

ABN 29 070 859 522

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

**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

SEPTEMBER 2015 QUARTERLY ACTIVITIES REPORT

23 October 2015

Activities during the three months to 30 September 2015 included:

- CYU's announced a new focus on project acquisition and development opportunities in the Democratic Republic of Congo (DRC) based on projects already identified by Yunnan Copper Industry (Group) Co Ltd (YCI).
- Conducting an eight (8) hole drilling program at Native Companion in the Mount Isa region at depths ranging from 144m to 450m. Anomalous copper mineralisation has been identified in most holes, highlighted by the following assays:
 - RBNC008 – 34m @ 0.75% Cu and 0.21 g/t Au
 - RBNC002 – 12m @ 0.73% Cu and 0.32 g/t Au
 - RBNC005 – 12m @ 0.40% Cu and 0.38 g/t Au
- While encouraging, these results at Native Companion did not establish confidence that CYU's criteria of 1 million tonnes of copper and/or copper equivalent could be attained.
- CYU's ongoing participation in the Roseby South JV lapsed as a consequence of a failure to meet farm-in expenditure requirements and an inability to renegotiate the terms with Altona Mining.
- Conducting a range of exploration activities across the Mount Isa tenure portfolio including:
 - Gravity surveys at Mt Frosty, Elaine/Dorothy and Moonlight prospects
 - Geochemical soil sampling across areas of prospectivity – Mistake Creek/Oliver Twist
 - Geological mapping and other assessment of other prospective areas.

The Board of Chinalco Yunnan Copper Resources Ltd (ASX:CYU) continues to focus on transforming the Company into a substantial mid-tier copper producer, with a primary focus on acquiring and developing near-term copper production activities (both locally but more likely in the DRC) as well as conducting exploration in the Mount Isa region of north-western Queensland.

Acquisition and Development Opportunities in the Democratic Republic of Congo (DRC)

CYU announced to the ASX on 8 September 2015 the intention of CYU to take advantage of acquisition and development opportunities established by its largest shareholder, Yunnan Copper Industry (Group) Co Ltd (YCI), one of China's largest producers of refined copper metal.

DRC – Copper Mining Sector

Nearly 3% of the world's estimated copper reserves are situated in the Katanga Region in the south-eastern corner of the DRC and copper provides the DRC's largest export earnings. There are already a large number of substantial mining and mining services-related companies operating in the Katanga Region including:

Freeport McMoran (*Tenke-Fungurume mine*)
Glencore (*Katanga Mining and Mutanda Mining*)
China Nonferrous Metal Mining (*Likasi and Mabende leaching facilities*)
MMG (*Kinsevere mine*)
Ivanhoe Mines (*Kamoa and Kipushi mining projects*)
Jinchuan Group/Metorex (*Ruashi mine*)
Tiger Resources (ASX) (*Kipoi*)

More than 1 million tonnes of copper metal was produced in the DRC during 2014, making it the fifth largest producer in the world – surpassing Australia and Zambia. Estimated DRC production for 2015 is in the order of 1.5 million tonnes.

DRC Opportunities

YCI currently operates a very large copper business in China and overseas – from exploration and mining, through to processing and smelting. Utilising its knowledge and expertise in the copper sector, YCI has sought to identify and understand potential opportunities in the DRC. YCI management has now formed a strong view that mining (and particularly the processing and smelting) of copper in the DRC is a likely driver of significant and sustainable long term revenues.

The primary initial focus of YCI in the DRC has been to identify a smaller-scale operation that can form an initial cashflow-bearing foundation for future expansion into other activities. Ongoing discussions and due diligence continue to take place and CYU intends to bring about agreed transaction terms shortly.

YCI is also well advanced in the preparation of a feasibility study for the construction and operation of a 10,000tpa SX-EW (solvent extraction – electro winning) copper cathode production facility in the Katanga Region, designed to process certain copper ores that are currently being stockpiled. This feasibility study is based on other, similar facilities that have previously been established in the DRC. It is therefore likely that the feasibility study process will be finalised over the coming 2-3 months, with copper ore supply agreements intended to be negotiated and concluded in the meantime.

YCI has invited CYU to participate in these opportunities – with a view to CYU undertaking the negotiations and obtaining the necessary approvals associated with these proposed activities. YCI does not propose to charge CYU any fee for the provision of these

opportunities, with the intention that all CYU shareholders can derive the benefit. Subject to binding agreements being reached on terms which are acceptable to the CYU Board (independently of YCI), CYU intends to implement these transactions as soon as is practically possible.

Mount Isa Exploration Activities

The CYU Mount Isa exploration tenure package covers just under 750km², 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 comprised 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. *[Note below the commentary relating to cessation of the Roseby Copper joint venture at the end of the Quarter].*

CYU's Board approved a \$1.8M budget for its 2015 Mount Isa exploration activities, after completion of a detailed project review by its exploration team earlier this year. A key criterion underpinning the project review is to ***identify exploration targets with the potential to host a resource base of at least one (1) million tonnes of copper and/or copper equivalent minerals.***

The Roseby Trend – Native Companion

The Native Companion prospect, situated within the Roseby Trend, was the primary exploration target within CYU's exploration portfolio area for 2015.

Native Companion – Drilling Program

Based on the results of the IP survey at Native Companion earlier this year, CYU identified several highly prospective drill targets that were the subject of the combined RC (reverse circulation) and diamond drilling program conducted throughout August 2015. Eight (8) drill holes were completed ranging in depth from 144m to 450m, totalling 1991m of drilling. A multi-purpose drilling rig (with capacity to drill both RC and diamond holes) was contracted. The diagram in Annexure B identifies the location of these eight drill holes at Native Companion.

The rationale for this drilling program was a combination of the following features:

- Historic shafts and workings
- MMI anomalies from previous CYU soil geochemical surveys
- Strong results from Altona's rotary air blast (RAB) drilling program
- Strong IP anomalies
- Encouraging results from the CYU drilling program in late 2014.

The costs for this drilling program were approximately \$360,000, against an initial budget (for 2,650m of drilling) of \$584,000.

Native Companion - Results

Assay results were received for all the RC drilling – this comprises almost all of the completed drilling for the program, with the exception of two diamond tails which were drilled to complete the two deeper (>200m) drill holes.

Assay highlights from the Native Companion program were as follows:

RBNC001: 8m @ 0.22% Cu and 0.05g/t Au from 124m
RBNC002: 12m @ 0.73% Cu and 0.32g/t Au from 68m including
2m @ 1.92% Cu and 0.09g/t Au from 20m
RBNC003: 2m @ 0.54% Cu and 0.04g/t Au from 72m
RBNC004: 12m @ 0.42% Cu and 0.14g/t Au from 18m
RBNC005: 12m @ 0.40% Cu and 0.38g/t Au from 72m
RBNC006: 10m @ 0.44% Cu and 0.02g/t Au from 94m including
2m @ 1.08% Cu and 0.06g/t Au from 100m
RBNC008: 34m @ 0.75% Cu and 0.21g/t Au from 54m including
4m @ 1.86% Cu and 0.21g/t Au from 84m.

[Note – drill holes RBNC004 and 007 were drilled to depths of 443 and 450m respectively, targeting deep IP geophysical anomalies.]

The assay results have demonstrated the existence of copper mineralisation across certain areas of the Native Companion prospect but results to date have not been in quantities or widths that are suggestive of a bulk tonnage ore body that would meet CYU's exploration target criteria of 1 million tonnes of copper and/or copper equivalent. It is evident from this drilling program however, that Native Companion is a large but structurally complex mineralised system which requires additional review and assessment.

Roseby South Joint Venture

In accordance with the terms of the earn-in joint venture with Altona Mining Limited, in order for CYU to complete its initial 30% earn-in right, a total of \$2m expenditure had to be incurred by CYU by 16 September 2015. As at that date, CYU had incurred an amount of approximately \$1,650,000. CYU took the approach that if there was sufficiently encouraging early signs from the drilling at Native Companion, then steps may have been taken to accelerate the program in order to meet the initial earn-in right. As this did not occur, CYU sought to complete the initial eight drill holes and then approached Altona seeking a variation of the joint venture terms, to allow CYU to continue to earn an interest in the Roseby South tenure. Negotiations with Altona were unsuccessful and, as noted in respective ASX releases on 30 September 2015 (by Altona and CYU) CYU's interests in the Roseby South JV lapsed.

Other Mount Isa Exploration

CYU's Mount Isa-based exploration team completed the following additional exploration work during the September Quarter in relation to other areas within the overall tenure package:

Roseby South JV - Oliver Twist/Mistake Creek

Geological mapping was conducted over an area of approximately 18km² that covered the entire magnetic anomaly previously defined at Oliver Twist-Mistake Creek. In general, the mapping determined that the magnetic anomaly correlates well with brecciated sediments and dolerite.

Copper mineralisation was found to typically occur in association with narrow, copper mineralised shear zones and occasionally as disseminated malachite and chalcopyrite within the matrix of the breccia in association with magnetite. A total of 27 rock chip samples were collected from the Mistake Creek prospect area and reported high grade copper associated with the narrow shear zones up to 8.14% Cu and 1.83 g/t Au. However, soil sampling results indicate that the high-grade shear-hosted copper mineralisation has limited size extent.

Soil sampling over the Oliver Twist-Mistake Creek area comprised 586 -80# soil samples collected on 400m east-west lines and at 50m spacing. Two moderate, +200ppm copper geochemical anomalies were defined and may warrant further follow up.

[Note – as indicated above, the Roseby South joint venture with Altona Mining Ltd lapsed during the September Quarter, so there will be no further work conducted by CYU on these prospects]

Mary Kathleen Gravity Survey (EPM 14467 / EPM 14022) – Mt Frosty and Elaine/Dorothy Prospects

During the September Quarter, CYU's exploration team finalised a gravity survey across parts of its tenure package that includes the Mt Frosty prospect, 57km east of Mount Isa. The diagram in Annexure C contains an illustration of the survey results and highlights the presence of a substantial gravity anomaly in the southern part of the Mt Frosty tenure.

The detailed gravity survey comprised 197 measurement stations and defined a 1.8km x 0.8km 3-5mGal gravity anomaly located 3km southeast of the historic Mary Kathleen mine. The anomaly correlates very well with substantial skarn alteration mapped at surface and serves to highlight the persistence of this alteration at depth. In addition, ductile shear zones were mapped adjacent to this anomaly, a very similar structural setting to that seen at Mary Kathleen and CYU's Elaine and Blue Caesar prospects.

3D inversion of the gravity data has also highlighted that Elaine and Blue Caesar occur on a significant northwest-trending gravity feature, with the most substantial anomaly on this corridor lying beneath the base of drilling at Blue Caesar. Follow-up mapping and soil geochemical sampling is planned for this area, with a view to establishing a further drilling program at Blue Caesar possibly later this year.

Mt Dorothy (EPM 14019)

131 soil samples were collected from this prospect in June and the assay results were generally subdued with one spot high of 2190ppm copper. Results have therefore downgraded this target.

Moonlight (EPM 12205)

A detailed gravity survey was also conducted over the Moonlight prospect, located 45km northwest of Cloncurry, during September 2015. The survey highlighted a 2.4km x 0.5km +5mGal anomaly corresponding to the margin of the Naraku Granite. The anomaly is coincident with a moderate magnetic anomaly, suggesting that it may be the result of magnetite alteration associated with the emplacement of the Naraku Granite. Additional work needs to be completed interpreting the gravity results with geological reconnaissance to ascertain the source of the anomalism and the nature of the nearby copper occurrences.

Exploration Expenditure for September 2015 Quarter

Across CYU's various exploration projects, a total of \$682,752 of expenditure was incurred for the September 2015 Quarter, a summary of which is as follows:

- **Mary Kathleen JV** - \$44,797 on geochemical soil sampling and geological consulting;
- **Mt Frosty JV** – \$41,411 on geochemical soil sampling and geological consulting;
- **Elementos farm-in** – \$4,751 on geological consulting and tenure fees; and
- **Altona/Roseby Copper South farm-in** – \$591,793 on geophysical survey program, drilling, assays, geological consulting, earthworks, and landowner payments.

Corporate Update

Proposed Acquisition Activities

CYU continues to pursue certain acquisition and project opportunities that are consistent with its objective of becoming a mid-tier copper producer. Due diligence reviews and ongoing (but as yet incomplete) negotiations are continuing and will be announced to the market as and when they are concluded.

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 30 September 2015, CYU had cash reserves of \$0.82m. Further details of CYU's financial activities during the June 2015 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

Top 10 shareholders of CYU as 30 September 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)	6,526,808	1.38
5	Citicorp Nominees Pty Limited	4,688,080	0.99
6	Premar Capital Nominees Pty Ltd	3,633,333	0.77
7	Mr Lawrence Chi-Yun Lee	3,069,988	0.65
8	UBS Wealth Management Australia Nominees P/L	2,708,514	0.57
9	Bannerblock Pty Ltd Super Fund	2,500,000	0.53
10	JP Morgan Nominees Australia Limited	2,465,047	0.52
TOTAL		342,864,096	72.48

Share Information – September 2015 Quarter

Issued share capital of 473,027,475 ordinary shares and 4 million performance shares. Quarter high traded price of \$0.022 (14 September 2015) and low of \$0.015 (28 August 2015).

Market capitalization – high \$10.406M, low \$7.095M.

Average daily volume of shares traded – 37,276 shares (\$693.00 average daily volume value).

Other Details:

Head Office

Level 8, Suite 4
320 Adelaide Street
Brisbane Q 4000
Phone: +61 7 3041 1306
Fax: +61 7 3010 9001
Website: www.cycal.com.au

Share Registry

Link Market Services Limited
Level 12, 300 Queen Street
Brisbane Q 4000
Phone: 1300 554 474
Fax: +61 7 3228 4999

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 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.

CYU's mining tenement interests as at 30 September 2015

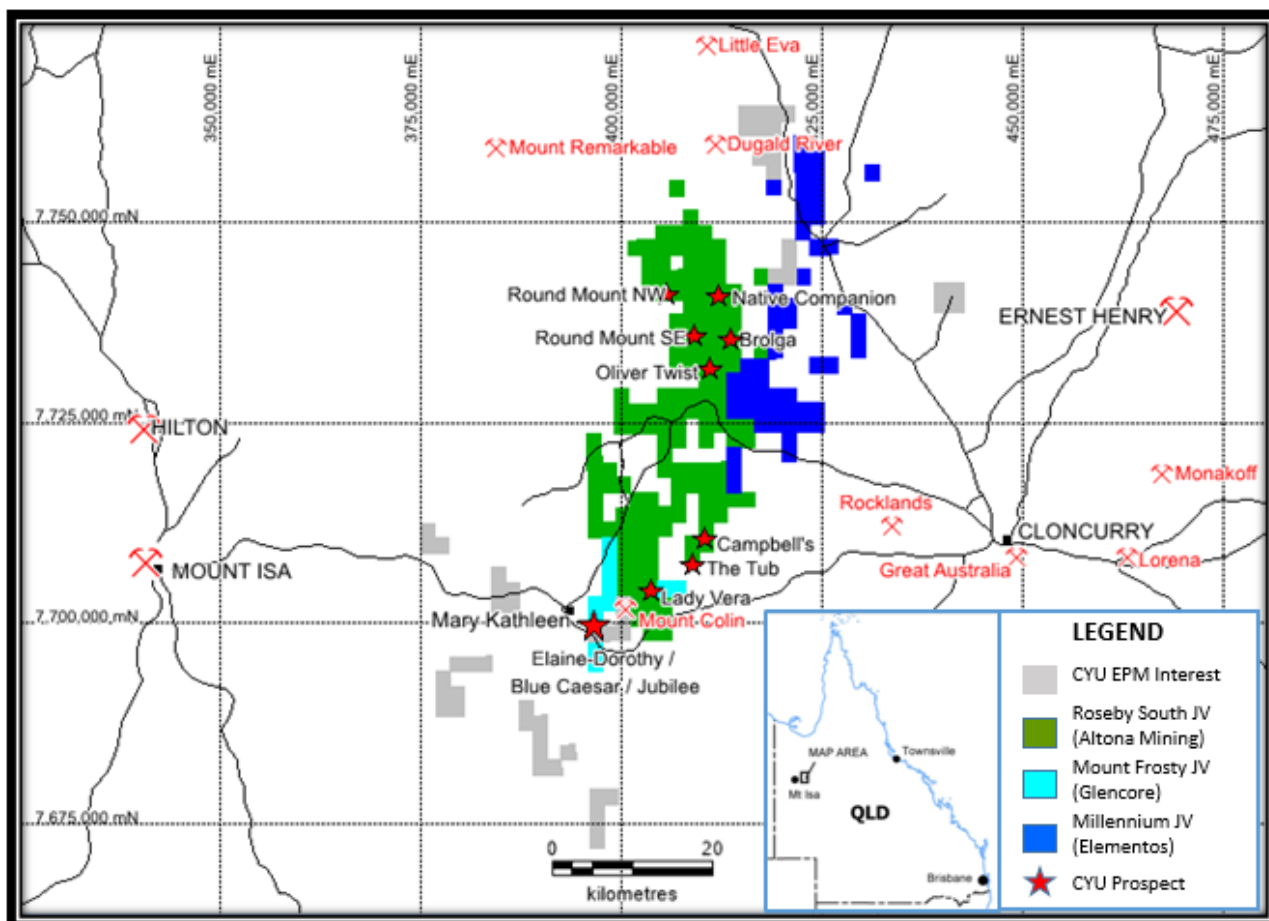
Project/Location	Tenement Reference	CYU % Interest	Comment
AUSTRALIA			
Cloncurry North	EPM 12205	90	Refer Note 1
Mount Isa East	EPM 15248	80	Refer Note 2
Pentland	ML 1631	100	
Mary Kathleen JV	EPMS 14019, 14022	80	Refer Note 3
Mt Frosty	EPM 14467	51	Refer Note 4
Roseby South	EPMS 9056, 10833, 11004, 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

Notes:

- 1. The other 10% is held by Yunnan Copper Mineral Resources Exploration & Development Co., Ltd (YEX).*
- 2. Relinquished during the September 2015 Quarter.*
- 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 was farming-in up to a 70% interest from Altona Mining Ltd and Roseby Copper (South) Pty Ltd, under agreement dated 16 September 2013. However, this agreement lapsed due to a failure by CYU to meet agreed earn-in expenditure and the parties' inability to agree on revised earn-in terms.*
- 6. CYU farming-in up to a 70% interest from Elementos Ltd and Element Minerals Australia Pty Ltd, under agreement dated 17 September 2013.*

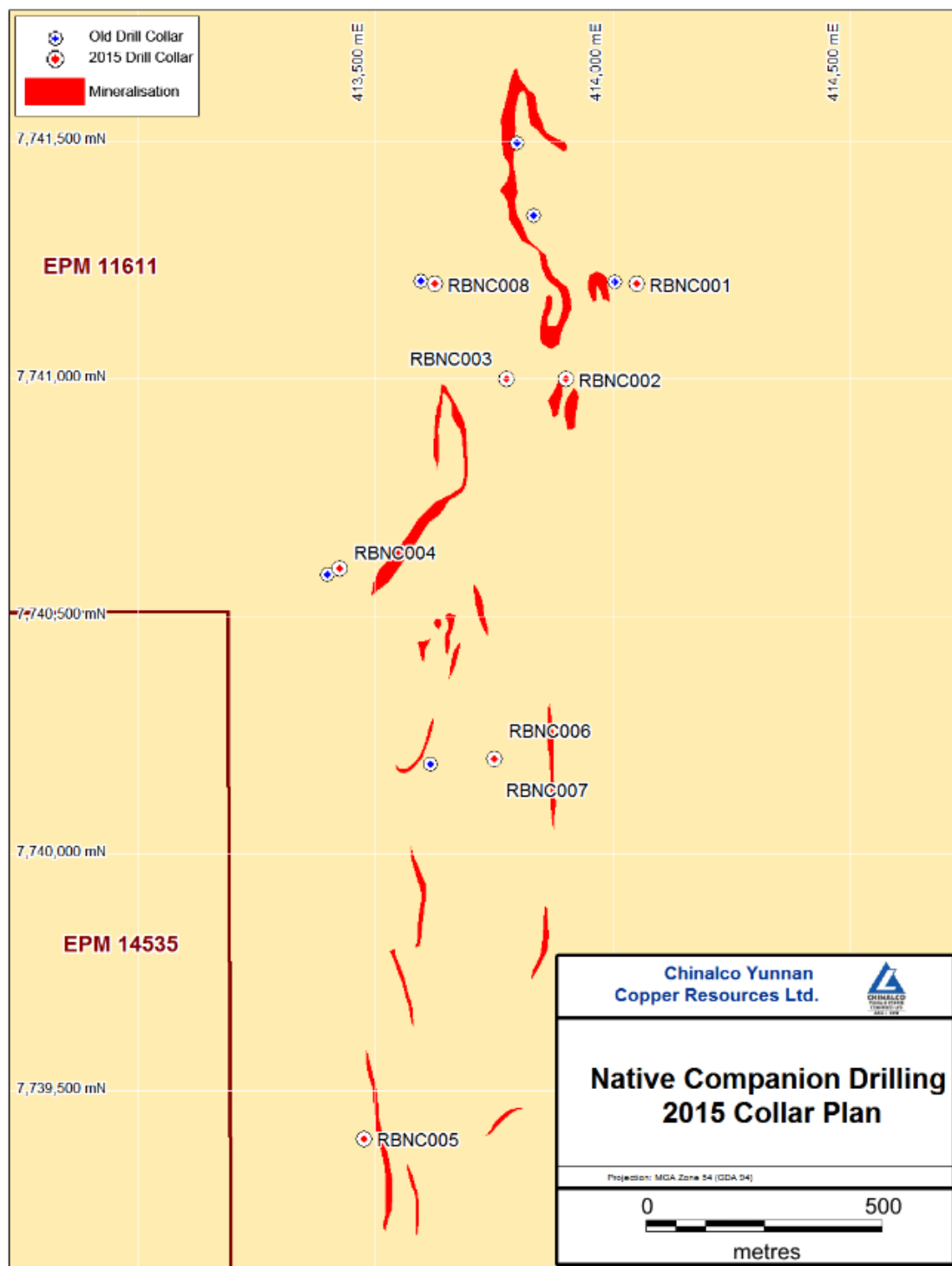
ANNEXURE A (Location of CYU's Mount Isa Tenure Holdings)

[Note – CYU's interests in the Roseby South JV lapsed during the September Quarter. In the future these tenure holdings will be depicted with the green shaded areas removed]



ANNEXURE B

(Location of Native Companion drill holes – August 2015 Program)



ANNEXURE C
(Mt Frosty Gravity Anomaly Diagram)

