



ABN 27 099 098 192

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

Issued Capital:

473,027,475
Ordinary shares

4,000,000
Performance shares

Directors:

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

Company Secretary:

Paul Marshall

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COPPER RESOURCES
LTD**

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MARCH 2015 QUARTERLY ACTIVITIES REPORT

28 APRIL 2015

Activities during the three months to 31 March 2015 included:

- Continued focus on acquisition opportunities designed to transform CYU into a mid-tier mining company in accordance with the 2014 Business Plan.
- Completion of results from the 8 hole Phase 3 drilling program at Jubilee, which reported more impressive copper and gold assays.
- Completion of a review of CYU's Mount Isa exploration tenure by the new CYU Exploration Manager, David A-Izzeddin.
- Implementation of new safety and operating protocols for CYU's Mount Isa exploration operations.
- Finalisation of EPM transfers in favour of CYU – 51% interest in Mount Frosty and 80% interest in the Mary Kathleen Joint Venture

The Board of Chinalco Yunnan Copper Resources Ltd (ASX:CYU) continues to focus on transforming the Company into a substantial mid-tier mining group, with a primary exploration focus in the Mount Isa region and the ongoing pursuit of project acquisition opportunities currently under review and negotiation – both locally and overseas.

2014 Business Plan

In accordance with the Business Plan endorsed in early 2014, 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 believes that the current difficult market conditions for resource companies and projects presents an ideal acquisition environment. As a result, CYU is continuing detailed financial and technical due diligence of certain existing projects that may lead to the formal pursuit of a commercial opportunity in the coming months.

Exploration Activities

The CYU Mount Isa project covers more than 850km², centred in an area 75km northeast of Mount Isa and 40km northwest of Cloncurry in north western Queensland (see Annexure A for a diagram of tenure holdings). The project area comprises a number of farm-in/joint venture agreements (Mount Isa Mines – a Glencore company, Altona/Roseby Copper South, Elementos and Goldsearch), together with tenure held directly by CYU.

One of the first tasks of CYU's recently-appointed Exploration Manager, David A-Izzeddin, was to undertake a review of the prospectivity of CYU's existing tenure holdings in the Mount Isa region and to develop a work program and budget for activities to be conducted during 2015. That review has now been completed and, as reported to the ASX on [23 April 2015](#), the CYU Board has approved a \$1.8m program. Work on that program has already commenced.

Jubilee – Phase 3 Results

CYU's Mount Isa-based exploration team completed work on the Phase 3 exploration drilling program at Jubilee in late December 2014. All assay results from the drilling program have now been received by CYU and the results confirm down-dip extensions to previously reported intersections of high grade primary copper sulphide and gold mineralisation at depth (refer to ASX Releases dated [2 October 2014](#) and [15 October 2014](#)).

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. The Jubilee prospect forms part of CYU's Mt Frosty farm-in/joint venture with Glencore's Mount Isa Mines.

After the successful drilling at Jubilee in May and October 2014, CYU's exploration team completed the Phase 3 drilling program, comprising eight additional drill holes (Q-038 to Q-045) to test for further down-dip extensions beneath previous drilling over the 500m strike length of the historic workings at 150m and 200m down dip. The total cost for this Phase 3 program was \$257,000, well below the originally budgeted cost for the program of \$345,000.

All eight drill holes at Jubilee intersected anomalous mineralised zones, highlighted by the following results:

- Q-038: 8m @ 0.30% Cu and 0.15 g/t Au from 135m
including 1m @ 1.27% Cu and 0.47 g/t Au from 135m
- Q-039: 2m @ 2.31% Cu and 0.22 g/t Au from 195m
- Q-040: 6m @ 0.77% Cu and 0.10 g/t Au from 153m
including 2m @ 2.01% Cu and 0.26 g/t Au from 153m
- Q-041: 5m @ 0.21% Cu and 0.12 g/t Au from 261m
- Q-042: 10m @ 0.50% Cu and 0.20 g/t Au from 213m
including 2m @ 0.82% Cu and 0.33 g/t Au from 219m
and 10m @ 0.52% Cu and 0.12 g/t Au from 238m
including 3m @ 1.11% Cu and 0.20 g/t Au from 241m
- Q-043: 9m @ 0.22% Cu and 0.10 g/t Au from 273m
and 3m @ 0.40% Cu and 0.04 g/t Au from 312m
- Q-044: 8m @ 0.76% Cu and 0.30 g/t Au from 169m
including 4m @ 1.37% Cu and 0.56 g/t Au from 170m
- Q-045: 8m @ 0.48% Cu and 0.09 g/t Au from 142m
including 1m @ 2.24% Cu and 0.20 g/t Au from 144m

Results to date at Jubilee have defined copper-gold mineralisation over a 500m strike length associated with quartz veining. Now that all of the assay results have been received from the laboratory, it is clear that potential remains to define a high grade copper/gold mineralised zone at Jubilee with high grade shoots at depth as well as along the line of strike.

Other Mount Isa Prospects

As reported to the ASX on [23 April 2015](#), the CYU exploration program at Mount Isa this year will include a focus on certain key prospect areas comprising:

- ***The Roseby Trend*** – an extensive north-south trending zone of copper mineralisation that extends from Altona Mining's Roseby project to the north. The Roseby Trend covers a 25km zone across CYU's tenure portfolio and includes the highly prospective Native Companion/Brolga prospects.
- ***Elaine/Blue Caesar/Jubilee*** – previous drilling by CYU established an Inferred JORC-compliant mineral resource of **27.7Mt @ 0.53% Cu and 0.08 g/t Au**. The Elaine prospect is part of an alteration system that has been mapped over 10km on EPM 14467 and EPM 14022 but to date CYU has only tested mineralisation over a

400m strike length. There is potential for the mineralised zone to extend at depth and along strike and possibly also join up with the Blue Caesar prospect, located to the north-west of Elaine (500m away).

- **Round Mount Magnetic Complex** – a substantial north-west trending 17km long strong magnetic complex covering various EPMS within the Roseby Copper South Joint Venture.
- **The Tub – South Bullock Complex** – a substantial north-east trending 8.5km x 2.7km strong magnetic complex that covers an EPM within the Roseby Copper South JV and the Mt Frosty EPM.

Mount Isa Corporate Matters

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, the initial 51% interest in the underlying tenure (EPM 14467) has been transferred to CYU and a formal Joint Venture agreement is in preparation.

Mary Kathleen JV

Goldsearch Limited (ASX:GSE) has agreed with CYU to dilute its Joint Venture interest to a 1.75% net smelter royalty (NSR) upon CYU meeting the next \$1.5m of exploration expenditure on the Joint Venture tenure. Subject to that NSR, CYU will become the 100% holder of the tenure interests that fall within the Mary Kathleen Joint Venture portfolio namely, EPMS 14019, 14022 and 14467. EPM 14022 is the tenure where CYU's Elaine prospect is situated and EPM 14467 hosts the Blue Caesar and Jubilee prospect areas.

Exploration Expenditure for March 2015 Quarter

Across CYU's various exploration projects, a total of \$204,000 of expenditure was incurred for the March 2015 Quarter, a summary of which is as follows:

- **Mary Kathleen JV** - \$83,000 on mostly tenure administration, geological consulting, rehabilitation and related fees;
- **Mt Frosty JV** – \$68,000 on assaying, geological consultants, rehabilitation and other costs associated with the drilling at Jubilee in late 2014;
- **Elementos farm-in** – \$31,000 on desk top geological review, landowner and tenure administration fees; and
- **Altona/Roseby Copper South farm-in** – \$90,000 on desk top geological review, rehabilitation, landowner and tenure administration fees.

Laos Projects Update

CYU's 51% Chinese-registered subsidiary, Yunnan Copper San Mu Mining Co. Ltd (San Mu), has ceased operations and all of CYU's representatives on the Board of San Mu have resigned. Steps are being taken to abandon the Laos projects and to dissolve the companies involved, a process that may take several months to finalise with the Laos mining authorities. CYU will not be incurring any further financial liability in relation to the San Mu entity.

New Senior Geologist – Dr Tom Evans

In March 2015, CYU appointed a new Senior Geologist, Dr Tom Evans.

Tom has a PHD degree in Geology from the James Cook University of North Queensland and over 11 years' experience in exploration, project review and development in Australia and Asia-Pacific. Tom has over 6 years' experience working in the Mount Isa Inlier for Xstrata Copper and was directly involved in the exploration of the Roseby and Mt Kelly Projects on behalf of Xstrata. Tom was also involved in the Feasibility Study for the Frieda River Project in PNG.

Tom's significant knowledge of the Mount Isa region and expertise in project review and development will be of significant benefit to CYU as it pursues the aim of identifying a one million tonne copper (or copper equivalent) deposit in the region.

Corporate Update

2015 Annual General Meeting

CYU has now changed its financial year end to 31 December. As a result, an Annual General Meeting (for the six month period ending 31 December 2014) has been convened for **Tuesday, 26 May 2015 at 9.30am**. Shareholders of CYU have been sent the notice of meeting materials for the AGM.

New Mount Isa Safety and Operating Protocols

With the recent changes to CYU's Mount Isa exploration team (and taking advantage of the wet season conditions at the start of the year which limited field activities in any event), steps were taken to implement a new set of safety and operating protocols for the conduct of exploration activities by CYU staff and contractors in the Mount Isa region. Although safety systems and protocols are standard, CYU management has taken the view that the systems and protocols adopted for its Mount Isa exploration activities should be of the highest possible standard and required this be a priority action for the exploration team.

Board Composition

Mr Zhihua Yao, Chairman
Mr Paul Williams, Managing Director
Mr Robert Yang, Executive Director
Mr Paul Marshall, Company Secretary

Financial Position

As at 31 March 2015, CYU had cash reserves of \$2.61m. Further details of CYU's financial activities during the March 2015 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

Share Information – March 2015 Quarter

Issued share capital of 473,027,475 ordinary shares and 4 million performance shares.

Quarter high traded price of \$0.026 (6 February 2015) and low of \$0.016 (25 March)
Market capitalization – high \$11.352m, low \$7.568m.

Average daily volume of shares traded – 101,464 shares (\$2,048 average daily volume value)

Top 10 shareholders of CYU as 31 March 2015:

Rank	Name	Number of Shares	%
1	China Yunnan Copper (Australia) Investment and Development Co Ltd	299,922,326	63.40
2	Mr Norman Zillman	10,200,000	2.16
3	Elliott Nominees Pty Ltd (Elliott Exploration Co S/F)	7,150,000	1.51
4	Kimbriki Nominees Pty Ltd (Kimbriki Hamilton SF A/C)	7,000,000	1.48
5	Premar Capital Nominees Pty Ltd	3,633,333	0.77
6	Mr Lawrence Chi-Yun Lee	3,069,988	0.65
7	UBS Wealth Management Australia Nominees P/L	2,708,514	0.57
8	Citicorp Nominees Pty Limited	2,502,960	0.53
9	Bannerblock Pty Ltd Super Fund	2,500,000	0.53
10	Yunnan & Hong Kong Metal Co Ltd	2,400,000	0.51
TOTAL		341,087,121	72.11

Other Details:

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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 Mount Isa region of northwest Queensland.

CYU's largest shareholder is China Yunnan Copper (Australia) Investment and Development Co Ltd ("CYC"), owning 63.4% 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 Mount 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 David A-Izzeddin, a Competent Person, who is CYU's Exploration Manager and a Member of the Australian Institute of Geoscientists. Mr A-Izzeddin 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. A-Izzeddin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This Mineral Resources Statement for the Elaine prospect as outlined above is extracted from a previous ASX announcement titled Elaine Project Resource Upgrade, dated 18 October 2012.

CYU's mining tenement interests as at 31 March 2015

Project/Location	Tenement Reference	CYU % Interest	Comment
AUSTRALIA			
Cloncurry North	EPM 12205	90	Refer Note 1
Mount 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	51	Refer Note 4
Roseby South	EPMS 9056, 10833, 11004, 11611, 14365 and 14535	Nil – earning in	Refer Note 5
Millennium	EPMS 18402, 18773, 18793, 18982, 19014, 19036, MLs 2512, 2761, 2762, 7506, 7507	Nil – earning in	Refer Note 6
LAOS	Xinzhai, Jiuzhai, Nadao, Modeng	51%	Refer Note 7

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 currently held by Goldsearch Limited (GSE). CYU has the right to secure a 100% interest in these tenements, subject to a 1.5% net smelter royalty held by GSE.
4. CYU farming-in 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. CYU completed earning the first stage 51% interest in Mt Frosty during the December 2014 Quarter. The Goldsearch net smelter royalty also applies in respect of any interest of CYU in this tenement.
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 51% CYU subsidiary Yunnan Copper San Mu Mining Co. Ltd, and projects are being abandoned.

ANNEXURE A (Location of CYU's Mount Isa Tenure Holdings)

