



FINANCIAL REPORT

For the half-year ended 30 June 2016

CORPORATE DIRECTORY

Board of Directors Zihua Yao (Chairman) Paul Williams (Managing Director) Zewen Yang (Executive Director) Xiancheng Wang (Non-Executive Director) Qinghai Wang (Alternate Director) Company Secretary Paul Marshall ASX Code: CYU	Head Office Suite 6, Level 11 320 Adelaide Street Brisbane QLD 4000 Telephone: 07 3041 1306 Email: admin@cycal.com.au Website: www.cycal.com.au
Auditors Ernst and Young Level 51 111 Eagle Street Brisbane QLD 4000 Telephone: 07 3011 3333 Fax: 07 3011 3100 Website: www.ey.com	Share Registry Link Market Services Limited Level 15 324 Queen Street Brisbane QLD 4000 Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au

DIRECTORS' REPORT

Your directors present their report on Chinalco Yunnan Copper Resources Limited for the half-year ended 30 June 2016.

DIRECTORS

The following persons were directors of Chinalco Yunnan Copper Resources Limited ('CYU' or 'the Company') during the whole of the half-year and up to the date of this report, unless stated:

Zihua Yao	(Chairman)	
Paul Williams	(Managing Director)	
Zewen (Robert) Yang	(Executive Director)	
Xiancheng Wang	(Non-Executive Director)	Appointed 16 March 2016
Qinghai Wang	(Alternate Director – Xiancheng Wang)	Appointed 16 March 2016

REVIEW OF OPERATIONS

For the half-year ended 30 June 2016 the Company and its Controlled Entities ("Controlled Entity") made a loss of \$357,345.

CYU is maintaining a twofold strategy of firstly assessing significant project acquisition opportunities (both locally and overseas) and secondly, reviewing its exploration holdings in the Mount Isa region of north-west Queensland.

JCHX Group Participation

In the half-year ended 30 June 2016, the Company welcomed the introduction of a new substantial shareholder, JCHX Group ("JCHX"). JCHX 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 projects in Zambia, Africa. Chairman of JCHX, Mr Xiancheng Wang was also appointed as a non-executive director of the Company.

Acquisition Opportunities

The Company is continuing 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 proceeding.

Mount Isa Activities

The Company is continuing to review the nature and extent of further exploration activities within its tenure holdings in the Mount Isa region. During the half-year period to 30 June 2016, the Company:

- Terminated its existing Joint Venture with Goldsearch Limited, thereby securing a further 20% interest in the JV tenures, subject to a 1.75% net smelter royalty;
- Agreed with Elementos Limited to terminate the existing Millennium farm-in Joint Venture, with CYU relinquishing all interests in the various EPM and Mining Leases that formed part of the Millennium JV; and
- Made application to the Qld Department of Natural Resources and Mines to renew two existing tenure holdings – EPMs 14022 and 12205.

FUNDING ARRANGEMENTS

The Company is reliant on future successful capital raisings to realise the benefits of the capitalised exploration costs. Based on the success of prior capital raisings and the progress with current projects, the Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due.

EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2016 that impact upon the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Director's report for the half-year ended 30 June 2016.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and some smaller, less distinct strokes.

Paul Williams
Director
1 August 2016

Auditor's Independence Declaration to the Directors of Chinalco Yunnan Copper Resources Limited

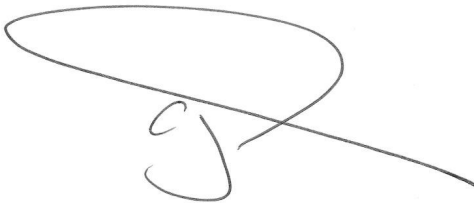
As lead auditor for the review of Chinalco Yunnan Copper Resources Limited for the half-year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Chinalco Yunnan Copper Resources Limited and the entities it controlled during the financial period.



Ernst & Young



Andrew Carrick
Partner
1 August 2016

**Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016**

	Note	6 months ended June 2016 \$	6 months ended June 2015 \$
Finance income		3,737	35,351
Gain on disposal of plant and equipment		47,822	-
Gain on disposal of exploration expenditure		30,000	-
Refund on previously incurred project generation costs	4	234,086	-
Other income		18,118	-
Employment and consultancy expenses		(428,161)	(412,322)
Depreciation expense		(14,133)	(21,423)
Impairment of exploration expenditure	3	-	(201,034)
Project generation and other exploration costs expensed		(46,050)	(74,514)
Administration expenses		(192,764)	(287,285)
Gain recognized on deconsolidation of subsidiary	2	-	373,885
Loss before income tax		(347,345)	(587,342)
Income tax expense		-	-
Loss for the period – continuing operations		(347,345)	(587,342)
Loss after income tax – discontinued operations	7	-	(7,667)
Loss after income tax		(347,345)	(595,009)
Other comprehensive income/(loss)			
<u>Items that subsequently may be reclassified to profit or loss</u>			
Foreign currency translation differences for foreign operations		-	(213,437)
Gains on available for sale financial assets		5,000	-
Income tax		-	-
Other comprehensive income/(loss) for the period, net of tax		5,000	(213,437)
Total comprehensive loss		(342,345)	(808,446)
		Cents	Cents
Earnings per share			
Basic and diluted loss per share - continuing operations		(0.07)	(0.13)
Basic and diluted loss per share		(0.07)	(0.13)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Balance Sheet
As at 30 June 2016**

	Note	June 2016 \$	December 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		965,071	156,882
Trade and other receivables		12,464	21,264
Other current assets		9,939	40,123
TOTAL CURRENT ASSETS		987,474	218,269
NON-CURRENT ASSETS			
Other receivables		20,257	20,257
Available for sale financial assets		35,000	-
Plant and equipment		37,505	66,571
Exploration expenditure	3	4,400,000	4,400,000
TOTAL NON-CURRENT ASSETS		4,492,762	4,486,828
TOTAL ASSETS		5,480,236	4,705,097
CURRENT LIABILITIES			
Trade and other payables		256,623	309,724
Employee benefit provisions		38,538	45,028
TOTAL CURRENT LIABILITIES		295,161	354,752
TOTAL LIABILITIES		295,161	354,752
NET ASSETS		5,185,075	4,350,345
EQUITY			
Share capital	5	40,670,035	39,492,960
Reserves		394,457	389,457
Accumulated losses		(35,879,417)	(35,532,072)
TOTAL EQUITY		5,185,075	4,350,345

The Consolidated Balance Sheet should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016**

Consolidated Entity	Share Capital	Reserves	Accumulated Losses	Total Parent Equity	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2015	39,492,960	602,894	(26,419,548)	13,676,306	(154,064)	13,522,242
Transactions with owners in their capacity as owners						
Issue of share capital	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Comprehensive income						
Loss after income tax	-	-	(595,009)	(595,009)	-	(595,009)
Other comprehensive income	-	(213,437)	-	(213,437)	-	(213,437)
Deconsolidation of subsidiary						
De-recognition of Non-Controlling Interest	-	-	-	-	154,064	154,064
Balance at 30 June 2015	39,492,960	389,457	(27,014,557)	12,867,860	-	12,867,860
Balance at 1 January 2016	39,492,960	389,457	(35,532,072)	4,350,345	-	4,350,345
Transactions with owners in their capacity as owners						
Issue of share capital	1,182,490	-	-	1,182,490	-	1,182,490
Share issue costs	(5,415)	-	-	(5,415)	-	(5,415)
Comprehensive income						
Loss after income tax	-	-	(347,345)	(347,345)	-	(347,345)
Other comprehensive income	-	5,000	-	5,000	-	5,000
Balance at 30 June 2016	40,670,035	394,457	(35,879,417)	5,185,075	-	5,185,075

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Cash Flow Statement
For the six months ended 30 June 2016

	Note	6 months ended June 2016 \$	6 months ended June 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Refund on previously incurred project generation costs		234,086	-
Receipts from other revenue		18,118	-
Payments to suppliers and employees		(687,583)	(667,197)
Interest received		3,737	64,212
Operating cash flows from discontinued operations		-	(7,667)
Net cash used in operating activities		(431,642)	(610,652)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposit refunds/(payments)		-	2,400
Payments for property, plant & equipment		-	(38,296)
Proceeds from sale of property, plant & equipment		62,756	-
Payments for exploration and evaluation		-	(388,584)
Net outflow of cash on deconsolidation of subsidiary	2	-	(79,402)
Net cash used in investing activities		62,756	(503,882)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,182,490	-
Capital raising costs paid		(5,415)	-
Net cash provided by financing activities		1,177,075	-
Net increase/(decrease) in cash and cash equivalents		808,189	(1,114,534)
Cash and cash equivalents at the beginning of the period		156,882	3,171,216
Cash and cash equivalents at the end of the period		965,071	2,056,882

The Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Chinalco Yunnan Copper Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2016 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

b) Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 December 2015.

This consolidated interim financial report was approved by the Board of Directors on 1 August 2016.

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect the recognition or measurement of the results or financial position of the Consolidated Entity.

Accounting Policies

With the exception of the below, the accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 31 December 2015.

(i) *Financial Instruments: Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold more than 12 months after the end of the reporting period. All other financial assets are classified as current assets.

As at 30 June 2016 CYU hold 500,000 shares in Hammer Metals Limited (ASX: HMX) acquired in exchange for surrendering tenement rights from the Millennium Joint Venture. These shares were valued at period end using the closing share price for Hammer Metals Limited on 30 June 2016, consistent with a Level 1 measurement technique.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c) Going Concern

As at 30 June 2016 the Consolidated Entity had cash reserves of \$965,071, and net assets of \$5,185,075. The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the following:

- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

Based on the success of previous capital raisings combined with the ongoing support of its key shareholders, the potential to attract a farm-in partners for projects and the potential sale of the current portfolio of exploration assets held, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Directors are confident of securing funds as and when necessary to meet the Consolidated Entity's obligations as and when they fall due.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

NOTE 2 BUSINESS COMBINATIONS – DECONSOLIDATION OF SANMU

On 1 January 2015, CYU relinquished all and any control of Yunnan Copper San Mu Mining Industry Co Ltd (Sanmu) to Yunnan Copper Industry (Group) Co Ltd (YCI).

All of the representative directors of CYU that were appointed to the Board of Sanmu were removed as directors prior to 1 January 2015 and since that time YCI has controlled all activities and the direction of Sanmu, and its Laos subsidiaries at both an operational and corporate level.

CYU is not under any future obligation to contribute additional funds towards Sanmu as part of the dissolution process or for any other purpose.

Based on the above, CYU was deemed to have lost control of on 1 January 2015, and the Company's investment was reclassified to an *Investment accounted for using the equity method* on that date.

Details of the net assets deconsolidated on loss of control

	1 January 2015 \$
<u>Fair value of Sanmu's net assets/(liabilities)</u>	
Cash and cash equivalents	79,402
Trade and other receivables	117,172
Plant and equipment	152,648
Trade and other payables	(663,639)
Sanmu's net (liabilities)	(314,417)
Less 49% non-controlling interests	154,064
Parent entity's interest in net liabilities deconsolidated	(160,353)
Foreign currency reserve transferred to income statement on deconsolidation	(213,532)
(Gain) recognized on deconsolidation of subsidiary to owners of the Parent Entity	(373,885)

Cashflow impact of deconsolidation

As a result of the deconsolidation of Sanmu, CYU derecognized \$79,402 in cash and cash equivalents in its Balance Sheet. This impact is shown as an outflow of cash in Cash Flow Statement under the category *Cash Flows from Investing Activities*.

Reclassification of investment

CYU's 51% equity interest Sanmu was reclassified to an *Investment accounted for using the equity method* on 1 January 2015.

Sanmu had a net asset deficiency of \$314,417 on that date. CYU's share of that deficiency was \$160,353. At the time of the loss of control and consistent with Sanmu's net asset deficiency, the fair value of the equity accounted investment was determined to be \$Nil. As CYU is not under any future obligation to contribute additional funds towards Sanmu, it has not recorded any interest in Sanmu's loss for the periods ended 30 June 2015 and 30 June 2016.

	June 2016	December 2015
	\$	\$
NOTE 3 EXPLORATION EXPENDITURE		
Exploration expenditure capitalised		
Opening balance	4,400,000	10,898,096
Net current period expenditure	-	1,431,528
Impairment of exploration expenditure	-	(7,929,624)
	4,400,000	4,400,000

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

NOTE 4 REFUND ON PREVIOUSLY INCURRED PROJECT GENERATION COSTS

During the half-year ended 30 June 2016, the Company agreed with, China Yunnan Copper (Australia) Investment and Development Co Ltd (CYC - substantial shareholder), that CYC would reimburse the Company for costs incurred in connection with due diligence activity associated with a proposed acquisition in the Democratic Republic of Congo. The costs were incurred during the financial year ended 31 December 2015 and were treated as an expense at that time. The refund received was a reimbursement of costs with no profit or margin earned.

NOTE 5 SHARE CAPITAL

Fully paid ordinary shares	40,670,035	39,492,960
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Ordinary Shares

	June 2016	December 2015	June 2016	December 2015
	\$	\$	Number	Number
At the beginning of the period	39,492,960	39,492,960	473,027,475	473,027,475
Issued during the period ¹	1,182,490	-	118,249,000	-
Share issue expenses	(5,415)	-	-	-
At reporting date	40,670,035	39,492,960	591,276,475	473,027,475

⁽¹⁾ June 2016: A total of 118,249,000 shares were issued during the period through a placement at 1 cent per share.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 6 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Management currently identifies the Consolidated Entity as having only one reportable segment, being exploration for minerals in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. All assets are located in Australia.

NOTE 7 DISCONTINUED OPERATIONS

The prior period loss from discontinued operations relates to CYU's Chilean operations. CYU has withdrawn from its exploration portfolio in Chile and is in the process of winding up its Chilean subsidiary, China Yunnan Copper Australia Chile Limitada.

NOTE 9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2016 (2015: Nil).

NOTE 10 EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2016 that impact upon the financial report.

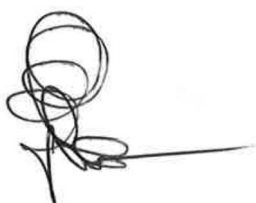
DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and some smaller loops.

Paul Williams
Director

1 August 2015

Independent review report to members of Chinalco Yunnan Copper Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Chinalco Yunnan Copper Resources Limited, which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Chinalco Yunnan Copper Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Chinalco Yunnan Copper Resources Limited is not in accordance with the *Corporations Act 2001*, including:

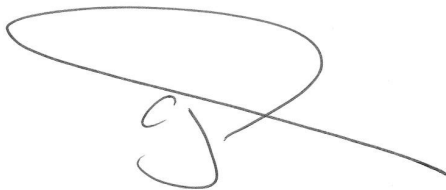
- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1(c) in the half-year financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.



Ernst & Young



Andrew Carrick
Partner
Brisbane
1 August 2016