

ELAINE PROJECT – MARY KATHLEEN JOINT VENTURE

Highlights

- **Drilling commences at Elaine Project**
- **Resource upgrade imminent**
- **EH4 geophysical technology used with success**

Chinalco Yunnan Copper Resources Limited (CYU:ASX) and Goldsearch Limited (GSE:ASX) are pleased to advise that a 1,300m diamond drilling program has begun at their Elaine prospect (EPM 14022) in Northwest Queensland.

The aim of the drilling program is twofold:

1. Test the main mineralized zone of the Elaine inferred copper-gold resource as defined by the use of **EH4¹** technology and modeling based on previous drilling, with an 800m vertical drill hole. Drilling is expected to confirm the exploration modeling whilst the diamond core will be used for metallurgical test work to increase confidence in the resource and assist with a review of the resource economics.
2. Drill two new highly prospective regional targets, both of which have been identified through recent extensive fieldwork. One target is in close proximity to a gossan containing copper and the other in close proximity to a gossan containing gold. Co-incident magnetic geophysical anomalies helped define the targets.

The drilling program is expected to take 6 weeks and assay results will be received on an ongoing basis with an expected 2 week turnaround from sample receipt. Metallurgical testwork is expected to take longer with results to be reported by end of Q4 2012.

The Elaine prospect is part of the Mary Kathleen Joint Venture (MKJV) between CYU (70% ownership) and GSE (30% ownership). The MKJV is currently also earning into the adjoining Mt. Frosty tenement held by Xstrata Copper. The tenement package captures more than 12kms of the highly mineralized Mary Kathleen Shear Zone which is considered prospective for base and precious metals as well as rare earths and uranium.

In July 2012 CYU and GSE announced an inferred JORC resource of **26.1Mt grading 0.56% copper and 0.09g/t gold** for a contained metal content of **146,000t copper and 74,000oz gold** at the Elaine prospect.

An increase in the inferred resource is imminent. This will occur with the inclusion of the assay results from the June and July 2012 drilling program which were not included in the Elaine copper-gold resource.

CYU and GSE have completed extensive regional geology, geochemistry and geophysical programs along the 12km Mary Kathleen Shear Zone that runs through the Elaine prospect and the Mt Frosty joint venture area. The programs have resulted in new exploration targets being identified and these will be systematically explored in due course. The two regional targets that are being drilled in this program were identified through this groundwork.

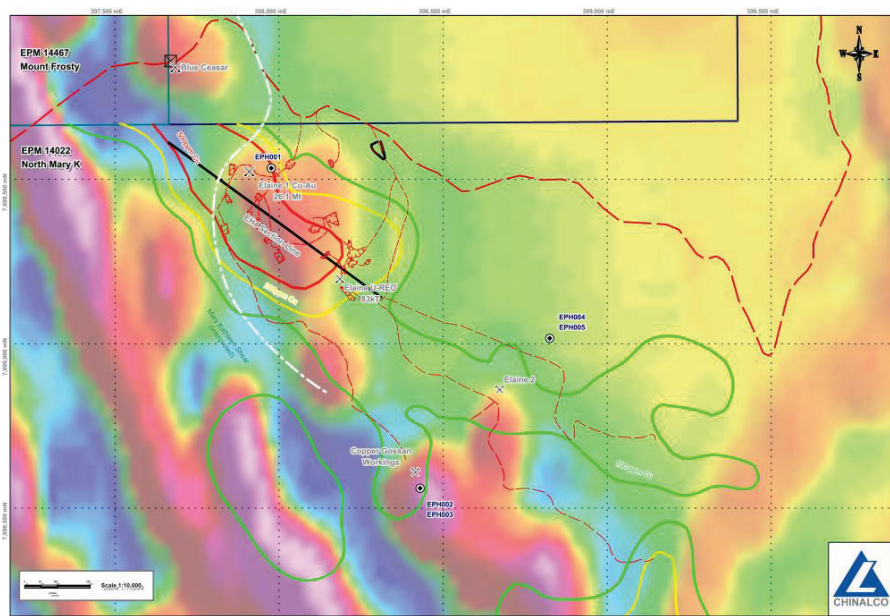
A highlight of the groundwork has been the opportunity to use **EH4**¹ electromagnetic technology for the first time at Elaine and within the Mt Isa Inlier. **EH4** has the capability of reading the resistivity levels of the earth to a depth of 1,200m.

Figures 2 and 3 show the resulting **EH4** interpretation of a section of the Elaine inferred copper – gold resource to a depth of around 1,200m. The pink shaded areas represent the highly resistivity units of the surrounding country rocks of the Corella formation. The blue shaded areas represent low resistivity units of potential sulphide mineralization. Diamond drill core from our previous drill programs in the **EH4** tested section confirms the presence of sulphide mineralization in the form of pyrrhotite+chalcopyrite+pyrite mineralisation. The white shaded areas represent more moderate resistivity units generally characterized by biotite schist which is associated with the Mary Kathleen Shear Zone.

¹ The **EH4** system is an American geophysical technique developed in California by Geometrics Inc. (a division of OYO Corporation). **EH4** is a unique magneto-telluric (MT) geophysical system used for measuring the electrical resistivity of the earth over depth ranges of a few meters to in excess of 1,000m. It uses a hybrid source of both natural and man-made electromagnetic signals to obtain a continuous electrical sounding of the earth beneath the measurement site.

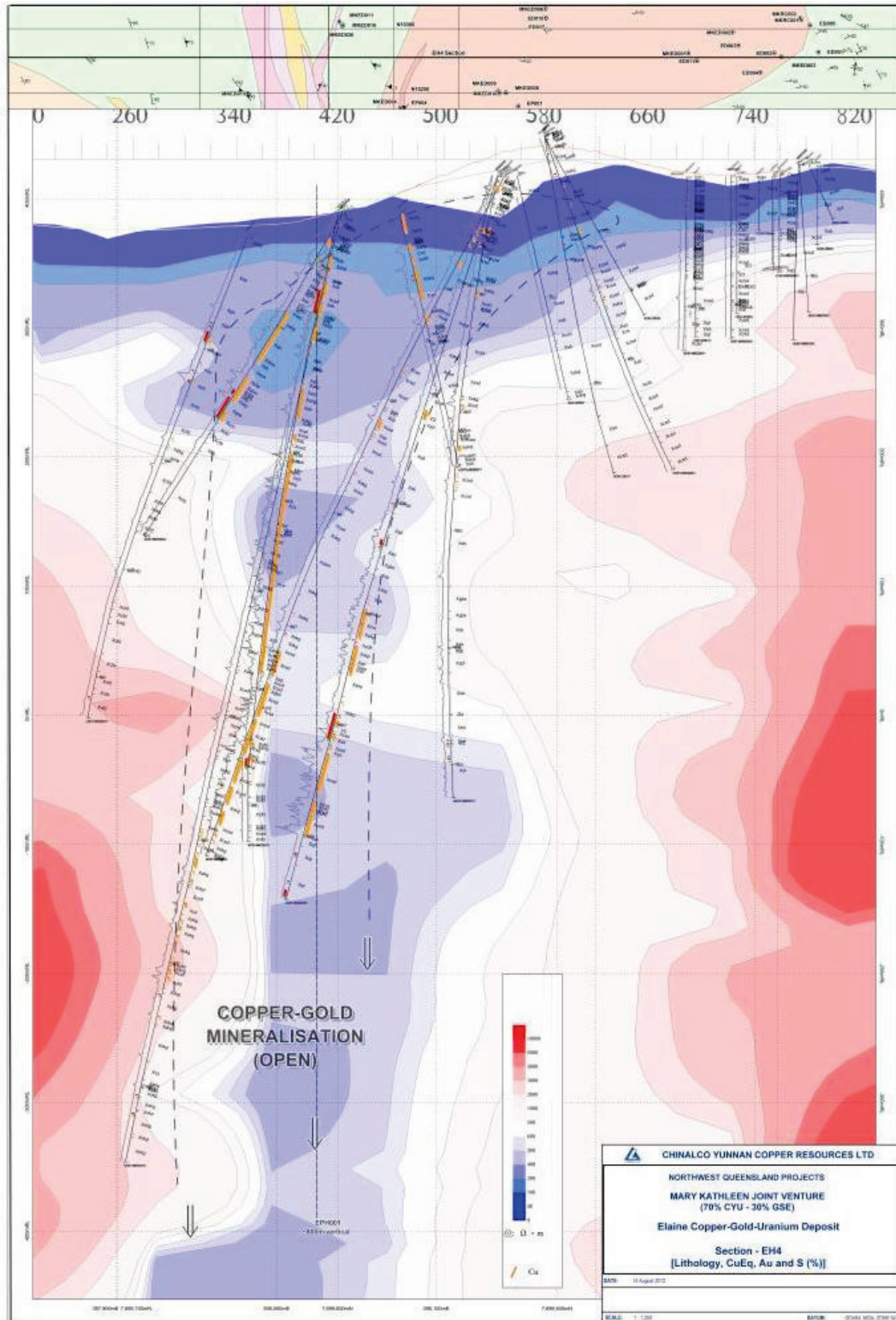
The **EH4** system consists of two basic components; a receiver and a transmitter. It utilises a 12V marine (deep cycle) DC battery as the transmitter. Because the system is compact and portable it can be operated successfully in difficult environments. Results can be immediately displayed as 1D soundings and 2D sections to provide better field quality control and immediate access to resistivity levels.

Figure 1: ELAINE 1 & ELAINE 2 PROSPECT PLAN



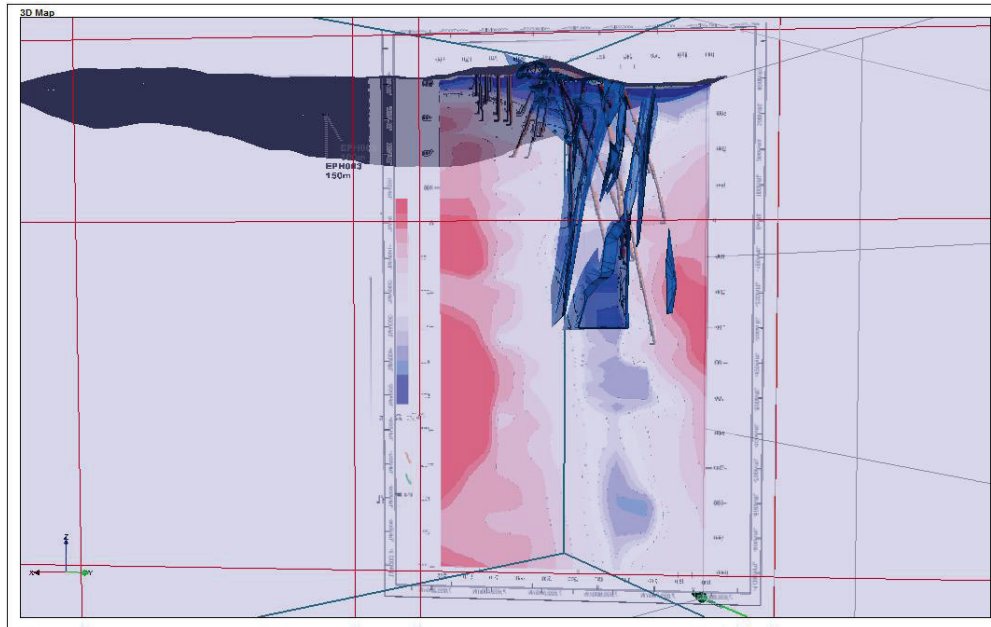
Elaine 1 and Elaine 2 prospect plan with prominent magnetic high features with co-incident copper soil geochemistry (soil contours = >100ppm Cu = green, >200ppm Cu = yellow, >500ppm Cu = Red). An open ~800m x 350m +200ppm copper in soil anomaly extends from the Elaine copper gold resource northwest to the tenement boundary with into the Mount Frosty tenement. Soil surveys are currently being undertaken on Mount Frosty to close off these anomalies.

Figure 2: ELAINE PROMINENT RESISTIVITY FEATURES



Elaine 1 EH4 section prominent resistivity low anomaly defined that is co-incident with the Elaine copper-gold resource. The anomaly suggest the mineralisation is open to a depth of at least 1,200m. The MKJV plans to test this mineralisation with a 800m vertical hole.

Figure 3: ELAINE 1 ANOMALY – 3D



Screen capture of looking SW of 3D model of the >0.25% copper domain from the July 2012 Elaine 1 Inferred copper-gold resource overlain on the EH4 section. The copper coincides with a prominent resistivity low that extends >1.2km from surface. The EH4 is a deep penetrating EM geophysical method capable of reading to 1.2km. The Elaine 1 anomaly as with the resource remains open at depth. The interpreted trend of the Mary Kathleen Shear also corresponds with the resistivity low supporting CYU theory of the shear being a significant plumbing for mineralized fluid in the region.

Competent Person's Statement

The information regarding the Exploration Activities on the Mount Frosty (EPM 14467), Mary Kathleen (EPM14019, EPM 14022) Joint Venture and Elaine Resource is based on information compiled by Mr Richard Hatcher, who is a Member of the Australian Institute of Geologists and is the Exploration Manager of Chinalco Yunnan Copper Resources Ltd. Mr Hatcher 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 Hatcher consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

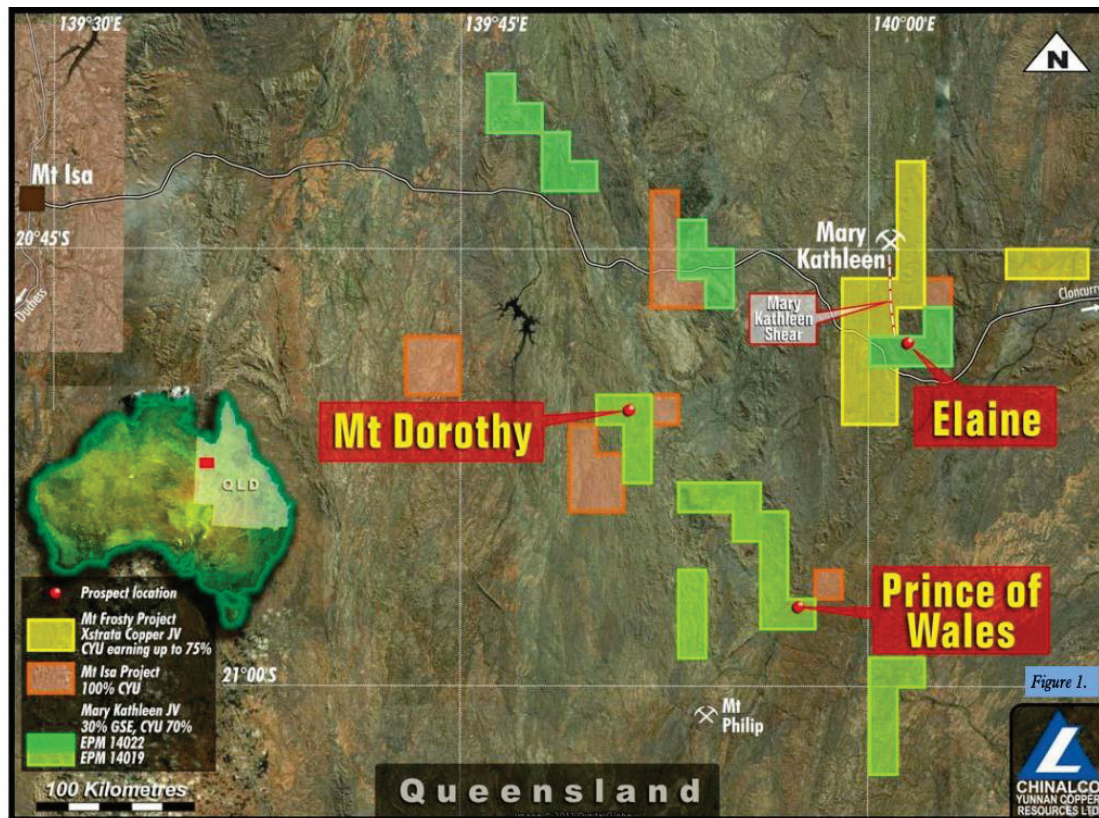
Enquiries:
Mr Jason Beckton
Managing Director
CYU
0438 888 612

Rudi Michelson
Monsoon Communications
03 9620 3333

www.cycal.com.au

About Chinalco Yunnan Copper Resources

Chinalco Yunnan Copper Resources Limited (CYU) is exploring for copper and precious metals in Australia, Chile and Laos. CYU is supported by cornerstone shareholder, Yunnan Copper Industry (Group) Co., Ltd (YCI), China's third largest copper producer.



Project and prospect location plan of CYU Northwest Queensland properties.