



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:

591,276,475
Ordinary shares

2,000,000
Performance shares

Directors:

Zhihua Yao
Chairman
Paul Williams
Managing Director
Zewen (Robert) Yang
Executive Director
Xiancheng Wang
Non-Executive Director

Company Secretary:

Paul Marshall

**CHINALCO YUNNAN
COPPER RESOURCES
LTD**

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MARCH 2016 QUARTERLY ACTIVITIES REPORT

19 April 2016

Activities during the three months to 31 March 2016 included:

- Completion of an A\$1.18M share placement to Beijing-based JCHX Group.
- Appointment of a new non-executive director, Mr Xiancheng Wang, the chairman of JCHX Group.
- Ongoing assessment of copper and related project opportunities in the Democratic Republic of Congo (DRC) and other regions.
- Agreement between CYU and Goldsearch Ltd to formalise the 100% holding of CYU in EPMs 14019 and 14022, subject to a 1.75% net smelter royalty.
- Limited exploration activity across the Mount Isa tenure portfolio as CYU continues to review its future activities in that region.

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 focus on acquiring and developing near-term copper production activities (both locally and overseas), with a focus on the significant copper opportunities in the Democratic Republic of Congo in Africa.

The activities of CYU during the 3 months to 31 March 2016 are as follows:

JCHX Group Share Placement

Beijing-based JCHX Group, through a 100% subsidiary Bienitial International Co., Ltd (“BIC”), completed a share placement to provide initial funding to CYU of an amount of A\$1,182,490. The share placement was effected by way of 118,249,000 new ordinary CYU shares at an issue price of A\$0.01per share.

The issue of shares to BIC was completed on 11 March 2016. The new shares issued to BIC rank equally with existing ASX-listed ordinary CYU shares and BIC now holds 19.9% of the total issued CYU shares.

About the JCHX Group

Founded in 1997, the privately-owned JCHX Group controls one of China’s largest mining service companies, JCHX Mining Management Co., Ltd which currently manages 33 mining operations throughout China, and other parts of the world, including 4 mining service projects in Zambia, Africa.

JCHX Mining Management Co., Ltd was listed on the Shanghai Stock Exchange in June 2015 after successfully raised ¥ 1.633 billion (A\$360million). The current share market capitalisation of JCHX Mining Management on the Shanghai Stock Exchange is in excess of ¥ 8.42 billion (A\$1.8billion).

JCHX Mining Management Co., Ltd has a long-established business relationship with CYU’s largest shareholder, Yunnan Copper Industry (Group) Co., Ltd (“YCI”), being the mining contractor at several existing YCI copper mines. There exists a very strong understanding and relationship between the senior management of both YCI and JCHX Group, the benefits of which CYU is now deriving.

Senior management of JCHX Mining Management Co., Ltd, including Mr Xiancheng Wang, have a demonstrated track record of providing mining services in southern Africa, especially Zambia.

Appointment of New CYU Director

As part of the initial JCHX Group funding, the Chairman of JCHX Group, Mr Xiancheng Wang, has joined the Board of CYU. Mr Wang is a well-known and highly regarded Chinese businessman and his skills and expertise will be of significant benefit to CYU as it pursues its activities in the DRC. A short summary of Mr Wang’s achievements are set out below.

Mr Xiancheng Wang was born in August 1958 in China. He is of Chinese nationality with no permanent residence abroad. He holds a university diploma in engineering and now has a senior engineering qualification in China. He is the Chairman of JCHX Group Co., Ltd and JCHX Mining Management Co., Ltd.

Mr Wang served as a General Manager of JCHX Group Co., Ltd from December 1997 to May 2000. From March 1999 to now he served as the Chairman of the Company’s Communist Party Branch. From October 2010 to May 2011, Mr Wang served as the Chairman and General Manager of JCHX Mining Management Co., Ltd. From May 2011 to

December 2014, he served as Chairman and President of JCHX Mining Management Co., Ltd.

Mr Wang is also involved in some activities with various social organizations and holds different titles in the organizations such as Adjunct Professor of Central South University and Beijing University of Science and Technology; specialist of Expert Committee of China Association of Work Safety Expert Group; member of leadership team of "Large scale ultra-deep metal mining safety key technology research projects" of State Administration of Work Safety; Vice president of China Association of Productivity; Vice President of Zambia and China Chamber of Commerce; Vice President of Beijing and Zhejiang Chamber of Commerce; and Academician (Mining) of World Productivity Academy.

Mount Isa Exploration Activities

During the Quarter, CYU management was focussed almost entirely on the pursuit of the JCHX Group funding and assessing project opportunities in DRC and elsewhere. As a consequence, very limited exploration activities were conducted for the three months to 31 March 2016. It is fair to say that with the completion of the JCHX Group funding and the ongoing focus on projects in the DRC, CYU is seriously considering its ongoing presence in the Mount Isa region. The CYU Board is likely to make a formal decision about its future Mount Isa activities within the next 2-3 months.

Variation of Mary Kathleen Joint Venture

On 26 February 2016, CYU and Goldsearch Ltd agreed to vary the terms of the existing Mary Kathleen Joint Venture. *[Note that this Joint Venture relates to the tenure holdings comprising EPMs 14019, 14022 and 14467 (Mt Frosty)].* The principal agreed variation terms were to:

- Confirm that CYU was the holder of a 100% interest in the Joint Venture tenures, subject only to a 1.75% net smelter royalty back in favour of Goldsearch; and
- Terminate the existing Mary Kathleen Joint Venture, with neither party having any further rights or obligations in relation to that activity.

Under the previously agreed arrangements with Goldsearch, CYU had to incur a further \$1.5m of exploration expenditure before it could secure the final 20% interest in this tenure that it did not already hold. This latest variation effects a final transfer of the 20% interest from Goldsearch to CYU, but subject to a net smelter royalty arrangement.

Exploration Expenditure for March 2016 Quarter

Across CYU's various exploration projects, a total of \$18,000 of expenditure was incurred for the March 2016 Quarter, a summary of which is as follows:

- **Mary Kathleen JV** - \$10,000 on geological consulting and tenure admin fees;
- **Mt Frosty JV** – \$4,000 on tenure admin fees;
- **Elementos farm-in** – \$3,000 on tenure fees admin; and
- **Cloncurry North (EPM 12205)** – \$1,000 on tenure admin fees.

Corporate Update

Proposed Acquisition Activities

The CYU Board recently completed a strategic review of various project opportunities in the DRC, Australia and elsewhere. It has already become clear that the contacts, knowledge and influence of JCHX Group will play a significant role in assisting CYU to assess and ultimately secure these new project opportunities. The CYU Board continues to hold a view that the current difficult resources market conditions are ideal for business development and acquisition activities. As a result of the strategic review CYU intends to pursue the identified opportunities as a matter of urgency. Further news about these activities (and CYU's future intentions) will be made available to the market shortly.

Annual General Meeting

CYU is due to hold its Annual General Meeting on or before 31 May 2016. More details about the timing of this meeting (and the meeting agenda) will be notified to shareholders shortly.

Board Composition

Mr Zhihua Yao, Chairman

Mr Paul Williams, Managing Director

Mr Robert Yang, Executive Director

Mr Xiancheng Wang, Non-Executive Director (appointed 16 March 2016)

Mr Paul Marshall, Company Secretary

Financial Position

As at 31 March 2016, CYU had cash reserves of \$1.27M. This is more than sufficient funding to enable CYU to carry out project assessment review activities for the foreseeable future. In the event of CYU securing a project opportunity, additional funding will likely be required. Details of these requirements will be provided to shareholders and the market at the first available opportunity.

Further details of CYU's financial activities during the March 2016 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

Share Information – March 2016 Quarter

Issued share capital of 591,276,475 ordinary shares and 2 million performance shares. Quarter high traded price of \$0.018 (11 January 2016) and low of \$0.003 (25 January, 2 & 5 February 2016).

Market capitalization – high \$8.041M, low \$1.419M.

Average daily volume of shares traded – 296,630 shares (\$2,057 average daily volume value).

Top 10 shareholders of CYU as 31 March 2016:

Rank	Name	Number of Shares	%
1	China Yunnan Copper (Australia) Investment and Development Co Ltd [#]	299,922,326	50.73
2	Bienitial International Industrial Co., Ltd [#]	118,249,000	19.99
3	Elliott Nominees Pty Ltd (Elliott Exploration Co S/F)	7,150,000	1.21
4	Mr Norman Zillman	6,980,343	1.18
5	Kimbriki Nominees Pty Ltd (Kimbriki Hamilton SF A/C)	6,526,808	1.10
6	Citicorp Nominees Pty Limited	4,688,080	0.79
7	Mr Ianaki Semerdziev	4,341,495	0.73
8	Premar Capital Nominees Pty Ltd	3,633,333	0.61
9	Mr Lawrence Chi-Yun Lee	3,069,988	0.51
10	UBS Wealth Management Australia Nominees P/L	2,708,514	0.46
TOTAL		457,269,887	77.31

- Substantial Shareholder

Other Details:

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Share Registry

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On behalf of the Board

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Managing Director

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CYU's mining tenement interests as at 31 March 2016

Project/Location	Tenement Reference	CYU % Interest	Comment
AUSTRALIA			
Cloncurry North	EPM 12205	90	Refer Note 1
Pentland	ML 1631	100	
Mary Kathleen JV	EPMS 14019, 14022	100	Refer Note 2
Mt Frosty	EPM 14467	51	Refer Note 3
Millennium	MLs 2512, 2761, 2762, 7506,7507	Nil – earning in	Refer Note 4

Notes:

- 1. The other 10% is held by Yunnan Copper Mineral Resources Exploration & Development Co., Ltd (YEX).*
- 2. Pursuant to the variation deed of 26 February 2016, CYU has secured a 100% interest in these tenements, subject to a 1.75% net smelter royalty held by GSE.*
- 3. 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.*
- 4. 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)

