

ELAINE PROJECT – RESOURCE UPGRADE **MARY KATHLEEN JOINT VENTURE**

- **Resource upgrade at Elaine Project to 27.7Mt grading 0.53% copper & 0.08g/t gold for contained metal content of 147,000t copper & 75,000oz gold**
- **Additional definition of non-JORC-compliant high grade gold & REE zones**
- **Drilling has commenced on main EH4 geophysical anomaly down vertical extent of Elaine to potentially double resource dimension depth extent**

Chinalco Yunnan Copper Resources Limited (CYU:ASX) and Goldsearch Limited (GSE:ASX) are pleased to advise that a resource upgrade has been completed based on all drilling to date at their Elaine prospect (EPM 14022) in north west Queensland. This resource now includes all drilling completed to date – the initial resource was completed before all drilling results were available.

CYU Managing Director Jason Beckton said “This interim upgrade has allowed us to accurately define the copper and gold rich sections of the resource. It enables us to drill the heart of the system with a vertical hole down into the best shallow resource grades and the best geophysical anomaly which is 1km deep from surface.”

“Only the top 400m of the system has been drilled and as a result the exploration target¹⁾ for the established resource with the next drill hole and probable follow up along strike is a 50-75 million tonnes resource. This would be a significant result for only 30 holes into the resource. In addition there is at least **100,000t of 8g/t plus gold** non-JORC-compliant undiluted gold within the limits of the resource with more drilling required at a denser pattern to push to JORC standard.”

The resource estimate has been prepared in compliance with the disclosure and reporting requirements set forth in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). This updated resource is reported as Inferred using JORC Code guidelines and includes both historic and recent drilling results. A future update will be available as the depth potential of the system is tested in the next month in an effort to double the depth extent to beyond 800m from the current vertical 450m.

¹⁾ *The potential quality and quantity shown within is conceptual in nature and there has been insufficient work done at present to define a Mineral Resource in this area under the JORC (2004) Code. The nature of an Exploration Target is such that it is uncertain if further exploration will result in the determination of a Mineral Resource in this area.*

Cutoff	Inferred					
%CuEQ	Tonnes	%CuEQ	Cu%	Tonnes Cu	g Au/t	Oz Au
0.10	70,830,000	0.32	0.29	207,000	0.04	99,000
0.20	33,370,000	0.53	0.47	158,000	0.07	80,000
0.25	27,680,000	0.59	0.53	147,000	0.08	75,000
0.30	24,250,000	0.63	0.57	138,000	0.09	71,000
0.40	18,610,000	0.72	0.64	120,000	0.11	65,000
0.50	14,820,000	0.79	0.70	104,000	0.13	60,000
0.60	11,980,000	0.85	0.75	89,000	0.15	56,000
0.70	8,860,000	0.92	0.79	70,000	0.18	51,000
0.80	6,090,000	1.00	0.83	50,000	0.24	47,000

Table 1. Diluted Inferred Resource Tabulation (includes all drill holes through MKED034.)

Notes to accompany mineral resource estimate:

1. Geological modeling and data acquisition were undertaken by CYU geological staff.
2. Metal domains and block model with grade estimate prepared by Mr Steven Ristorcelli CPG who is a fulltime 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 ICPMS or ICPAES; 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 with 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 5 m lengths: at 1% Cu and 3% Cu for the low-grade and high-grade copper domains, respectively, 1.5g/t and not capped for the low and high-grade domains for 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)

Gold and REE other mineralisation (non-JORC-compliant)

Elaine is a multi-element deposit and eight metals (Cu, Au, Co, U, Th, Ce, La, Nd) were estimated in this study. Only copper and gold are reported in the resources as other element associations do not meet the requirement of reasonable prospects for eventual economic extraction. That requirement may be met in the future from the planned metallurgical testwork, economic or regulatory changes, or increases in deposit size. Currently a vertical drill hole into the core of the system is being drilled to define the depth extent and take samples for metallurgical testing. That drill hole should be completed in about four weeks.

Cutoff	Range	Range	Range
g Au/t	Tonnes (x1000)	g Au/t	oz Au
1.00	350 to 360	3.7 to 3.9	43,000 to 44,000
2.00	190 to 200	5.7 to 5.9	36,000 to 37,000
3.00	100 to 110	8.4 to 8.6	29,000 to 30,000
4.00	70 to 80	10 to 11	25,000 to 26,000

Table 2. Tabulation of Undiluted Gold Mineralisation lying within the limits of the Resource. This is not a resource as it could not be mined to the widths in which it occurs in the undiluted state. This merely tabulates undiluted mineralisation to present a sense of in-situ gold grade and tonnes.

Cutoff	Co	La	Ce	Nd	U	Th
%CuEQ	ppm	ppm	ppm	ppm	ppm	ppm
0.10	161	131	241	75	24	45
0.20	233	141	255	79	30	47
0.25	253	143	258	80	31	47
0.30	266	143	258	79	31	47
0.40	297	138	249	78	33	46
0.50	323	140	254	79	35	45
0.60	342	143	262	81	37	45
0.70	358	140	268	82	41	45
0.80	354	135	274	83	49	44

Table 3. Metals Associated with the Elaine Inferred Resource (not yet determined to have reasonable prospects for eventual economic extraction and thereby not JORC-compliant resources.) This is presented to give a sense of the grades of other metals that are associated with the copper equivalent resource.

The resource remains open to the south at depth. The deposit is also open at depth, which will be tested by a metallurgical test hole of at least 800m. Mineralisation is open at 400m depth. The drilling program is expected to take 6 weeks. Metallurgical testwork is expected to take longer with results to be reported by end of Q4 2012.

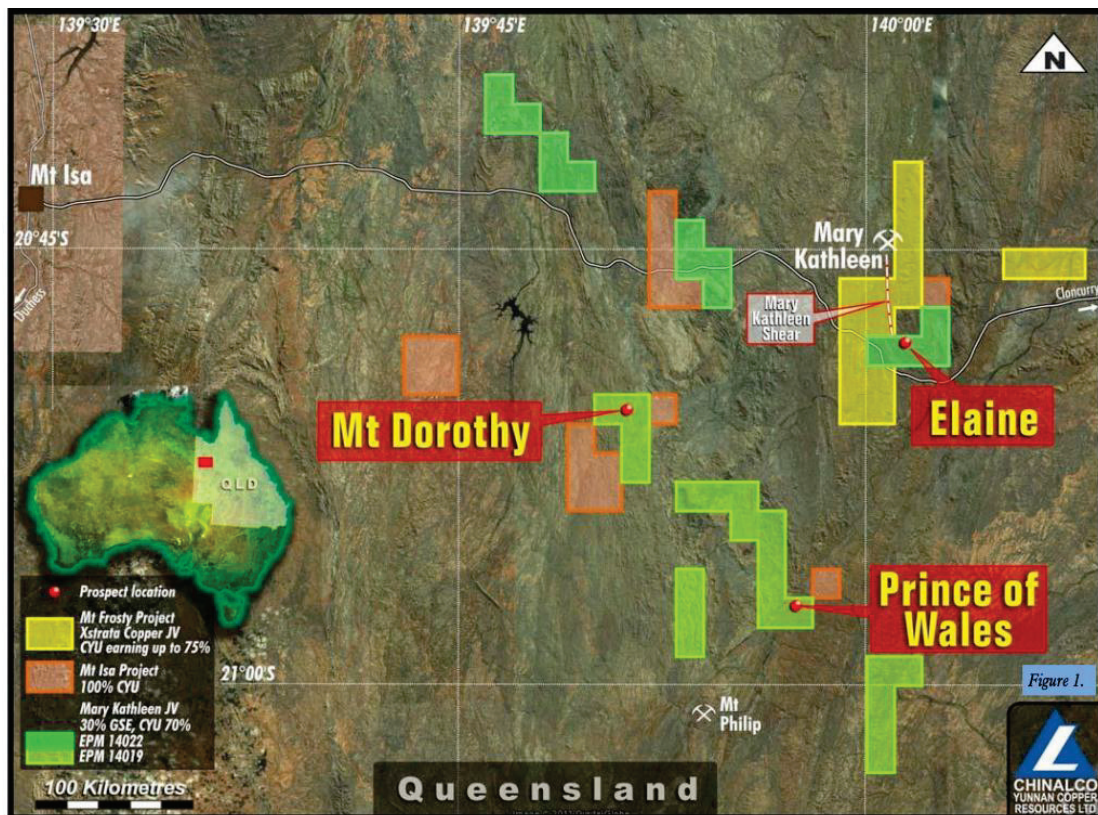


Figure 1. Project and prospect location plan of CYU north west Queensland properties.

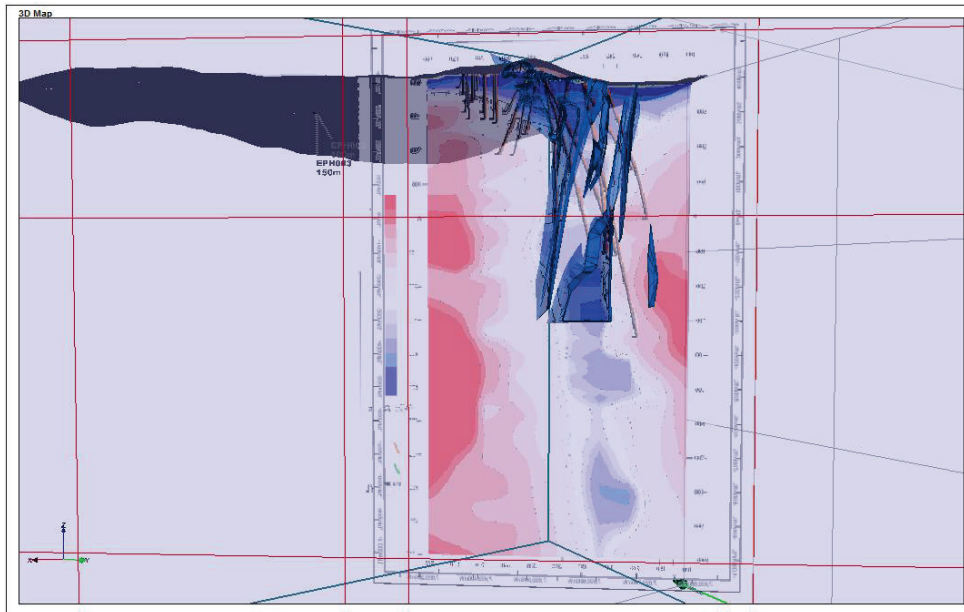


Figure 2. Elaine looking SW of 3D model of the >0.25% copper domain from the July 2012 Elaine 1 Inferred copper-gold resource overlain on the EH4 section. The EH4 is a deep penetrating EM geophysical method capable of reading to 1.2km.

Other Activities

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 to be drilled after Elaine at the nearby Jubilee prospect with gold grades of 7.8 g/t and copper grades averaging over 1% from surface.** The overall MKJV and Mt Frosty tenement package captures more than 12km of the highly mineralised Mary Kathleen Shear Zone which is considered prospective for base and precious metals as well as rare earths and uranium.

Competent Person's Statement

The information in this report that relates to the Inferred resource is based on information compiled by Steven Ristorcelli, who is a Certified Professional Geologist with the American Institute of Professional Geologists, a "Recognised Overseas Professional Organisation". Mr Ristorcelli is Principal Geologist with Mine Development Associates of Reno, Nevada, USA. Mr Ristorcelli 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 Ristorcelli consents to the inclusion in the report of the matters based on his information related to the Inferred resource in the form and context in which it appears.

The information regarding the Exploration Activities on the Elaine Project (EPM14022) 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.

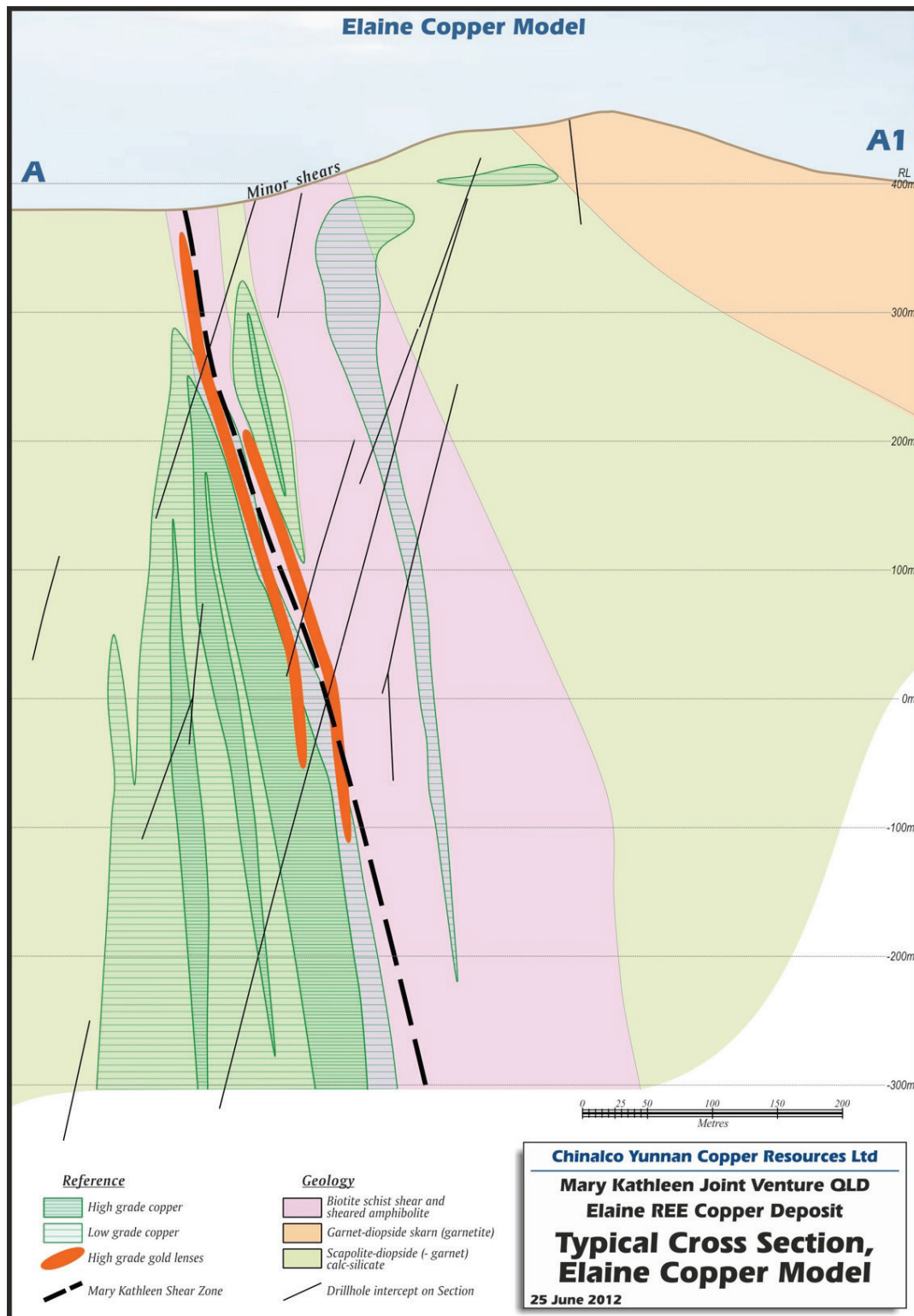


Figure 3. Elaine schematic section depicting copper zone within Mary Kathleen Shear Zone. **Orange colour depicts a probable late structure hosting gold mineralisation** that has been intercepted for MKED009 and MKED026 discovering a high-grade narrow gold zone only reporting it in its undiluted form is not JORC-compliant. .



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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.