



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

Directors:

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

Company Secretary:

Paul Marshall

**CHINALCO YUNNAN
COPPER RESOURCES
LTD**

Suite 4, Level 8,
320 Adelaide Street
BRISBANE Q 4000
Ph: +61 7 3211 9013
Email: admin@cycal.com.au

Contact

Paul Williams
Managing Director
paul.williams@cycal.com.au
Mobile: +61 419 762 487

ASX RELEASE – COMMENCEMENT OF PHASE 2 DRILLING PROGRAM AT JUBILEE/BLEU CAESAR

3 September 2014

- CYU has commenced a further exploration drilling program at its Jubilee and Blue Caesar prospects near Mt Isa in northwest Queensland, following up the successful drilling in these areas in May. Features of this latest program include:
 - Nine (9) RC drill holes at Jubilee designed to extend the mineralised zone across a 500m strike length and at depth
 - Three (3) RC drill holes designed to test the mineralisation 100m down dip of the previous successful drilling at Blue Caesar
 - This program is budgeted to cost \$280,000 with an estimated 1800m of drilling to be undertaken
 - These latest activities will likely satisfy the first 51% earning commitment under the Mt Frosty Joint Venture
 - Results from this program should be available late in September 2014.
- CYU's extensive regional geochemical survey of the Pilgrim Fault structure and the Native Companion prospect is continuing.

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.

Phase 2 Exploration Program at Jubilee and Blue Caesar

CYU's Mt Isa-based exploration team has commenced work on the Phase 2 exploration drilling program at Jubilee and Blue Caesar. A summary of this program is set out below.

Jubilee

The Jubilee prospect is located approximately 900m 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 Phase 2 program of 9 additional reverse circulation (RC) drill holes is proposed to extend the zone definition over the 500m strike length of the historic workings and to test at 50m and 100m down dip. The diagram in Annexure B shows the proposed drill hole locations at Jubilee. 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.

The total estimated cost for this Phase 2 program at Jubilee is \$180k for 1,150m drilling. Assay and associated results are likely to be available in late September.

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 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 drill holes.

The next phase of drilling at Blue Caesar is designed to test the mineralisation 100m down dip of the May 2014 drilling and 100m down dip of the 2013 drilling. The diagram in Annexure C shows the proposed drill hole locations at Blue Caesar. The new drill orientation is designed to be both orthogonal to the principal plunge direction and at a high angle to the hanging wall dip.

The total estimated cost for this 3 drill hole Phase 2 program at Blue Caesar is \$100k for 675m drilling. Assay and associated results from this program should be available later in September.

The Blue Caesar and Jubilee prospects form part of CYU's Mt Frosty farm-in/joint venture with Glencore's Mount Isa Mines, which in turn is part of the Mary Kathleen Joint Venture with Goldsearch Ltd (ASX: GSE) in which CYU has an 80% participating interest. It is anticipated that the expenditure incurred in this latest drilling program will be sufficient to meet the requirements under the Mt Frosty farm-in to allow CYU to earn the first stage 51% interest in the project before the expenditure due date in February 2015.

Other Exploration Projects Update

Millennium

The Millennium prospect is CYU's principal drill target for 2014. Shallow RC drilling in late 2013 and some deeper drill holes 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 electrical geophysical survey will be undertaken by CYU later in the year to map the mineralisation and provide targets for further drilling at Millennium.

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 spacings with stations every 25m to identify discrete copper geochemical anomalies in excess of 1000m of strike length and 100m width. CYU has been conducting a geochemical soil sampling survey at 200m spacings with 50m stations, with a view to finalising the specific target areas 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) is currently being conducted to map the broad geochemical signatures that will then be defined in more detail in the Phase 2 and 3 programs (400m & 100m spacings respectively) that will follow. To date the Phase 1 survey has covered about 35km of Pilgrim Fault structure within CYU's tenement holding, with a further 20km remaining to be surveyed.

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CYU Managing Director, Paul Williams, said that he is looking forward to the results of this latest drilling program at Jubilee and Blue Caesar. "CYU is continuing its extensive exploration program in the Mt Isa region and if these latest activities at Jubilee and Blue Caesar can follow up the successful results from earlier this year, the Company will be in an excellent position to convert such results into significant shareholder value. Coupled with our ongoing project acquisition strategy, CYU will be well-placed to establish itself in the Australian market as a mid-tier mining group."

On behalf of the Board

Paul Williams
Managing Director
paul.williams@cycal.com.au
+61 419 762 487

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 66% 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.

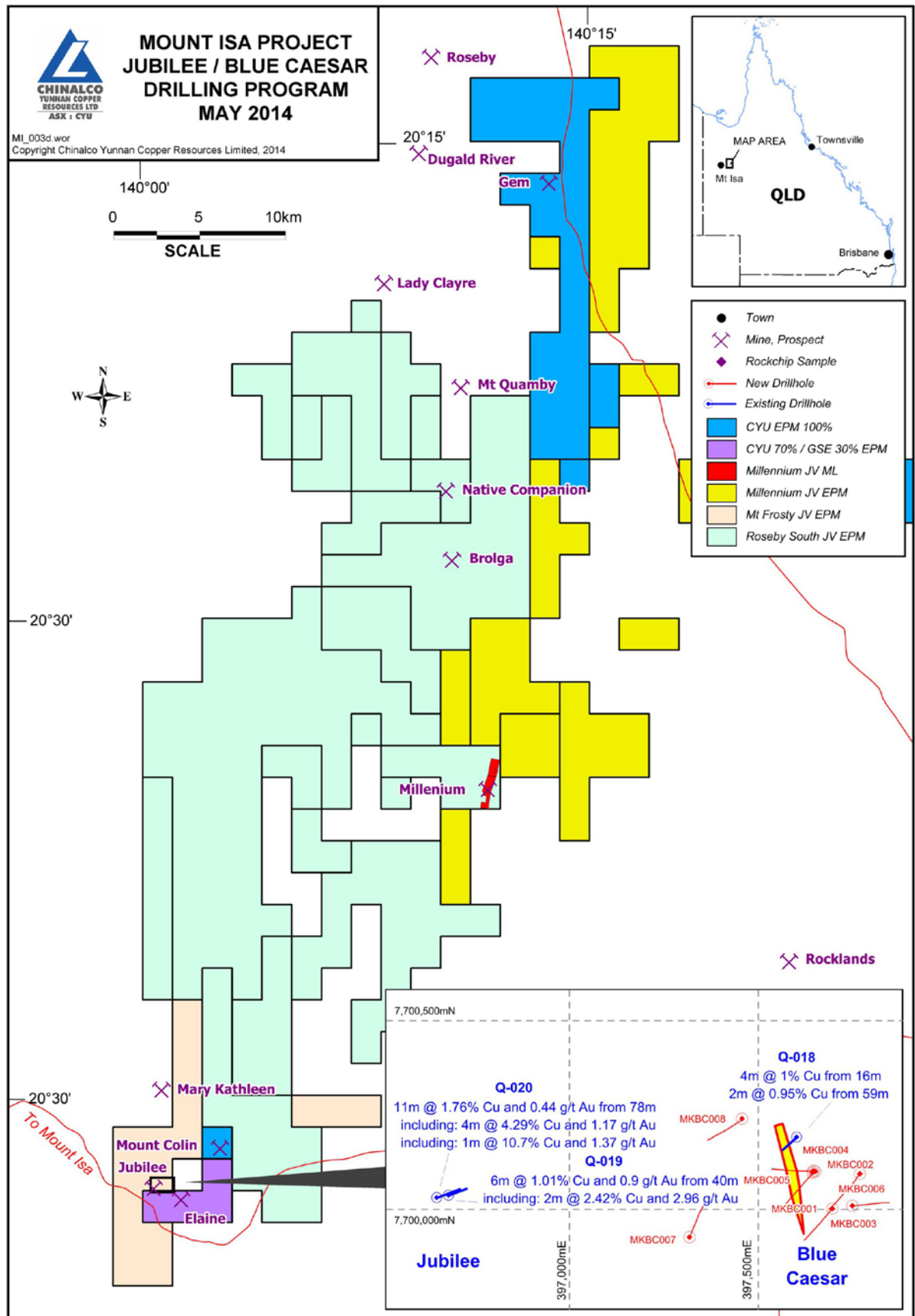
CYU has offices in Brisbane, and Mt Isa. The Company is listed on the ASX under the symbol "CYU".

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.

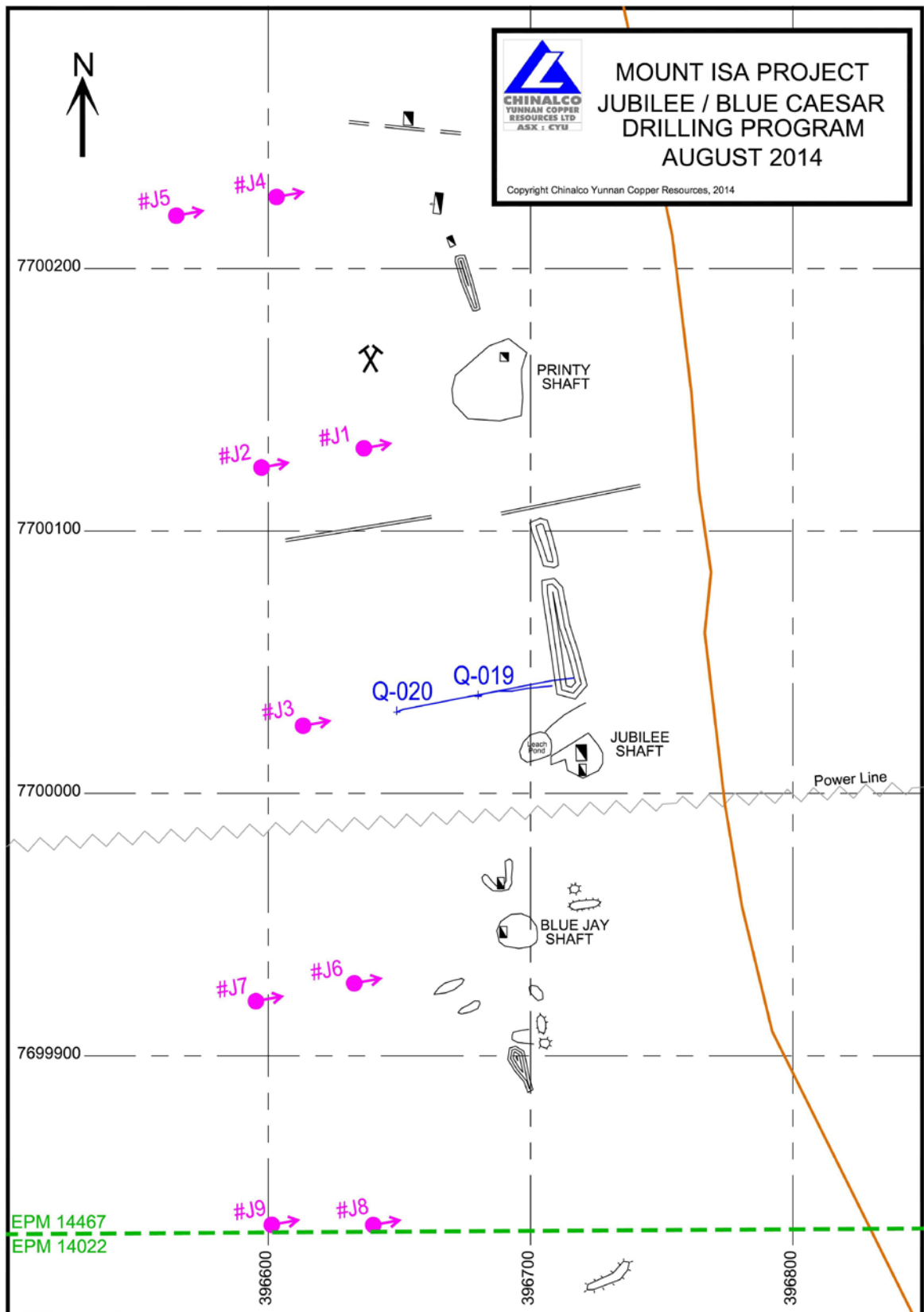
ANNEXURE A

(General Location of Jubilee and Blue Caesar Prospects, Including May 2014 Drilling Results)



ANNEXURE B

(Location of Proposed Phase 2 Jubilee Drilling)



ANNEXURE C

(Location of Proposed Phase 2 Blue Caesar Drilling)

