



ABN 27 099 098 192

CYU is a resource exploration and development company seeking to become a mid-tier copper producer

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

**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

CYU STRATEGIC CO-OPERATION AGREEMENT WITH JCHX GROUP, BEIJING

22 October 2015

Summary

- On 8 September 2015 CYU announced its intention to pursue several copper processing and mining opportunities in the Democratic Republic of Congo (DRC) in central Africa.
- CYU has entered into a strategic co-operation agreement with the Beijing-based JCHX Group Co., Ltd (“JCHX”) to provide funding for CYU’s proposed activities in the DRC.
- JCHX was formed in China in 1997 as a private enterprise. JCHX-controlled JCHX Mining Management Co., Ltd was successfully listed on the Shanghai Stock Exchange in June 2015 and has a total market capitalisation of 9.33 billion yuan (A\$2.07billion).
- The first stage of the co-operation between CYU and JCHX is the provision of A\$4.5m of funding to CYU via a share placement and convertible bond issue, scheduled to be completed by 31 October 2015.
- Chairman and founder of JCHX, Mr Wang Xiancheng, will join the CYU Board as a non-executive director.

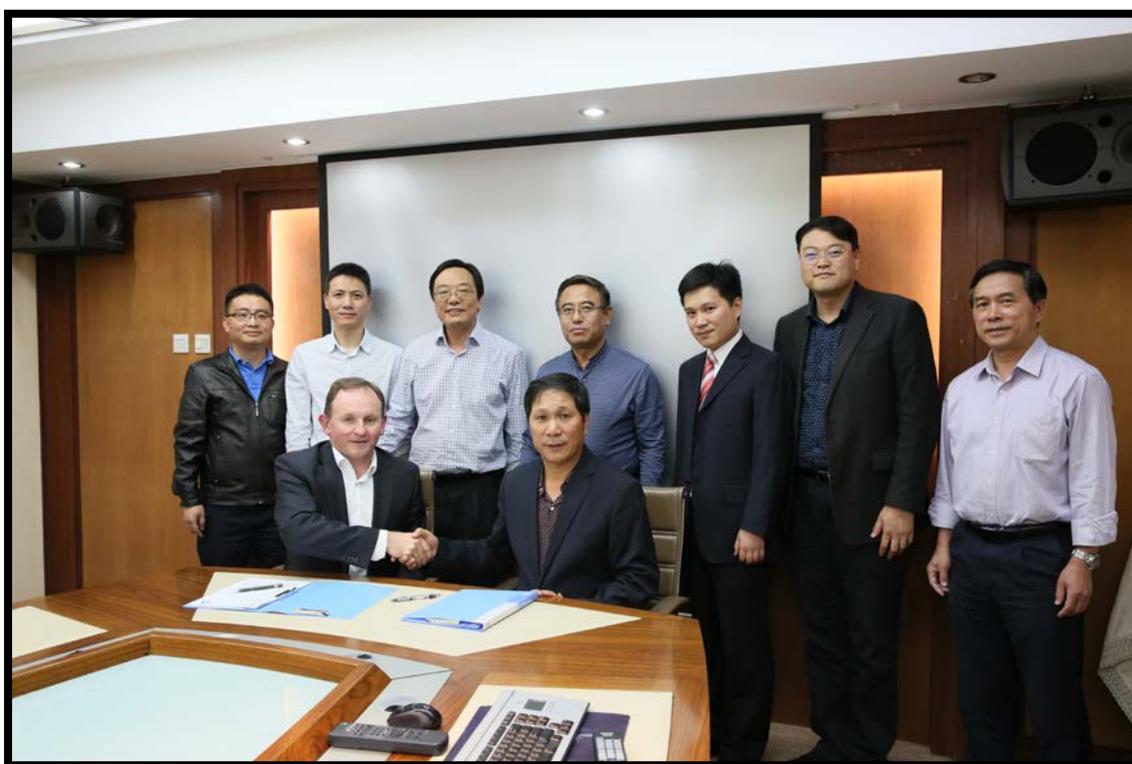
The Board of Chinalco Yunnan Copper Resources Ltd (ASX:CYU) continues to focus on transforming the Company into a substantial mid-tier mining group, with a primary focus on acquiring and developing near-term copper production activities (both locally and overseas) as well as conducting exploration in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

Introduction

The Board of CYU is pleased to announce the establishment of a strategic co-operation agreement with the Beijing-based JCHX Group Co., Ltd (“JCHX”). The primary intention of the agreement is for JCHX to participate with CYU in its proposed development and acquisition of copper opportunities in the Democratic Republic of Congo (“DRC”).

The JCHX co-operation will involve the initial provision of a total of A\$4.5million of funding to CYU, additional funding contributions towards DRC project opportunities, and mining construction services in the DRC.

The founder and current Chairman of JCHX, Mr Wang Xiancheng, will also join the CYU Board as a non-executive director.



*Signing ceremony of the CYU/JCHX co-operation agreement at the JCHX Beijing offices
(Seated are Mr Wang Xiancheng and Mr Paul Williams)*

About the JCHX Group

JCHX was established in 1997 and is the controlling shareholder of JCHX Mining Management Co., Ltd, which is one of China's largest mining services companies. JCHX Mining Management Co., Ltd is currently managing and servicing 33 mining projects throughout China, and other parts of the world, including 4 mining services projects in Zambia, Africa.

JCHX Mining Management Co., Ltd successfully raised 1.633 billion yuan (A\$360million) and in June 2015 listed on the Shanghai Stock Exchange. The current total market capitalisation of JCHX Mining Management Co. Ltd on the Shanghai Stock Exchange is 9.33 billion yuan (A\$2.07billion).

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, the benefits of which CYU is now deriving.

Senior management of JCHX, including Mr Wang Xiancheng, have a long-term experience in providing mining services in Africa, especially Zambia. JCHX has identified a number of major mining investment opportunities in the Democratic Republic of Congo.

JCHX Funding

JCHX, through a 100% subsidiary, Bienitial International Co., Ltd ("BIC") has agreed to provide initial funding to CYU of an amount of A\$4.5m, which is in the form of:

- (a) a share placement of A\$1million; and
- (b) a convertible bond issue of A\$3.5million.

The issue of shares and convertible bonds to BIC is expected to be completed on or about 31 October 2015.

The new shares to be issued to BIC will rank equally with existing ASX-listed ordinary CYU shares. The issue price for the shares will be calculated according to a formula being 90% of the volume-weighted average price ("VWAP") of CYU shares as traded on the ASX for the previous 20 business days leading up to settlement of funding.

A summary of the terms applicable to the BIC convertible bonds is as follows:

- 3.5million CYU bonds to be issued at a face value of A\$1.00 each;
- maturity of the bonds occurs within 2 years from the date of issue;
- interest at the rate of 6% per annum is incurred on the bonds and is payable at maturity;
- at the election of BIC, up to 50% of the bonds (and up to 50% of any unpaid interest) can be repaid in cash by CYU and then the balance to be converted into ordinary CYU shares at maturity;
- in the event of BIC electing to convert some of the bonds into CYU shares, the following terms apply:
 - an 8% per annum return (including the 6% interest as noted above) shall apply;
 - CYU shall issue freely-tradeable new fully paid ordinary shares in respect of the amount of bonds (and interest) that are converted;
 - the issue price for these converted shares shall be calculated in accordance with the VWAP for trading of CYU's shares on the ASX over the preceding 20 trading days; and
 - if required under Australian requirements, CYU shareholder approval will need to be obtained prior to issue of the shares upon conversion.

CYU is currently seeking final approval from China Copper Corporation Limited (a subsidiary of Chinalco, CYU's ultimate largest shareholder) for the JCHX funding to proceed. This approval is necessary in accordance with Chinese regulatory requirements.

Appointment of New CYU Director

As part of the initial JCHX funding, the Chairman of JCHX, Mr Wang Xiancheng, shall join 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 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 and General Secretary of 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.

ooo000ooo

CYU Managing Director, Paul Williams, said the CYU Board welcomed the new strategic co-operation with JCHX Group. "CYU is very fortunate to have been able to secure this opportunity with JCHX, thanks in large part to the strong and long-term business relationship that JCHX has with YCI. The financial participation by JCHX is a strong endorsement of CYU and its future ambitions in the DRC. The benefits that JCHX (and new director Mr Wang) will bring to CYU and its shareholders are likely to be substantial."

On behalf of the Board

Paul Williams
Managing Director
paul.williams@cycal.com.au
+61 419 762 487