



ASX/Media Announcement

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CYU & XSTRATA COPPER **MOUNT FROSTY EXPLORATION PROJECT**

Chinalco Yunnan Copper Resources Limited (ASX code CYU) is pleased to announce it has signed a binding agreement with Xstrata Mount Isa Mines Limited (**Xstrata Copper**) to commence exploration activities on the Mount Frosty project (EPM 14467) covering the Mary Kathleen shear zone, in far north west Queensland.

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

Recent drilling undertaken by Xstrata Copper on Mount Frosty returned best intersections of 13m @ 0.64% Cu (inc 1m @ 1.2% Cu) from 109m in KOPD001 and 20m @ 1.2% TREO from 144m in KOPD005. Xstrata Copper 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 2 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. Any drilling depths and expenditure that exceed the required minimum within a certain period can be attributed towards the following period.

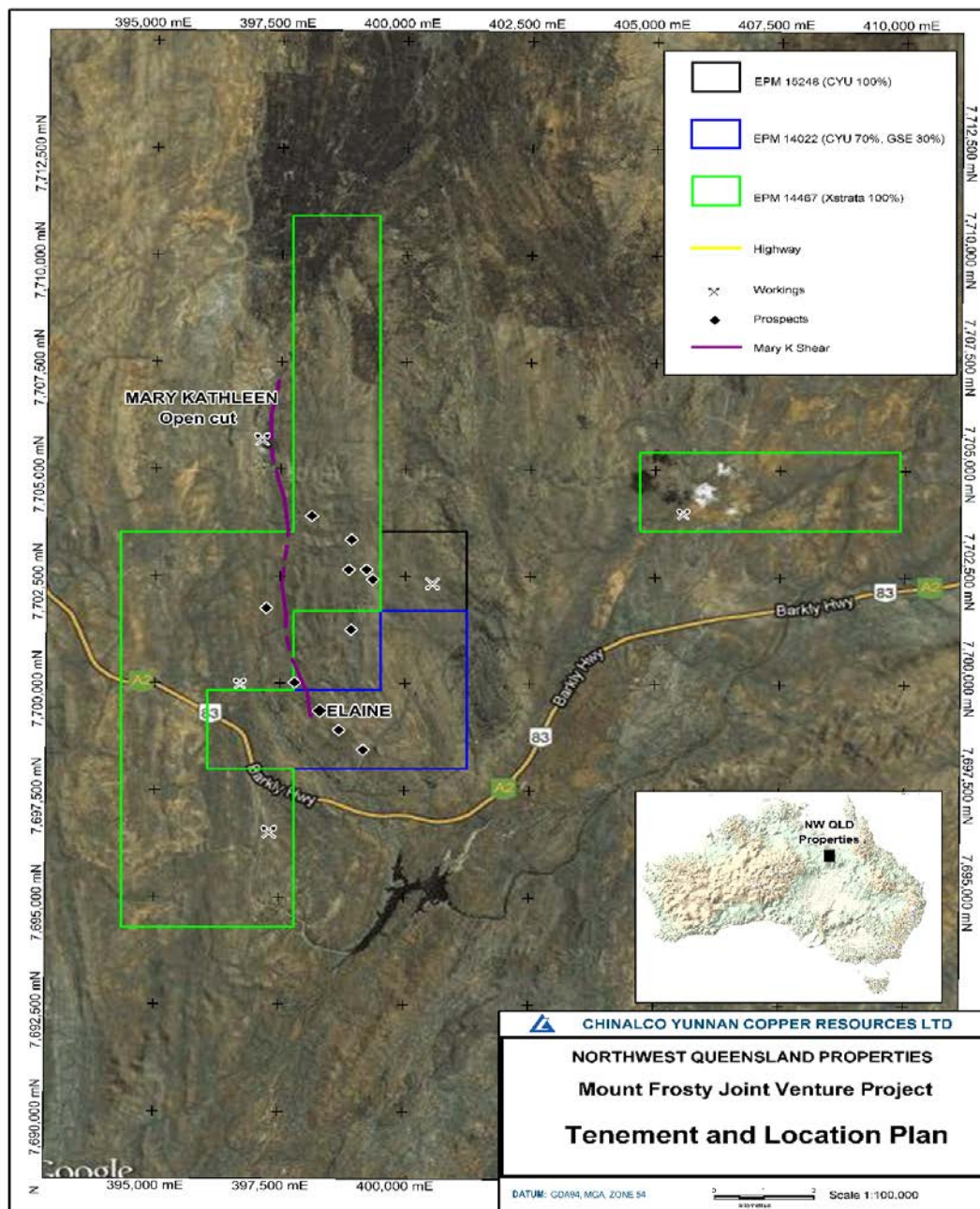
Xstrata Copper retains a right to buy back 26% of the project (to give Xstrata Copper 51% and CYU 49%) by paying 3x the expenditure contributed by CYU in the stage two period.

Jason Beckton, Managing Director of CYU, said:

"We are excited in expanding our relations with Xstrata Copper with agreements now signed in Chile and Australia. This agreement with the contiguous Xstrata Copper property allows CYU to further target blind copper deposits associated with the Mary Kathleen shear zone. CYU and GSE has had success in defining a new copper sulphide



zone at the Elaine prospect situated approximately 6km south of the historic Mary Kathleen Uranium Deposit along this regional shear zone. We will be using our refined exploration model for the Elaine prospect to build a pipeline of copper targets to be drilled in the current and next calendar years.”



The Mount Frosty Project is contiguous with CYU and GSE Mary Kathleen Joint Venture Project and forms an integral part of CYU exploration of the Mary Kathleen shear zone targeting blind copper deposits.

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% from 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. A further CYU Chile project is the Humitos Copper Porphyry in the Copiapo District of north Chile with tenure 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 their 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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