



ABN 27 099 098 192

CYU is a resource exploration and development company with a primary focus on project interests in the Mt Isa region of north Queensland.

Issued Capital:

278,532,524
Ordinary shares

2,000,000
Performance shares

2,800,000
Unlisted options

Directors:

Zhihua Yao
Chairman
Paul Williams
Managing Director
Zewen (Robert) Yang
Executive Director

Company Secretary:

Paul Marshall

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LTD**

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ASX RELEASE – 2014 EXPLORATION PROGRAM AND GENERAL UPDATE

15 July 2014

- Continuation of the \$2m 2014 exploration program in Mt Isa with recent excellent results across several prospect areas.
- Program over next 6 months to include:
 - Further 12 hole RC drilling program to commence in late August at Jubilee/Blue Caesar
 - Deep-penetrating geophysical survey to be conducted at Millenium to map mineralisation at depth and provide basis for future drilling
 - Further geochemical assessment to be undertaken at Native Companion between July-September, prior to a drilling program later in 2014
 - Significant geochemical surveys to be undertaken until end of 2014 across the Pilgrim and Cameron Fault regions
 - Follow up assessment to be undertaken of the Pindora prospect, based on encouraging results from exploration activities several years ago.
- Due diligence reviews nearing completion, as part of CYU's project acquisition strategy.
- CYU increases its interest in the Mary Kathleen joint venture to 80% after Goldsearch elected to dilute to 20%.
- New exploration joint venture with Yunnan Copper Exploration & Development Co on some Roseby South prospect areas suspended by mutual agreement.
- Chilean assets sold.

The Board of Chinalco Yunnan Copper Resources Ltd (ASX:CYU) continues to make progress in a number of areas as it moves to transform the Company into a mid-tier mining group. CYU remains focussed on a primary exploration focus on its extensive tenement portfolio in the Mt Isa region and the ongoing pursuit of project acquisition opportunities currently under review and negotiation.

Exploration Activities

A summary of the key features of CYU's exploration program for the rest of 2014 is set out as follows:

Jubilee

The Jubilee prospect is located approximately 900m to the west of CYU's Blue Caesar prospect and 5.5km south of the historic Mary Kathleen uranium mine. The prospect consists of a north-trending linear zone of historic shear-controlled workings that is mapped by a strong copper anomaly. The target is a Barbara or Mount Colin style shear deposit with steeply plunging lodes of economic grade copper mineralisation.

After the successful drilling at Jubilee in May this year, a program of 9 additional reverse circulation (RC) drill holes is proposed to extend the zone definition over the 500 metre strike length of the historic workings and to test at 50m and 100m down dip. The drilling is also designed to define the near-surface extent of mineralisation and to identify possible plunge directions of high grade shoots that can be targeted in later drilling programs.

This Phase 2 program at Jubilee is scheduled to commence later in August.

Blue Caesar

CYU's drilling of the Blue Caesar prospect in 2013 made three potentially economic intersections of chalcopyrite-rich mineralisation at shallow depths. Analysis of the drill data suggested a south-plunging, east-dipping structural zone that is the host to the mineralisation. The further drilling program in May tested this hypothesis and intersected strong levels of copper (including 4m @1% Cu from 16m) 100m northwest of the 2013 drillholes.

The next phase of drilling at Blue Caesar is designed to test the mineralisation 100m down dip of the May 2014 drilling as well as the cluster drilled in 2013. The new drill orientation is designed to be both orthogonal to the principal plunge direction and at a high grade to the hanging wall dip.

This Phase 2 program at Blue Caesar is scheduled to commence later in August in association with the Jubilee drilling program.

The Blue Caesar and Jubilee prospects form part of CYU's Mt Frosty farm-in/joint venture with Mt Isa Mines – a Glencore company. It is anticipated that the expenditure being incurred on this latest drilling program will be sufficient to meet the requirements under the farm-in to allow CYU to earn the first stage 51% interest in the project before the expenditure due date in February 2015.

Millenium

The Millenium prospect is CYU's principal drill target for 2014. Shallow RC drilling in late 2013 and some deeper drillholes in May 2014 identified broad zones (up to 90m wide) of low-grade mineralisation carrying 5-10m wide lodes of higher grade mineralisation within a steep westerly-dipping structural zone. This style of mineralisation is analogous to the

Elaine and Kalman deposits (also in the Mt Isa Inlier region) both in terms of structural control and complex multi-element geochemistry.

A deep-penetrating IP geophysical survey will be undertaken by CYU later in the year to map the mineralisation and provide targets for further drilling at Millenium.

Native Companion

The Native Companion/Brolga trend is characterised by numerous historic workings over a 5km strike parallel to the Rosebee Fault. The zone has been broadly RAB (rotary air blast drill) sampled on nominal 500m line spacing with stations at 25m to identify discrete copper geochemical anomalies in excess of 1000m of strike length and 100m width. CYU has conducted an orientation survey using mobile metal ion (MMI) technology that successfully reproduced the geochemical anomalies over two lines of RAB sampling. Expansion of the of the MMI grid to 100m line spacing will be undertaken in July-September which will, in turn, develop targets for a drilling program later in the year.

Pilgrim Fault

The Pilgrim Fault program is the primary exploration program for the year. It will establish the geological and geochemical base on which future discoveries will be made. The Pilgrim Fault potentially provides the primary source by which deep crustal fluids (the pro-generator of the known mineral deposits) have been able to access the upper crust. These fluids will have left characteristic geochemical and alteration signatures in the host rocks.

The Phase1 soil geochemical program (at 800m line spacing) to be conducted during July-September will map the broad geochemical signatures which will then be defined in more detail in the Phase 2 and 3 programs (400m & 100m spacings respectively) that will follow. Analysis of the available hyperspectral imagery will also assist by potentially defining alteration zones that can be linked to the geochemistry. Initial targets will be surveyed using deep magneto-telluric geophysics in 2015 to delineate targets for drill testing in 2015.

Cameron Fault

The Cameron Fault is the second regional structure targeted for detailed geochemical mapping by CYU's exploration team. The exploration target and work program developed for the Pilgrim Fault (as summarised above) will be duplicated for the Cameron Fault and will potentially provide multiple targets for geophysical definition and/or drill testing in 2015.

Other Prospects

- **King Solomon** – as reported to the market on 5 June 2014, the initial prospect assessment of the King Solomon workings within EPM 14022 (part of CYU's Mary Kathleen joint venture with Goldsearch Limited) has returned significant copper values over 1500m of strike. Mineralisation consists of calcite lodes & quartz veins hosting malachite & chalcocite. The broad assay suite and the lack of a major structure in the vicinity do not support a "deep crustal fluid" model but potential may still exist for mineralisation to moderate depth. The limited historical work that has been completed is still under review.

- **Pindora** – this prospect was the subject of a 15 RC drillhole program in April 2008 when owned by Goldsearch. The holes were drilled on 9 sections along 7km of strike of the Pindora Shear and were generally designed to test under historic mine shafts. The Pindora prospect lies within EPM 14019 which is also part of the Mary Kathleen joint venture with Goldsearch. Some significant copper mineralisation was intersected in this 2008 program, highlighted by the following:

MKRC012	4m @ 2.5%Cu 0.24g/t Au from 48m
MKRC013	6m @ 0.87%Cu from 35m including 1m @ 2.5%Cu
MKRC020	3m @ 0.99%Cu from 37m
MKRC021	3m @ 7.85%Cu 0.55g/tAu from 1m
	2m @ 4.00%Cu 0.37g/tAu from 17m
	5m @ 1.60%Cu from 48m
	3m @ 1.01%Cu from 57m

These results provide significant encouragement to proceed with further exploration drilling with the aim of identifying significant tonnes of +1%Cu in multiple pits along the Pindora Shear. Initial follow-up drilling will be conducted by CYU either in late 2014 or early 2015, to test the down dip continuity on the original Goldsearch drilling sections.

CYU Acquisition Strategy

As stated previously a clear component of CYU's aim to become a mid-tier mining company is to secure project acquisition opportunities that are either in production or with the capacity to be in significant production within two years. CYU is currently finalising a detailed technical due diligence that may lead to the pursuit of a commercial opportunity during the third quarter of 2014.

Goldsearch – Mary Kathleen JV Dilution

CYU has received notice of the election of its partner in the Mary Kathleen joint venture, Goldsearch Limited (ASX:GSE) to dilute its participating interest from 30% to 20%, with effect immediately. CYU's participating interest increases to 80% accordingly.

CYU welcomes the opportunity to continue working in the joint venture with Goldsearch.

YEX Joint Venture – Roseby South

On 29 April 2014, CYU announced a Memorandum of Understanding to enter a proposed joint venture agreement with Yunnan Copper Exploration & Development Co (YEX) in relation to certain areas within the Roseby South project. Under this proposed agreement YEX would have had the opportunity to earn certain interests in some of the Roseby South tenure, in the event of successful completion of agreed expenditure commitments on the areas.

CYU recently received notice from YEX of its intention to indefinitely suspend participation in this proposed arrangement. As a consequence, CYU will seek to cover the proposed YEX exploration commitments from its own funding sources and thereby retain any project

interests that are ultimately earned in the Roseby South project area pursuant to the September 2013 farm-in agreement with Altona Mining Ltd.

Sale of Chilean Assets

Having already withdrawn from the Sulfato and Palmani farm-in agreements in Chile, CYU has succeeded in securing sale agreements for the disposal of its remaining Humitos project interests. The Humitos tenures were separated into two packages for the sale and sold to two separate groups – one package sold for approximately US\$45,500 to SolarReserve and the other package to Minera Inmet Chile S.A for US \$50,000.

It is expected that financial close on both these transactions will occur within the next couple of weeks. While effectively being sold at “fire sale” values, the Board of CYU elected to proceed with these transactions instead of allowing the tenures to lapse for no value at all. The funds from these two deals will allow CYU to close its Chilean interests without drawing from any existing funds it has in Australia.

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CYU Managing Director, Paul Williams, said that the past few weeks have seen CYU continue on its intended path of preparing to acquire significant project opportunities while continuing to deliver positive exploration results in Mt Isa as part of a well-planned exploration program. “CYU is well-placed to establish itself in the Australian market as a mid-tier mining group and shareholders should expect more good news over the coming months.”

On behalf of the Board

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About CYU

Chinalco Yunnan Copper Resources Ltd (CYU) is a resource exploration and development company with project interests in the Mt Isa region of north Queensland.

CYU's largest shareholder is China Yunnan Copper (Australia) Investment and Development Co Ltd (“CYC”), owning 47% of the total issued shares in CYU. CYC is a wholly-owned subsidiary of Kunming-based Yunnan Copper Industry (Group) Co Ltd, which is the third largest producer of smelted copper product in China. In turn, Yunnan Copper Group is a subsidiary of Aluminium Corporation of China (Chinalco) which is the largest producer of aluminium product in China and the second largest world-wide.

CYU has offices in Brisbane, and Mt Isa. The Company is listed on the ASX under the symbol “CYU”.

Competent Person's Statement

The information regarding exploration activities and information set out in this ASX Release is based on information compiled by Mr Trevor Leahey, a Competent Person, who is CYU's Exploration Manager and a Member of the Australasian Institute of Mining and Metallurgy. Mr Leahey has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Leahey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CYU's current mining tenement interests

Project / Location	Tenement Reference	CYU % Interest	Comment
AUSTRALIA			
Cloncurry North	EPM 12205	90	Refer Note 1
Mt Isa East	EPM 15248	80	Refer Note 2
Pentland	ML 1631	100	
Mary Kathleen JV	EPMS 14019, 14022	80	Refer Note 3
Mt Frosty	EPM 14467	Nil – earning in	Refer Note 4
Roseby South	EPMS 9056, 10833, 11004, 11611, 14365 and 14535	Nil – earning in	Refer Note 5
Millenium	EPMS 18402, 18773, 18793, 18982, 19014, 19036, MLs 2512, 2761, 2762, 7506, 7507	Nil – earning in	Refer Note 6
CHILE			
Humitos	Tenements H1-H7 and H9-H17, Copiapo District	100%	Refer Note 7
LAOS	Xinzhai, Jiuzhai, Nadao, Modeng	51%	Refer Note 8

Notes:

1. The other 10% is held by Yunnan Copper Mineral Resources Exploration & Development Co., Ltd (YEX)
2. The other 20% is held by YEX
3. The other 20% is held by Goldsearch Limited, pursuant to agreement dated 11 August 2009. As advised above, Goldsearch has elected to dilute its joint venture participating interest to 20%, with immediate effect.
4. CYU and Goldsearch farming-in (on a 80:20 basis) up to a 75% interest from Mount Isa Mines Limited subject to Mount Isa Mines having a buy back right so as to retain a 51% interest, under agreement dated 3 February 2012
5. CYU farming-in up to a 70% interest from Altona Mining Ltd and Roseby Copper (South) Pty Ltd, under agreement dated 16 September 2013
6. CYU farming-in up to a 70% interest from Elementos Ltd and Element Minerals Australia Pty Ltd, under agreement dated 17 September 2013
7. Owned by 100% CYU subsidiary Humitos Pty Ltd. These interests have been sold.
8. Owned by 51% CYU subsidiary Yunnan Copper San Mu Mining Co. Ltd, and projects will be abandoned unless a suitable commercial arrangement can be secured.

ANNEXURE A

(Location of CYU's Mt Isa Tenure Holdings)

