



ABN 27 099 098 192

CYU is a resource exploration and development company with a primary focus on project interests in the Mt Isa region of north Queensland.

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

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LTD**

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SEPTEMBER 2014 QUARTERLY ACTIVITIES REPORT

23 October 2014

Activities during the three months to 30 September 2014 included:

- Ongoing efforts designed to transform CYU into a significant mid-tier mining company in accordance with April 2014 Business Plan.
- Successful Phase 2 exploration drilling program at Jubilee/Blue Caesar, which achieved outstanding copper and gold assay results.
- Soil geochemistry sampling program at Native Companion, successfully delineating anomalies that are to be drilled in November 2014.
- Continuation of CYU's extensive regional geochemical survey of the Pilgrim Fault system.
- Successful completion of a non-renounceable rights issue to existing CYU shareholders, raising a total of \$5.83m.
- Ongoing project due diligence assessment, as part of CYU's acquisition strategy.
- Completion of Chilean assets sale.

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 exploration focus in the Mt Isa region and the ongoing pursuit of project acquisition opportunities currently under review and negotiation.

Business Plan

The Board of CYU has identified the opportunity in the current challenging mining and development environment to seek to transform the Company into a mid-tier mining company which has an ongoing exploration commitment in the Mt Isa region of north-western Queensland. The Board sees a clear opportunity to develop and acquire mining projects and, as a consequence, endorsed a Business Plan in April 2014 that provides the basis for these actions to be implemented.

In accordance with the April Business Plan, the key activities of CYU during the September 2014 quarter included:

- assessment of acquisition opportunities for projects that are either in production or near to commencing production – involving the conduct of detailed technical and financial due diligence which is intended to ultimately lead to a concluded transaction;
- ongoing exploration activities across CYU's large portfolio of tenure in the Mt Isa region; and
- completion of the sale of tenure holdings in Chile, and arrangements being made to sell and/or abandon the tenures holdings in Laos.

2014 Exploration Program

The CYU Board has approved a total proposed exploration expenditure budget for 2014 of \$2 million across a combination of regional-scale data collection and prospect delineation activities. These are designed to further define existing copper, gold and other mineralisation at prospects such as Jubilee, Millennium and Native Companion, and to create a pipeline of drill targets into 2015 and 2016.

The CYU Mt Isa project covers more than 1000km², centred in an area 75km northeast of Mt Isa and 40km northwest of Cloncurry in north western Queensland (see Annexure A for a diagram of tenure holdings). The project area comprises a number of farm-in agreements (Mount Isa Mines – a Glencore company, Altona/Roseby Copper South, Elementos and Goldsearch), together with tenure held directly by CYU.

Phase 2 Drilling Program – Jubilee/Blue Caesar

Jubilee

The Jubilee prospect is located approximately 900m to the west of CYU's Blue Caesar prospect and 5.5km south of the historic Mary Kathleen uranium mine. The prospect consists of a north-trending linear zone of historic shear-controlled workings that is mapped by a strong copper anomaly. The target is a Barbara or Mount Colin style shear deposit with steeply plunging lodes of economic grade copper mineralisation.

After the successful drilling at Jubilee in May this year, a program of 9 additional reverse circulation (RC) drill holes was carried out to extend the zone definition over the 500 metre strike length of the historic workings and to test at 50m and 100m down dip. The drilling was also designed to define the near-surface extent of mineralisation and to identify possible plunge directions of high grade shoots that can be targeted in later drilling programs.

This Phase 2 program at Jubilee was completed in early September, with all 9 drill holes intersecting significant copper and gold mineralisation – confirming potential extension of a mineralised zone along the length of strike (to the north and south) as well as at depth. Highlights of the assays results from this Phase 2 program at Jubilee are as follows:

- Q-023:** 10m @ 0.38% Cu and 0.26 g/t Au from 39m
including 1m @ 1.35% Cu and 1.43 g/t Au
- Q-024:** 7m @ 1.25% Cu and 0.68 g/t Au from 102m
including 3m @ 2.01% Cu and 0.52 g/t Au
- Q-025:** 7m @ 1.25% Cu and 0.94 g/t Au from 65m
including 3m @ 3.63% Cu and 1.49 g/t Au
- Q-026:** 6m @ 0.44% Cu and 0.17 g/t Au from 111m
including 3m @ 0.95% Cu and 0.27 g/t Au
- Q-027:** 7m @ 1.3% Cu and 0.22 g/t Au from 120m
including 1m @ 7.15% Cu 1.21 g/t Au
- Q-028:** 9m @ 2.8% Cu and 1.44 g/t Au from 73m
including 2m @ 4.84% Cu and 1.21 g/t Au and
3m @ 4.94% Cu and 3.29 g/t Au
- Q-029:** 10m @ 3.37% Cu and 2.28 g/t Au from 107m
including 6m @ 5.34% Cu and 3.72 g/t Au (which includes 3m @ 8.83% Cu and 4m @ 5.33 g/t Au)
- Q-030:** 4m @ 1.2% Cu and 0.38 g/t Au from 91m
including 2m @ 2.16% Cu and 0.67 g/t Au
- Q-031:** 5m @ 0.2% Cu and 0.04 g/t Au from 131m and
6m @ 0.41% Cu and 0.14 g/t Au from 138m

It is clear from these results that there exists a high grade copper/gold mineralised zone at Jubilee that is still not closed either at depth or along the line of strike. CYU's Mt Isa-based exploration team is already preparing details of a follow-up drilling program at Jubilee slated to commence early November 2014. Particular interest with the follow-up program will be paid to the definition of high grade copper/gold around the interpreted fault (see figure in Annexure B). Further drilling will include a focus around drill holes such as Q-029 (10m @ 3.37% Cu and 2.28g/t Au).

Blue Caesar

The Phase 2 drilling at Jubilee included a proposal to drill three (3) holes at the nearby Blue Caesar prospect. These holes were designed to test the mineralisation 100m down dip of the May 2014 drilling and 100m down dip of the 2013 drilling. Unfortunately the results at Blue Caesar were disappointing, and are summarised as follows:

- Drill hole Q-021 (BC1) – only small traces of primary copper mineralisation was observed at the top of this hole and drilling was terminated at 145m depth
- Drill hole Q-022 (BC2) - intersected the upper zones of low grade mineralization seen in drill holes MKBC001,003, and 006 (from the 2013 drilling program) but failed to intersect the high grade mineralization in the interpreted target zone. Results achieved at this drill hole were highlighted by:
5m @ 0.41% Cu and 0.01g/t Au from 5m and 44m @ 0.28% Cu and 0.01g/t Au from 31m
- Proposed Drill hole BC3 - this hole was proposed to be drilled at depth underneath Q-021. However, as there was no significant mineralisation identified within drill hole Q-021, the decision was taken not to drill at this location.

Based on the above results, there is very little additional data to be obtained in relation to the Blue Caesar prospect and CYU's exploration team do not propose to undertake further drilling at this prospect.

Millennium

The Millennium prospect has been CYU's principal drill target for 2014. Shallow RC drilling in late 2013 and some deeper drill holes in May 2014 identified broad zones (up to 90m wide) of low-grade mineralisation carrying 5-10m wide lodes of higher grade mineralisation within a steep westerly-dipping structural zone. This style of mineralisation is analogous to the Elaine and Kalman deposits (also in the Mt Isa Inlier region) both in terms of structural control and complex multi-element geochemistry.

The Millennium prospect is a large and potentially highly prospective system. Due to the focus on Jubilee and Native Companion for the rest of this year, CYU's exploration team will take some further time to assess the geological features at Millennium in more detail before establishing the targets for a deeper drilling program in early 2015. As part of the Pilgrim Fault geochemical survey that CYU has been conducting throughout the year, a strong copper/gold anomalous zone was identified at the northern end of the original Millennium drilling locations. It is highly likely that some RC holes will be drilled in this northern region as part of future drilling at Millennium.

Native Companion

The Native Companion/Brolga trend is characterised by numerous historic workings over a 5km strike parallel to the Rosebee Fault. The zone was previously RAB (rotary air blast drilled) by Altona Mining Ltd on nominal 500m line spacing to identify discrete copper geochemical anomalies in excess of 1000m of strike length and 100m width. CYU has

completed infill sampling on 100m line spacing using mobile metal ion (MMI) technology that successfully reproduced and delineated these geochemical anomalies.

CYU's exploration team proposes to carry out an initial 6 RC drill hole program at Native Companion. These 100m drill holes have been planned as an initial test of the Native Companion/Brolga geochemical trends and are designed to test the source of the geochemistry at the 50m level. This initial program at Native Companion is scheduled to commence in early November.

Other Mt Isa Prospects

Pilgrim Fault

The Pilgrim Fault program has been the primary exploration program for CYU during 2014. The intention of this large program has been to establish the geological and geochemical base on which future discoveries will be made. The Pilgrim Fault potentially provides the primary source by which deep crustal fluids (the pro-generator of the known mineral deposits) have been able to access the upper crust. These fluids will have left characteristic geochemical and alteration signatures in the host rocks.

CYU has exploration access to 60km of strike along the Pilgrim Fault system. Phase 1 sampling on 800m line spacing along this structure has been completed and infilled to 400m over significant portions of the strike extent. Initial results are encouraging with broad zones of copper anomalism associated with discrete gold, cobalt, lanthium and niodium anomalies. Mapping, undertaken in association with the geochemical sampling, has identified a number of copper oxide and gossan occurrences that will be followed up with further infill sampling over the next few months to identify targets for drill testing in 2015.

Cameron Fault

The Cameron Fault will be the second regional structure that is targeted for geochemical mapping by CYU's exploration team in 2015. The exploration target and work program developed for the Pilgrim Fault (as summarised above) will be duplicated for the Cameron Fault and will potentially provide multiple targets for geophysical definition and/or drill testing in 2015.

King Solomon/Pindora

As reported previously, CYU's exploration team has identified several other prospects within its tenure holding portfolio that will be the subject of future exploration and drilling. Prospects such as King Solomon, Pindora and other highly prospective zones identified in the Pilgrim Fault and Cameron Fault geochemical surveys will continue to be assessed and prepared for drilling in 2015.

Cloncurry North – EPMs 15084 and 15095

During the Quarter, CYU decided to relinquish both EPMs 15084 and 15095, which had been the subject of a joint venture with Yunnan Copper Mineral Resources Exploration & Development Co., Ltd (YEX). Having earned a 10% interest in both EPMs, YEX subsequently elected not to incur any additional expenditure on these tenures. Upon further

review of these prospect areas by CYU's exploration team, the decision was taken (during the September 2014 quarter) to surrender these interests.

Mt Isa Corporate Matters

Mt Frosty Farm-In

The Blue Caesar and Jubilee prospects form part of CYU's Mt Frosty farm-in/joint venture with Glencore's Mount Isa Mines, which in turn is part of the Mary Kathleen Joint Venture with Goldsearch Ltd (ASX: GSE) in which CYU has an 80% participating interest. Under the terms of the Mt Frosty farm-in agreement, in order to secure an initial 51% interest in the underlying tenure (EPM 14467) the Mary Kathleen Joint Venture needed to incur exploration expenditure of at least \$1.5m and to have drilled more than 3000m prior to February 2015.

CYU has notified Mount Isa Mines that the initial 51% Mt Frosty farm-in criteria have been satisfied. Mount Isa Mines has since confirmed its agreement that the criteria have been satisfied and arrangements are being made to have the 51% interest in EPM 14467 transferred to CYU and for a formal Joint Venture agreement to be prepared.

Exploration Expenditure for September 2014 Quarter

Across CYU's different exploration projects, a total of \$405,000 of expenditure was incurred for the September 2014 Quarter, a summary of which is as follows:

- **Mary Kathleen JV** - \$10,000 on mostly tenure administration, geological consulting and related fees;
- **Mt Frosty JV** – \$145,000 on drilling, assaying and geological consultants engaged in relation to the August/September drilling at Jubilee/Blue Caesar;
- **Elementos farm-in** – \$70,000 on drilling and assays for the April/May drilling program at Millennium, desk top geological review, on-site soil sampling and mapping, assays landowner and tenure administration fees; and
- **Altona/Roseby Copper South farm-in** – \$180,000 on desk top geological review, on-site soil sampling and mapping, assays and analysis, landowner and tenure administration fees.

Laos Projects Update

CYU and its 51% Chinese-registered subsidiary, Yunnan Copper San Mu Mining Co. Ltd (San Mu), have for several months sought offers for the purchase of the project interests held by San Mu in Laos. While there are still some expressions of interest in relation to these assets, no firm offers have been received to date. As a consequence steps are being taken to abandon the Laos projects, a process that may take several months to finalise with the Laos mining authorities. CYU will not be incurring any further financial liability in relation to the San Mu entity.

Corporate update

Rights Issue

On 1 September 2014, CYU successfully completed a rights issue to existing shareholders of an additional 187,904,951 ordinary shares at an issue price of 3c per share, thereby raising \$5.63m. An additional 6,950,000 ordinary shares were later placed to sophisticated investors out of the rights issue shortfall, raising a further \$208,500 for the Company.

Board Composition

Mr Zhihua Yao, Chairman
Mr Paul Williams, Managing Director
Mr Robert Yang, Executive Director
Mr Paul Marshall, Company Secretary

Financial Position

As at 30 September 2014, CYU had cash reserves of \$4.084m. Further details of CYU's financial activities during the September 2014 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

Share Information – September 2014 Quarter

Issued share capital of 473,027,475 ordinary shares and 2 million performance shares
Quarter high traded price of \$0.043 (11 July) and low of \$0.023 (4 July)

Market capitalization – high \$14.46m, low \$6.27m

Average daily volume of shares traded – 127,739 shares (\$4,180 average daily volume value)

Top 10 shareholders of CYU as 30 September 2014 were:

Rank	Name	Number of Shares	%
1	China Yunnan Copper (Australia) Investment and Development Co Ltd	306,062,302	64.70
2	Mr Norman Zillman	10,200,000	2.16
3	Elliott Nominees Pty Ltd (Elliott Exploration Co S/F)	7,150,000	1.51
4	Kimbriki Nominees Pty Ltd (Kimbriki Hamilton SF A/C)	7,000,000	1.48
5	Premar Capital Nominees Pty Ltd	3,633,333	0.77
6	Citicorp Nominees Pty Limited	2,988,733	0.63
7	UBS Wealth Management Australia Nominees P/L	2,708,514	0.57
8	Bannerblock Pty Ltd Super Fund	2,500,000	0.53
9	Yunnan & Hong Kong Metal Co Ltd	2,400,000	0.51
10	JP Morgan Nominees Australia Ltd	2,285,047	0.48
TOTAL		346,927,929	73.34

Other Details:

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On behalf of the Board

Paul Williams

Managing Director

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About CYU

Chinalco Yunnan Copper Resources Ltd (CYU) is a resource exploration and development company with project interests in the Mt Isa region of north Queensland. CYU's largest shareholder is China Yunnan Copper (Australia) Investment and Development Co Ltd ("CYC"), owning 64.7% of the total issued shares in CYU. CYC is a wholly-owned subsidiary of Kunming-based Yunnan Copper Industry (Group) Co Ltd, which is the third largest producer of smelted copper product in China. In turn, Yunnan Copper Group is a subsidiary of Aluminium Corporation of China (Chinalco) which is the largest producer of aluminium product in China and the second largest world-wide. CYU has offices in Brisbane and Mt Isa. The Company is listed on the ASX under the symbol "CYU".

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 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 the report of the matters based on his information in the form and context in which it appears.

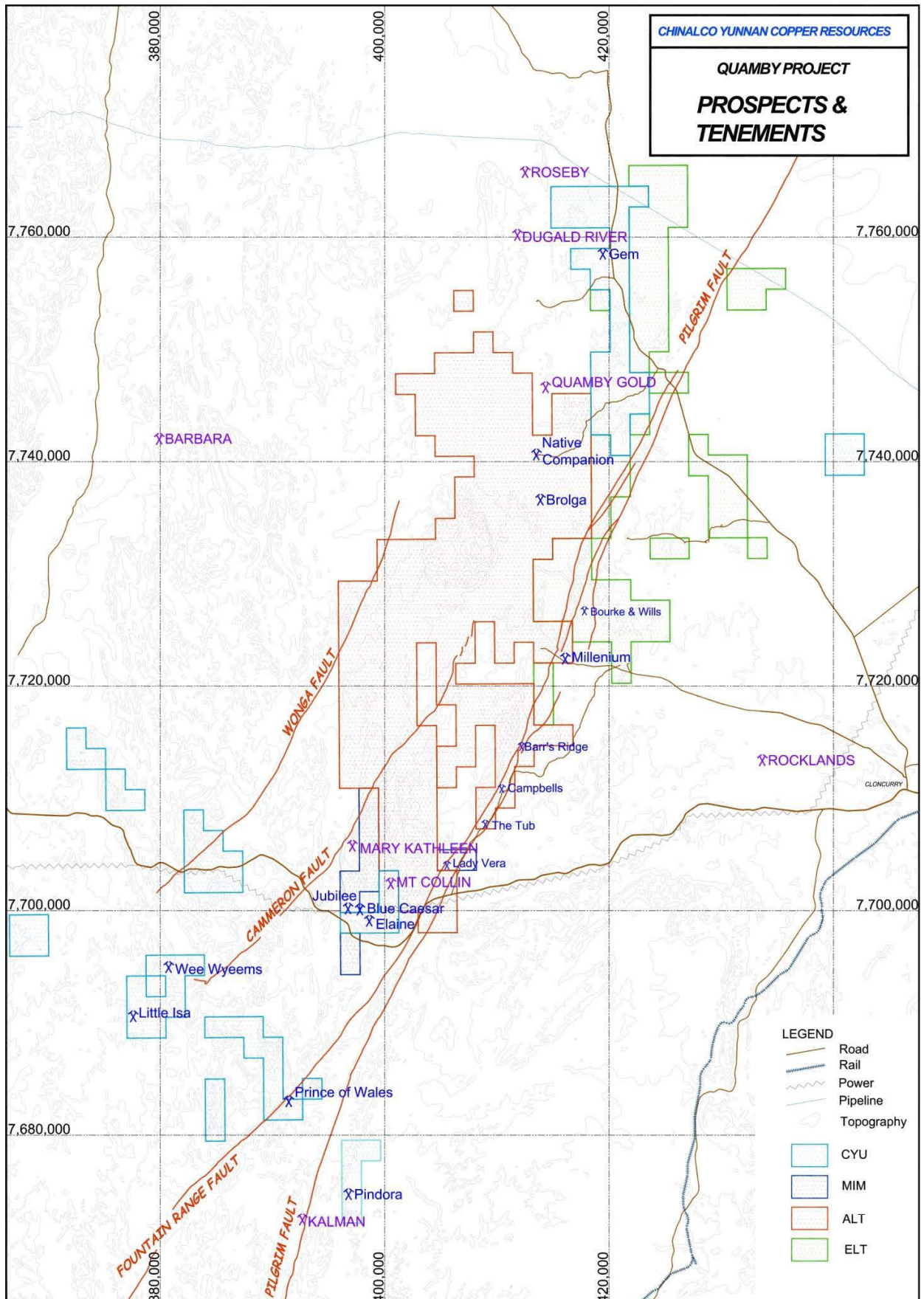
CYU's mining tenement interests as at 30 September 2014

Project/Location	Tenement Reference	CYU % Interest	Comment
AUSTRALIA			
Cloncurry North	EPM 12205, 15084 and 15095	90	Refer Note 1
Mt Isa East	EPM 15248	80	Refer Note 2
Pentland	ML 1631	100	
Mary Kathleen JV	EPMS 14019, 14022	80	Refer Note 3
Mt Frosty	EPM 14467	Nil – earning in	Refer Note 4
Roseby South	EPMS 9056, 10833, 11004, 11611, 14365 and 14535	Nil – earning in	Refer Note 5
Millennium	EPMS 18402, 18773, 18793, 18982, 19014, 19036, MLs 2512, 2761, 2762, 7506,7507	Nil – earning in	Refer Note 6
LAOS			
	Xinzhai, Jiuzhai, Nadao, Modeng	51%	Refer Note 7

Notes:

1. The other 10% is held by Yunnan Copper Mineral Resources Exploration & Development Co., Ltd (YEX). As noted in this Report, CYU has lodged surrender applications for both EPMS 15084 and 15095.
2. The other 20% is held by YEX.
3. The other 20% is held by Goldsearch Limited, pursuant to agreement dated 11 August 2009. As advised above, Goldsearch has elected to dilute its joint venture participating interest to 20%, with immediate effect.
4. CYU and Goldsearch farming-in (on a 80:20 basis) 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. Mount Isa Mines has confirmed that CYU's first stage 51% interest in Mt Frosty has been achieved under the farm-in arrangements.
5. CYU farming-in up to a 70% interest from Altona Mining Ltd and Roseby Copper (South) Pty Ltd, under agreement dated 16 September 2013
6. CYU farming-in up to a 70% interest from Elementos Ltd and Element Minerals Australia Pty Ltd, under agreement dated 17 September 2013
7. Owned by 51% CYU subsidiary Yunnan Copper San Mu Mining Co. Ltd, and projects will be abandoned unless a suitable commercial arrangement can be secured.

ANNEXURE A
(Location of CYU's Mt Isa Tenure Holdings)



ANNEXURE B
(Phase 1 and 2 Jubilee drill results, and projected mineralisation from surface)

