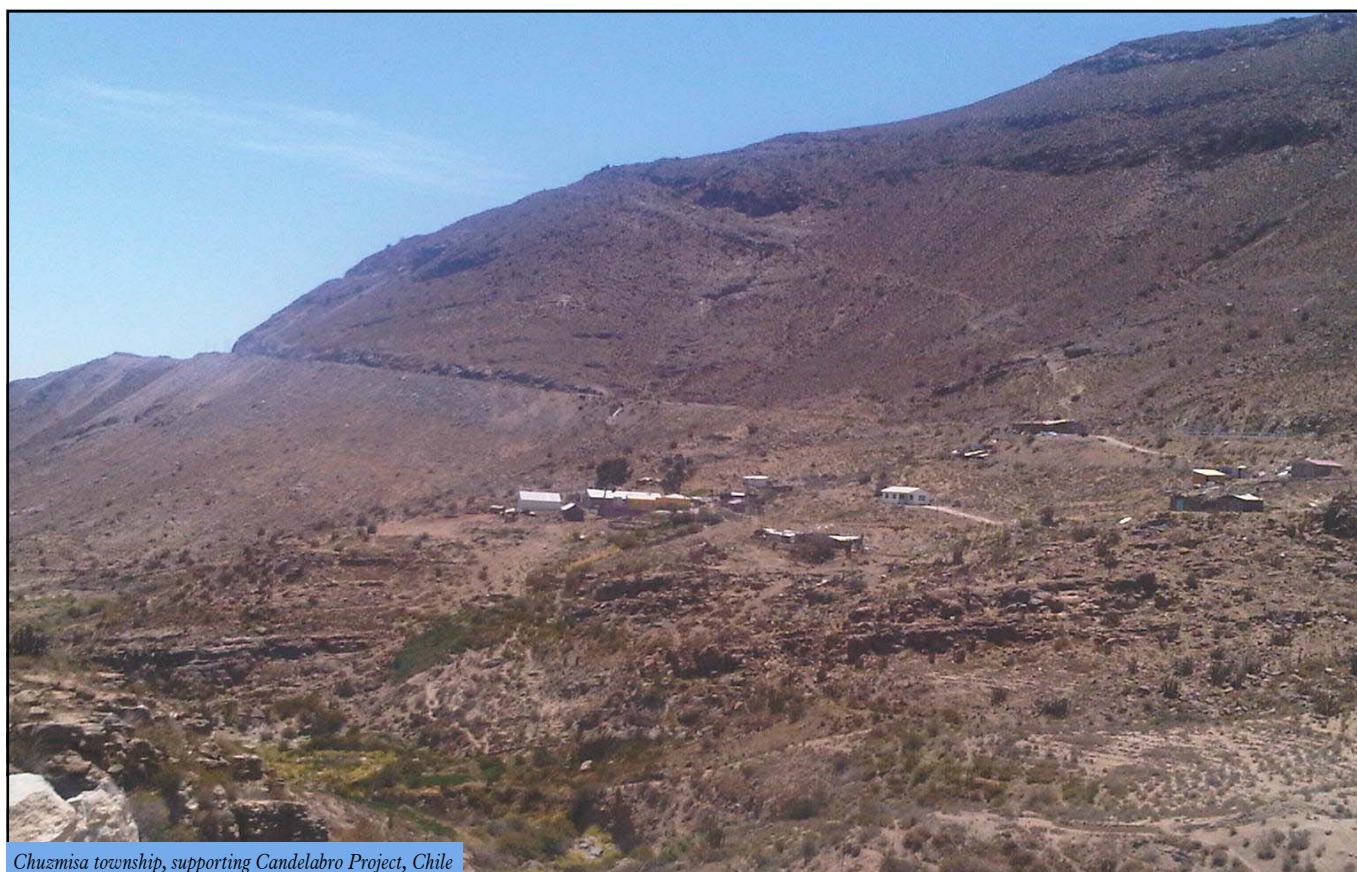
Quarter	High	Low	Last
Jun 2008	\$0.43	\$0.19	\$0.19
Sep 2008	\$0.25	\$0.12	\$0.12
Dec 2008	\$0.19	\$0.07	\$0.07
Mar 2009	\$0.10	\$0.07	\$0.068
Jun 2009	\$0.20	\$0.16	\$0.17
Sep 2009	\$0.35	\$0.16	\$0.24
Dec 2009	\$0.35	\$0.17	\$0.20
Mar 2010	\$0.35	\$0.205	\$0.205
Jun 2010	\$0.23	\$0.091	\$0.15
Sep 2010	\$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

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 the Mount Dorothy, Elaine and the Laos Projects 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.



Chuzmisa township, supporting Candelabro Project, Chile