



**Chinalco Yunnan Copper Resources Limited**

**ABN 29 070 859 522**

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2013**

## CORPORATE DIRECTORY

### Board of Directors

Mr Zhihua Yao (Chairman)  
Paul Williams (Managing Director)  
Zewen Yang (Executive Director)

### Company Secretary

Paul Marshall

<p><b>Registered Office</b></p> <p>Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Brisbane QLD 4000</p> <p>Telephone: 07 3211 9013 Facsimile: 07 3010 9001 Email: admin@cycal.com.au Website: www.cycal.com.au</p>	<p><b>Solicitors</b></p> <p>Hopgood Ganim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Brisbane QLD 4000</p> <p>Telephone: (07) 3024 0000 Facsimile: (07) 3024 0300 Website: www.hopgoodganim.com.au</p>
<p><b>Auditors</b></p> <p>KPMG 10 Shelley Street Sydney NSW 2000</p> <p>Telephone: 02 9335 7000 Fax: 02 9335 7001 Website: www.kpmg.com.au</p>	<p><b>Share Registry</b></p> <p>Link Market Services Limited Level 19 324 Queen Street Brisbane QLD 4000</p> <p>Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au</p>

## DIRECTORS' REPORT

Your directors present their report on Chinalco Yunnan Copper Resources Limited for the half-year ended 31 December 2013.

### 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:

Zhijia Yao	(Chairman)
Paul Williams	(Managing Director)
Zewen (Robert) Yang	(Executive Director)
Richard Hatcher	(Executive Director, resigned 26 August 2013)

### REVIEW OF OPERATIONS

For the half-year ended 31 December 2013 the Company and its Controlled Entities ('Consolidated Entity') made a loss of \$4,297,553 (2012: \$5,192,041). Included in the loss are impairment charges totaling \$2,577,114 relating to the Stanley's Hope prospects in North Queensland, the Sulfato prospect in Chile and the Modeng and Nadao prospects in Laos.

CYU has maintained its twofold strategy of firstly, assessing significant project generation/acquisition opportunities and secondly, the exploration of current projects in the Mt Isa area in Queensland, Australia and also in Chile.

#### Australia

CYU continued to advance its projects in the Mt Isa region of northwest Queensland with the completion of encouraging exploration drilling programs at its Blue Caesar project together with the significant expansion of CYU's overall tenure holding pursuant to the farm-in agreements entered into in September 2013 with Altona Mining Ltd and Elementos Ltd. An initial exploration drilling program at the Millennium project in November 2013 yielded results that exceeded expectations. Other activities conducted by CYU's Mt Isa-based team across the 1000km<sup>2</sup> tenure area have identified several prospective targets and created a strong platform for future exploration in the region.

#### Chile

A two-hole diamond drilling program was conducted at the Sulfato project during October/November 2013. Unfortunately the results from this program were disappointing and it is unlikely that CYU will pursue any further activities at this project.

CYU also completed a geophysics program at the Palmani project. Future exploration drilling targets have been identified but due to the rugged mountainous terrain (and therefore the costly nature of any program) CYU management continues to assess funding options for such an activity before signalling its intention to proceed.

#### Laos

CYU management (in conjunction with the board of San Mu Mining) commenced a sale process in relation to the company's existing project interests in Laos. The board expects to receive offers from interested parties in the coming months.

### Competent Person's Statement

*The information regarding exploration activities and information set out in this ASX Release is based on information compiled by Mr Trevor Leahey, a Competent Person, who is CYU's Exploration Manager, a Chartered Professional Geologist and a Member of the Australasian Institute of Mining and Metallurgy. Mr Leahey 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. Leahey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

### **FUNDING ARRANGMENTS**

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.

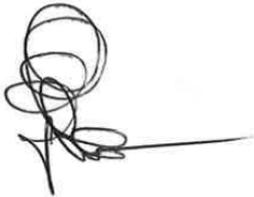
### **EVENTS AFTER BALANCE SHEET DATE**

There have been no events since 31 December 2013 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 31 December 2013.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Paul Williams  
Director  
7 February 2014



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Chinalco Yunnan Copper Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Mark Epper  
*Partner*

Sydney

7 February 2014

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the half-year ended 31 December 2013**

	Note	Half-Year Ended 31 December 2013 \$	2012 \$
Interest revenue		14,816	22,983
Employment and consultancy expenses		(829,073)	(526,547)
Depreciation expense		(51,276)	(44,926)
Finance costs		-	(181)
Impairment of exploration expenditure	8	(2,577,114)	(3,777,567)
Project generation and other exploration costs expensed		(286,682)	(19,020)
Administration expenses		(568,224)	(800,308)
Share of equity accounted associate's profit/(loss)	3	-	(46,475)
Loss before income tax		(4,297,553)	(5,192,041)
Income tax expense		-	-
Loss after income tax		(4,297,553)	(5,192,041)
<b>Other comprehensive loss</b>			
<u>Items that subsequently may be reclassified to profit or loss</u>			
Foreign currency translation differences for foreign operations		267,466	(93,912)
Other comprehensive loss for the period, net of tax		267,466	(93,912)
<b>Total comprehensive loss for the period</b>		(4,030,087)	(5,285,953)
<b>Loss after income tax attributable to:</b>			
Owners of the Parent Entity		(3,497,930)	(5,158,263)
Non-Controlling Interest		(799,623)	(33,778)
		(4,297,553)	(5,192,041)
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent Entity		(3,314,852)	(5,266,921)
Non-Controlling Interest		(715,235)	(19,032)
		(4,030,087)	(5,285,953)
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>			
Basic loss per share		(1.71)	(2.74)
Diluted loss per share		(1.71)	(2.74)

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

**Consolidated Balance Sheet  
 As at 31 December 2013**

	Note	31 December 2013 \$	30 June 2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,416,557	3,590,147
Trade and other receivables		519,040	269,931
Financial assets		1,091	1,091
Other current assets		40,724	23,059
<b>TOTAL CURRENT ASSETS</b>		<b>1,977,412</b>	<b>3,884,228</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables		59,465	61,966
Plant and equipment		189,412	394,807
Exploration expenditure		15,331,592	15,931,735
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,580,469</b>	<b>16,388,508</b>
<b>TOTAL ASSETS</b>		<b>17,557,881</b>	<b>20,272,736</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,066,978	916,845
Short-term provisions		62,082	82,036
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,129,060</b>	<b>998,881</b>
<b>TOTAL LIABILITIES</b>		<b>1,129,060</b>	<b>998,881</b>
<b>NET ASSETS</b>		<b>16,428,821</b>	<b>19,273,855</b>
<b>EQUITY</b>			
Share capital	2	33,754,224	32,601,079
Reserves		1,004,664	789,678
Accumulated losses		(20,655,195)	(17,157,265)
<b>TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT ENTITY</b>		<b>14,103,693</b>	<b>16,233,492</b>
Non-controlling interest		2,325,128	3,040,363
<b>TOTAL EQUITY</b>		<b>16,428,821</b>	<b>19,273,855</b>

*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 half-year ended 31 December 2013**

<b>Consolidated Entity</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Parent Equity</b>	<b>Non-Controlling Interest</b>	<b>Total Equity</b>
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	25,206,229	444,072	(9,451,861)	16,198,440	-	16,198,440
<b>Transactions with owners in their capacity as owners</b>						
Issue of share capital	7,463,588	-	-	7,463,588	-	7,463,588
Share issue costs	(52,621)	-	-	(52,621)	-	(52,621)
Share-based payment expense	-	20,537	-	20,537	-	20,537
<b>Comprehensive income</b>						
Loss after income tax	-	-	(5,158,263)	(5,158,263)	(33,778)	(5,192,041)
Other comprehensive income	-	(108,658)	-	(108,658)	14,746	(93,912)
Initial recognition of non-controlling interest on acquisition	-	-	-	-	2,846,743	2,846,743
<b>Balance at 31 December 2012</b>	32,617,196	355,951	(14,610,124)	18,363,023	2,827,711	21,190,734
<b>Balance at 1 July 2013</b>	32,601,079	789,678	(17,157,265)	16,233,492	3,040,363	19,273,855
<b>Transactions with owners in their capacity as owners</b>						
Issue of share capital	1,221,537	-	-	1,221,537	-	1,221,537
Share issue costs	(68,392)	-	-	(68,392)	-	(68,392)
Share-based payment expense	-	31,908	-	31,908	-	31,908
<b>Comprehensive income</b>						
Loss after income tax	-	-	(3,497,930)	(3,497,930)	(799,623)	(4,297,553)
Other comprehensive income	-	183,078	-	183,078	84,388	267,466
<b>Balance at 31 December 2013</b>	33,754,224	1,004,664	(20,655,195)	14,103,693	2,325,128	16,428,821

\* Represents GST recovered on capital raising costs incurred in the 2010 financial year.

*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 half-year ended 31 December 2013**

	Note	Half-Year Ended 31 December 2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,770,153)	(1,299,883)
Interest received		14,816	12,915
Interest paid		-	(181)
Net cash used in operating activities		(1,755,337)	(1,287,149)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security deposit refunds/(payments)		-	(4,920)
Proceeds from the disposal of plant & equipment		13,500	2,540
Net inflow of cash on acquisition of subsidiary	4	-	810,476
Payments for exploration and evaluation		(1,640,580)	(2,472,014)
Exploration expenditure amounts reimbursed by joint venture partners		-	350,895
Net cash used in investing activities		(1,627,080)	(1,313,023)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,221,537	7,463,588
Capital raising costs refunded/(paid)		(37,795)	(52,621)
Receipts from finance lease receivable		4,943	13,733
Payment of finance leases payables		-	(7,345)
Net cash provided by financing activities		1,188,685	7,417,355
Net increase/(decrease) in cash and cash equivalents		(2,193,732)	4,817,183
Net foreign exchange differences		20,142	(48,725)
Cash and cash equivalents at the beginning of the period		3,590,147	2,061,499
<b>Cash and cash equivalents at the end of the period</b>		<b>1,416,557</b>	<b>6,829,957</b>

*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

### Reporting Entity

The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2013, covers the Consolidated Entity of Chinalco Yunnan Copper Resources Limited (“the Company”) and its controlled entities (together referred to as the “Consolidated Entity”).

Chinalco Yunnan Copper Resources Limited is a listed public company, incorporated and domiciled in Australia.

### 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 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 30 June 2013.

This consolidated interim financial report was approved by the Board of Directors on 7 February 2014.

### Accounting Policies

The accounting policies 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 30 June 2013.

### Estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the Consolidated Entity’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2013.

### Going Concern

The financial report has been prepared on a going concern basis. The directors are of the opinion that the going concern assessment is appropriate for 12 months after the signing of the financial report based on:

- Existing cash reserves which are expected to be sufficient funding for CYU to meet minimum expenditure requirements for the tenements held and to meet the other company expenditure obligations as and when they fall due;
- The success of prior capital raisings; and
- The potential to farm-out or realise interests in projects.

The Company will be reliant on future successful capital raisings to ultimately realise the benefits of the capitalised exploration costs. The directors are confident of securing funds as and when necessary to meet the Consolidated Entity’s exploration and other 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.

**December  
2013**  
\$

**June  
2013**  
\$

## NOTE 2 SHARE CAPITAL

Fully paid ordinary shares	33,754,224	32,601,079
----------------------------	------------	------------

### Ordinary Shares

	Dec 2013 \$	Jun 2013 \$	Dec 2013 Number	Jun 2013 Number
At the beginning of the year	32,601,079	25,206,229	247,994,183	173,358,308
Rights issue <sup>(1)</sup>	1,221,537	7,463,588	30,538,341	74,635,875
Share issue (expenses)/reimbursement	(68,392)	(68,738)	-	-
At reporting date	33,754,224	32,601,079	278,532,524	247,994,183

<sup>(1)</sup> December: A total of 30,538,341 shares were issued during the period through a rights issue at 4 cents per share.  
June: A total of 74,635,875 shares were issued during the prior period through a rights issue at 10 cents 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 3 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEE

*Half-Year Ended 31 December 2012:*

On 28 January 2011, the Company entered into an agreement with Yunnan Copper Industry (Group) Co Ltd (YCI) to acquire up to 51% equity interest in Yunnan Copper San Mu Mining Industry Co Ltd (San Mu), a Chinese registered company holding subsidiaries that own copper silver projects in Northern Laos.

The acquisition occurred in three stages over a 12 month period. On 14 December 2012, the Company acquired its final 10% equity interest for the AUD\$ equivalent of RMB6,000,000. The Company has a registered interest of 51% in San Mu at 31 December 2012.

From 14 December 2012, the Company is deemed to control San Mu. The Company has a majority equity interest in Sanmu and is represented by three of the five directors on San Mu's Board.

On 14 December 2012 the Company's investment in San Mu was reclassified from an equity-accounted investee to a subsidiary of the Consolidated Group.

Details of the financial information of San Mu from 1 July 2012 to 14 December 2012 are as follows:

Associate	Activity	Ownership Interest %		Share of net profit/(loss)	
		14 Dec 2012	31 Dec 2011	14 Dec 2012 \$	31 Dec 2011 \$
Yunnan Copper San Mu Mining Industry Co Ltd	Mineral Exploration	41.0	25.6	(46,475)	424,404*

\* This amount represents the excess of the Consolidated Entity's (CYU) share of the net fair value of San Mu's identifiable assets and liabilities over the cost of the investment. As required by accounting standards, this amount is included as income in the determination of the CYU's share of San Mu's profit or loss for the period under acquisition (from 23 December 2011 to 31 December 2011). San Mu's actual profit for the period from 23 December 2011 to 31 December 2011 was \$Nil.

#### NOTE 4 BUSINESS COMBINATIONS

Half-Year Ended 31 December 2012:

On 14 December 2012, the Company acquired an additional 10% of the issued capital Yunnan Copper San Mu Mining Co Ltd (San Mu), a Chinese registered company holding subsidiaries that own copper silver projects in Northern Laos, bringing its interest in San Mu to 51%.

Prior to 14 December 2012, the Company owned 41% of the equity in San Mu and the investment in San Mu was classified as an equity accounted investment (refer Note 3).

##### Details of the purchase consideration and net assets acquired

	14 Dec 2012 \$
<u>Purchase consideration</u>	
Cash paid (3 <sup>rd</sup> tranche of 6,000,000RMB)	903,852
Acquisition-date fair value of previously held equity accounted investment	2,059,085
<u>Total purchase consideration</u>	<u>2,962,937</u>
<u>Fair value of net assets acquired</u>	
Cash and cash equivalents	1,714,328
Trade and other receivables	169,955
Plant and equipment	199,197
Exploration expenditure	4,620,687
Trade and other payables	(894,479)
	5,809,680
Less 49% non-controlling interests	(2,846,743)
<u>Fair value of net assets acquired attributable to owners of the Parent Entity</u>	<u>2,962,937</u>

##### Non-Controlling Interests

The Consolidated Entity has elected to recognise the non-controlling interests at their proportionate share (49%) of the fair value of the acquiree's identifiable net assets at the acquisition date.

##### Revenue and Profit Contribution

San Mu contributed \$757 revenue and \$68,935 net loss to the Consolidated Entity for the period from 14 December 2012 to 30 June 2012.

If the acquisition had occurred on 1 July 2012, consolidated revenue and consolidated loss for the period ended 31 December 2012 would have been \$10,923 and \$174,890, respectively.

##### Cashflow impact of purchase consideration

	14 Dec 2012 \$
Outflow of cash to acquire final 10% interest in San Mu	(903,852)
Cash balances acquired on San Mu's reclassification to subsidiary	1,714,328
<u>Net inflow of cash from acquisition</u>	<u>810,476</u>

## NOTE 5 SEGMENT REPORTING

### Reportable Segments

The principal geographical areas of operation of the Consolidated Entity are as follows:

- Chile
- Laos
- Australia

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

### Segment Revenues and Results

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review.

Half-Year Ended 31 December 2013	Chile \$	Laos \$	Australia \$	Consolidated \$
<b>Revenue:</b>				
Revenue from outside the Consolidated Entity	-	-	14,816	14,816
Segment result	(1,038,837)	(1,631,883)	(1,626,833)	(4,297,553)
Income tax	-	-	-	-
<b>Net Loss</b>				(4,297,553)
<b>Assets:</b>				
Segment assets	1,325,230	5,213,088	11,019,563	17,557,881
Unallocated corporate assets				-
<b>Consolidated Total Assets</b>				17,557,881
Half-Year Ended 31 December 2012	Chile \$	Laos \$	Australia \$	Consolidated \$
<b>Revenue:</b>				
Revenue from outside the Consolidated Entity	-	757	22,226	22,983
Segment result	(3,764,163)	(68,935)	(1,312,468)	(5,145,566)
Share of equity accounted associate's loss	-	-	-	(46,475)
Income tax	-	-	-	-
<b>Net Loss</b>				(5,192,041)
<b>Assets:</b>				
Segment assets	1,425,466	6,574,396	14,983,324	22,983,186
Unallocated corporate assets				-
<b>Consolidated Total Assets</b>				22,983,186

## NOTE 6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 31 December 2013 (2012: Nil).

## NOTE 7 EVENTS AFTER BALANCE SHEET DATE

There have been no events since 31 December 2013 that impact upon the financial report.

**NOTE 8 IMPAIRMENT OF EXPLORATION EXPENDITURE**

During the half-year, the Consolidated Entity decided to discontinue exploration activities on the following tenements due to low prospectivity:

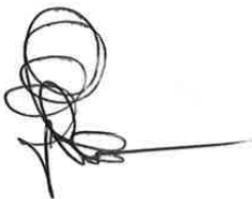
	Half-year ended 31 December	
	2013	2012
	\$	\$
ML 1631 Stanley's Hope	444,153	-
Sulfatos - Chile	538,688	-
Modeng - Laos	701,286	-
Nadao – Laos	892,987	-
Caramasa - Chile	-	1,286,320
Candelabro - Chile	-	2,491,247
	2,577,114	3,777,567

## DIRECTORS' DECLARATION

In the Directors opinion:

- (a) the attached financial statements and notes as set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Equivalents to International Reporting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to be 'Paul Williams', with a long horizontal line extending to the right.

Paul Williams  
Director

7 February 2014



## **Independent auditor's review report to the members of Chinalco Yunnan Copper Resources Limited**

### **Report on the financial report**

We have reviewed the accompanying half-year financial report of Chinalco Yunnan Copper Resources Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of balance sheet as at 31 December 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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's 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 control as the directors determine is necessary to enable the preparation of the interim 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 half-year 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 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Chinalco Yunnan Copper Resources Limited, 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*.

*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 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphasis of matter – material uncertainty in respect of going concern*

Without modifying our opinion, we draw attention to Note 1 in the financial report which sets out why the directors consider the going concern basis used in the preparation of the financial report is appropriate. As disclosed in the note, the assumption of the going concern basis is dependent on the Company's ability to successfully raise additional capital, and/or successful exploration and subsequent exploitation of areas of interest through sales or development (including by way of joint venture funding). This indicates the existence of a material uncertainty as to whether the Consolidated Entity will be able to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business.

KPMG

Mark Epper  
*Partner*

Sydney

7 February 2014