



23 October 2012

Dear Shareholder

### Underwritten non-renounceable rights issue to raise approximately \$8.67 million

On 22 October 2012, Chinalco Yunnan Copper Resources Ltd (ASX:CYU) (**Company**) announced a pro-rata, non-renounceable rights issue to eligible shareholders, on the basis of 1 new fully paid ordinary share (**New Shares**) for 2 shares held, at an issue price of \$0.10 per New Share, to raise approximately \$8.67 million before costs (**Offer**). The Offer will be available to all eligible shareholders who hold shares as at 7:00pm (AEDT) on the record date of 30 October 2012. Following quotation, the New Shares will rank equally in all respects from the date of allotment with existing quoted shares on issue.

The Offer is underwritten up to approximately \$6.93 million, representing 80% of the total Offer, by China Yunnan Copper (Australia) Investment and Development Co. Ltd, the Company's largest shareholder. The underwriting means that the receipt of at least 80% of the funds sought under the Offer can be guaranteed and the Company will be able to implement its planned activities. A nominal \$1 fee is being charged in relation to the underwriting provided.

The Offer is being undertaken pursuant to a prospectus issued under section 713 of the Corporations Act (**Prospectus**), which was lodged with ASIC and ASX on 22 October 2012. Full details of the Offer are set out in the Prospectus. It is available on the ASX website and also on the Company's website, [www.cycal.com.au](http://www.cycal.com.au). The Prospectus, along with an Entitlement and Acceptance Form, will be dispatched to eligible shareholders on 1 November 2012. Potential investors should consider the Prospectus in full in deciding whether to acquire the securities offered. Anyone who wants to acquire the securities offered will need to follow the instructions on the Entitlement and Acceptance Form that will accompany the Prospectus.

The Company has determined that only those shareholders with registered addresses in Australia or New Zealand will be eligible to participate in the Offer.

The funds raised under the Offer (after payment of costs) will be used to continue to develop the Company's business and meet its strategic goals as identified in Section 1.5 of the Prospectus. More particularly, funds raised under the Offer have been earmarked for exploration activities in Chile, Australia and Laos where the Company's current projects are held and working capital purposes.

A proposed timetable for the Offer is set out below:

|  |                                |
|--|--------------------------------|
| Announcement of the Offer  | 22 October 2012                |
| Prospectus lodged with ASIC and ASX  | 22 October 2012                |
| Notice sent to Eligible Shareholders with information on the Offer                               | 23 October 2012                |
| Shares commence trading on an "ex" basis ("ex" date)   | 24 October 2012                |
| Record Date to determine Entitlements under the Offer  | 30 October 2012 (7:00pm AEDT)  |
| Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders              | 1 November 2012                |
| Opening Date of Offer  | 1 November 2012 (9:00am AEDT)  |
| Closing Date of Offer  | 16 November 2012 (5:00pm AEDT) |
| New Shares quoted on a deferred settlement basis   | 19 November 2012               |
| Expected date of allotment of New Shares applied for under the Offer and any Shortfall           | 23 November 2012               |
| Deferred settlement trading ends   | 23 November 2012               |
| Expected date of dispatch of transaction confirmation statements                                 | 26 November 2012               |
| Expected date for commencement of normal trading of New Shares issued under the Offer on the ASX | 26 November 2012               |

These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

#### **Further information**

The Company anticipates that up to 86,679,154 New Shares will be issued under the Offer. The New Shares will be issued for \$0.10 each. Upon completion of the Offer, the issued capital of the Company will comprise approximately 260,037,462 shares.

Entitlements to New Shares and New Options pursuant to the Offer are non-renounceable and accordingly will not be traded on the ASX. Following quotation, the New Shares will rank equally in all respects from the date of allotment with existing quoted shares on issue. Fractional entitlements under the Offer will be rounded up to the nearest whole number.

Trading in the New Shares on the ASX is expected to commence on or about 26 November 2012. An Appendix 3B applying for quotation of the New Shares has been lodged with ASX. The Company encourages all eligible shareholders to participate in the Offer.

For further information, please contact Jason Beckton, Managing Director on 0438 888 612 or by email at [jason@cycal.com.au](mailto:jason@cycal.com.au).

Yours faithfully,



Jason Beckton  
Managing Director  
Chinalco Yunnan Copper Resources Ltd