



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:

473,027,475
Ordinary shares

2,000,000
Performance shares

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

20 October 2014

- Continuation of \$2m 2014 exploration program in Mt Isa after recent excellent results across several prospect areas
- Program to the end of 2014 to include:
 - Further 10 hole reverse circulation (RC) program to commence early November at Jubilee at estimated cost of \$345k
 - Initial 6 hole RC drilling program to commence in November at Native Companion at estimated cost of \$90k
 - Completion of regional geochemical survey over the Pilgrim Fault system
- Ongoing due diligence review and commercial discussions, as part of CYU's project acquisition strategy
- Confirmation from Glencore's Mount Isa Mines that CYU's earn-in of the first 51% interest in the Mt Frosty prospect has been achieved
- CYU to increase its interest in the Mary Kathleen joint venture to an effective 100% (subject to a 1.75% net smelter royalty) as JV partner Goldsearch (ASX:GSE) pursues opportunities in the healthcare sector

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 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.

CYU has already completed two successful drilling programs at Jubilee. It is clear that there exists a high grade copper/gold mineralised zone at Jubilee that is still not closed either at depth or along the line of strike, with results including:

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|--------------|--|
| Q-025 | 7m @ 1.25% Cu and 0.81g/t Au from 65m depth, including 3m @ 3.63% Cu and 1.49 g/t Au |
| Q-027 | 7m @ 1.3% Cu and 0.22g/t Au from 120m depth, including 1m @ 7.15% Cu and 1.21 g/t Au |
| Q-028 | 9m @ 2.8% Cu and 1.44g/t Au from 73m depth, including 1m @ 7.32% Cu and 1.53g/t Au, 1m @ 10% Cu and 4m @ 3.01g/t Au |
| Q-029 | 10m @ 3.37% Cu and 2.28g/t Au from 107m depth, including 6m @ 5.34% Cu and 3.72g/t Au |

CYU's exploration team proposes to drill a further 10 reverse circulation (RC) drill holes at Jubilee as part of a Phase 3 program. The diagram in Annexure B shows the proposed location of each of these holes that are located across 5 drilling sections (from north to south) and with 2 proposed drill holes per section – the tier 1 holes (5/1, 4/1 etc) are to be drilled to a depth of between 200-250m to test down-dip of the surface workings at 150m. Estimated cost for the 1050m of tier 1 drill holes is \$155k. The tier 2 holes (5/2, 4/2 etc) will be drilled to a depth of between 250-320m to test the 200m down-dip extent and only if visual sampling of the tier 1 drill holes indicates strong primary sulphide mineralisation. Estimated cost for the 1370m of tier 2 drilling is \$190k.

This Phase 3 program at Jubilee is scheduled to commence mid-November and depending on assay laboratory processing times it is intended that results will be made available to the market before the Christmas break.

Native Companion

The Native Companion/Brolga trend is characterised by numerous historic workings over a 5km strike parallel to the Rosebee Fault. The zone was previously RAB (rotary air blast drilled) by Altona Mining Ltd on nominal 500m line spacing to identify discrete copper geochemical anomalies in excess of 1000m of strike length and 100m width. CYU has

completed infill sampling on 100m line spacing using mobile metal ion (MMI) technology that successfully reproduced and delineated these geochemical anomalies.

The diagram in Annexure C identifies the location of the proposed initial 6 RC drill holes to be drilled at Native Companion. The diagram also highlights the copper anomalies that have been identified as part of CYU's extensive Pilgrim Fault soil geochemistry program that has been conducted throughout the year.

These 100m drill holes at Native Companion have been planned as an initial test of the Native Companion/Brolga geochemical trends. The holes are designed to test the source of the geochemistry at the 50m level.

This initial program at Native Companion is scheduled to commence in early November and depending on assay laboratory processing times it is intended that results will be made available to the market before the Christmas break.

Millennium

The Millennium prospect has been 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.

The Millennium prospect is a large and potentially highly prospective system. Due to the focus on Jubilee and Native Companion for the rest of this year, CYU's exploration team will take some further time to assess the geological features at Millennium in more detail before establishing the targets for a deeper drilling program in early 2015. As part of the Pilgrim Fault geochemical survey that CYU has been conducting throughout the year, a strong copper/gold anomalous zone was identified at the northern end of the original Millennium drilling locations. It is highly likely that some RC holes will be drilled in this northern region as part of future drilling at Millennium.

Pilgrim Fault

The Pilgrim Fault program has been the primary exploration program for CYU during 2014. The intention of this large program has been to 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.

CYU has exploration access to 60km of strike along the Pilgrim Fault system. Phase 1 sampling on 800m line spacing along this structure has been completed and infilled to 400m over significant portions of the strike extent. Initial results are encouraging with broad zones of copper anomalism associated with discrete gold, cobalt, lanthanum and niobium anomalies. Mapping, undertaken in association with the geochemical sampling, has

identified a number of copper oxide and gossan occurrences that will be followed up with further infill sampling over the next few months to identify targets for drill testing in 2015.

Cameron Fault

The Cameron Fault will be the second regional structure that is targeted for geochemical mapping by CYU's exploration team in 2015. 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

As reported previously, CYU's exploration team has identified several other prospects within its tenure holding portfolio that will be the subject of future exploration and drilling. Prospects such as King Solomon, Pindora and other highly prospective zones identified in the Pilgrim Fault and Cameron Fault geochemical surveys will continue to be assessed and prepared for drilling in 2015.

CYU Acquisition Strategy

CYU's stated corporate objective is to become a mid-tier mining company by acquiring project opportunities that are either in production or with the capacity to be in significant production within two years. CYU's management team believes that the current difficult market conditions for resource companies and projects is an ideal acquisition environment. As a result, CYU is continuing detailed technical due diligence of certain existing projects that may lead to the formal pursuit of a commercial opportunity in the coming months.

Mt Frosty Farm-In

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. Under the terms of the Mt Frosty farm-in agreement, in order to secure an initial 51% interest in the underlying tenure (EPM 14467) the Mary Kathleen Joint Venture needed to incur exploration expenditure of at least \$1.5m and to have drilled more than 3000m prior to February 2015.

CYU has notified Mount Isa Mines that the initial 51% Mt Frosty farm-in criteria have been satisfied. Mount Isa Mines has now confirmed its agreement that the criteria have been satisfied and arrangements are being made to have the 51% interest in EPM 14467 transferred to CYU and for a formal Joint Venture agreement to be prepared.

Goldsearch – Mary Kathleen JV Dilution

In June 2014, CYU 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 immediate effect. CYU's participating interest accordingly increased to 80%.

Goldsearch recently advised the ASX of its intention to pursue a significant acquisition opportunity in the healthcare sector. As this activity is not consistent with mineral exploration in Mt Isa, Goldsearch has advised CYU of its intention to refrain from incurring any further expenditure in the Mary Kathleen Joint Venture, and is thereby seeking to dilute its interest to a 1.75% net smelter royalty (NSR). Subject to that NSR, CYU will become the 100% holder of the tenure interests that fall within the Mary Kathleen JV portfolio namely, EPMs 14019, 14022 and 14467. EPM 14022 is the tenure where CYU's Elaine prospect is situated and EPM 14467 is the Mt Frosty prospect area.

CYU will finalise these dilution arrangements with Goldsearch over the coming weeks.

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CYU Managing Director, Paul Williams, said that the weeks leading up to the end of 2014 will be very busy for the Company. "Apart from our ongoing acquisition efforts, CYU management has a sense of expectation about the proposed drilling activities at Jubilee and Native Companion that are due to commence in early November. The CYU Board is very interested to see the outcome of these programs – both as we explore Jubilee to greater depth and break new ground at Native Companion. In my view, CYU currently has a range of activities on its plate that place the Company in an excellent position to fulfil its corporate objective of becoming a mid-tier mining group. Consequently, we have every expectation that 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 64.7% 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.

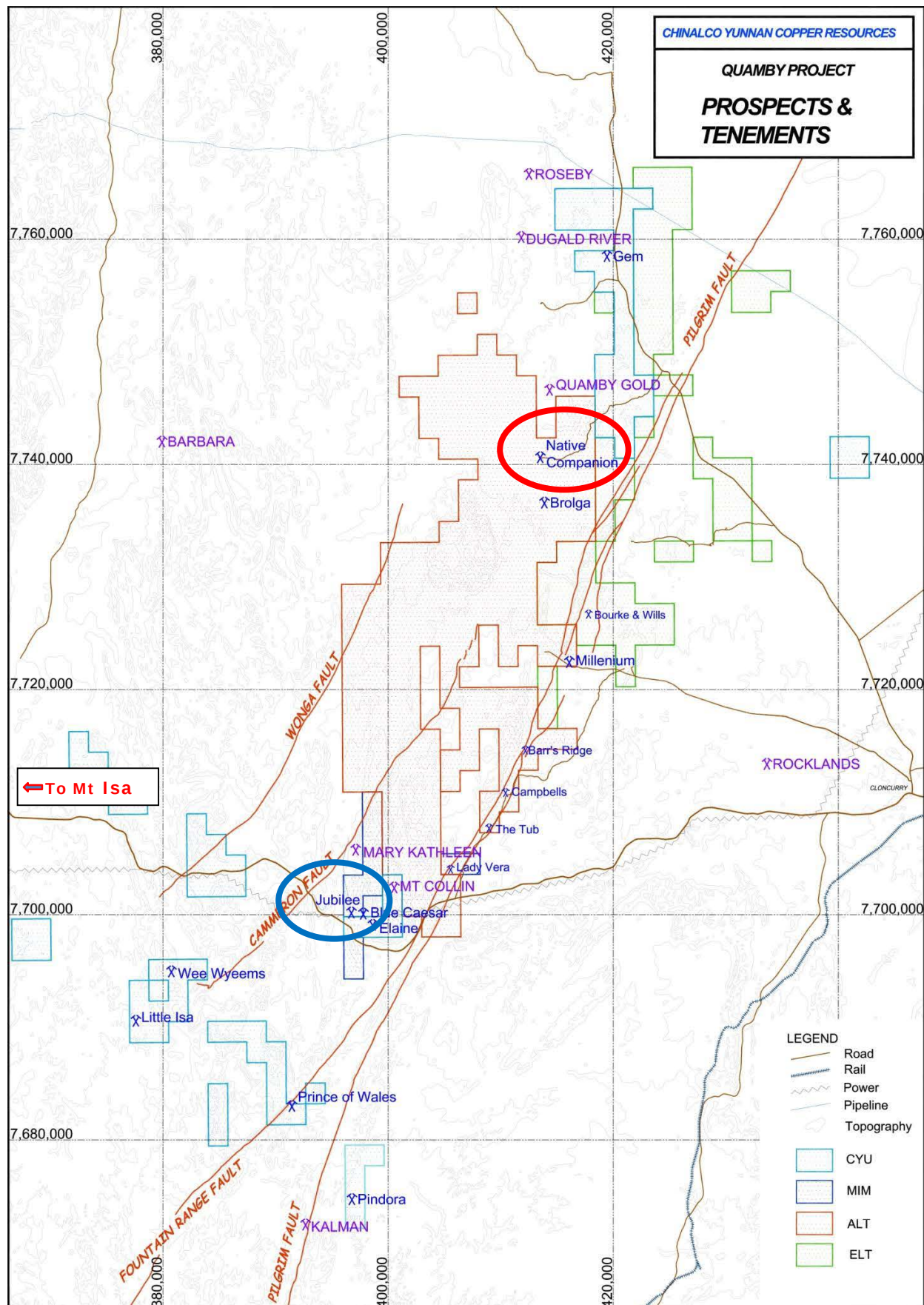
CYU has offices in Brisbane, and Mt Isa. The Company is listed on the ASX under the symbol "CYU".

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.

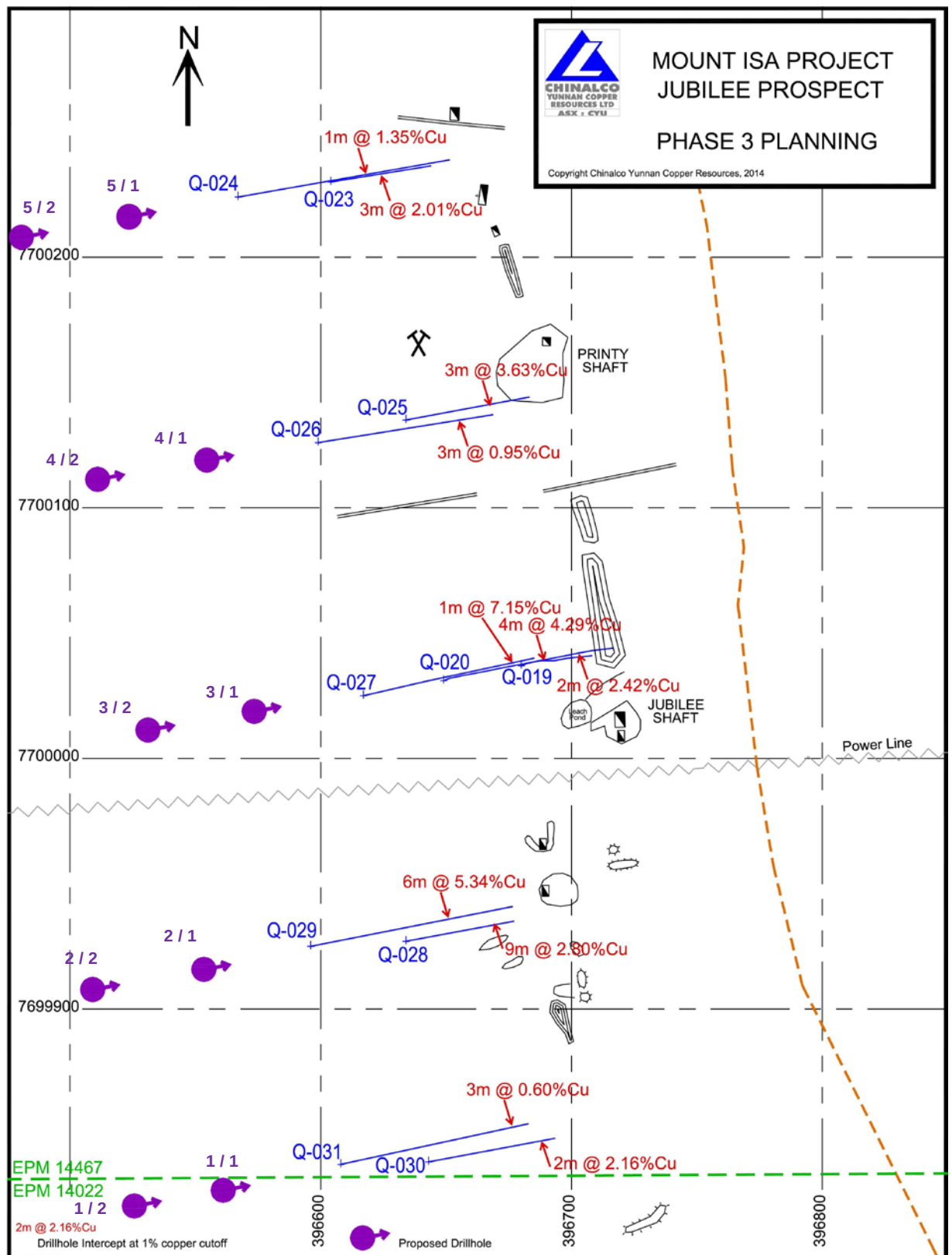
ANNEXURE A

(Location of CYU's Mt Isa Tenure Holdings, including Jubilee and Native Companion prospects)



ANNEXURE B

(Proposed drill hole locations for the Phase 3 Jubilee program)



ANNEXURE C

(Proposed drill hole locations for the initial Native Companion program, with copper/gold anomalous zones highlighted)

