

Chinalco Yunnan Copper Resources Limited
ACN 070 859 522

NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY MEMORANDUM

Date of Meeting: Wednesday 26 November 2014
Time of Meeting: 9.30am (Brisbane time)
Place of Meeting: Level 7 Waterfront Place
1 Eagle St, Brisbane

This Notice of Annual General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

NOTICE OF GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of **CHINALCO YUNNAN COPPER RESOURCES LIMITED** ACN 070 859 522 (**Company**) will be held at Level 7 Waterfront Place, 1 Eagle St, Brisbane, on Wednesday 26 November 2014, at 9.30am (Brisbane time).

AGENDA

ORDINARY BUSINESS

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2014.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

“That, the Remuneration Report for the year ended 30 June 2014 (as set out in the Directors' Report) is adopted.”

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Terms used in this Notice of Meeting are defined in the “Definitions” section of the accompanying Explanatory Memorandum.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report;*
- (b) a Closely Related Party of such a member.*

However, the above persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy; and*
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and*
- (c) either:*
 - (i) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or*
 - (ii) the voter is the chair of the meeting and the appointment of the chair as proxy:*
 - does not specify the way the proxy is to vote on the resolution; and*
 - expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or, if the Company is part of a consolidated entity, for the entity.*

Voting Intention of the Chair.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions subject to this Meeting, including Resolution 1, subject to compliance with the Corporations Act.

Resolution 2 - Re-Election of Zewen (Robert) Yang as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with the Company’s Constitution, Zewen Yang, who retires in accordance with Rule 38.1(c) of the Company’s Constitution and, being eligible for re-election offers himself for re-election, be re-elected as a Director of the Company.”

SPECIAL BUSINESS

Resolution 3 - Issue of performance shares to Paul Williams

To consider and, if thought fit, pass the following resolution with or without modification, as an Ordinary Resolution of the Company:

“That in accordance with section 208(1) of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 2,000,000 Performance Shares to Paul Williams, being an Executive Director of the Company, or his nominee on the terms set out in the Explanatory Memorandum.”

Voting Exclusion Statement

- A. *The Company will disregard any votes cast on this Resolution by:*
- (a) Paul Williams (or his nominee); and*
 - (b) any associate of Paul Williams (or his nominee).*
- B. *However, subject to the Key Management Personnel voting exclusion statement below, the Company need not disregard a vote if:*
- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
 - (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.*

Voting Restriction pursuant to Section 250BD of the Corporations Act

- A. *The Company will disregard any votes cast on this Resolution by:*
- (a) any Key Management Personnel (which includes the Chairman) of the Company or if the Company is part of a consolidated entity, of the entity; or*
 - (b) a Closely Related Party of Key Management Personnel, who is appointed as a Shareholder’s proxy and where the Shareholder does not direct in writing the way the proxy is to vote on the resolution.*
- B. *However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not direct in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity, of the entity.*

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

BY ORDER OF THE BOARD

Paul Marshall

Company Secretary
24 October 2014

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum is provided to Shareholders of **CHINALCO YUNNAN COPPER RESOURCES LIMITED ACN 070 859 522 (Company)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 7 Waterfront Place, 1 Eagle St, Brisbane, on Wednesday 26 November 2014, at 9.30am (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

This Explanatory Memorandum provides Shareholders with all information known to the Company that is material to the decision on how to vote on the Resolutions to be put to the Meeting, other than such information that has been previously disclosed by the Company to its Shareholders.

RESOLUTION 1 - REMUNERATION REPORT

Remuneration Report

In accordance with section 250R of the Corporations Act, the Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report for the period ending 30 June 2014.

The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The "Two Strikes Rule"

The Corporations Act requires that listed companies must put their remuneration report to a non-binding advisory shareholder vote at the AGM (**Remuneration Report Resolution**). The "Two Strikes Rule" was introduced by the *Corporations Legislation (Improving Accountability on Director and Executive Remuneration) Act 2011* and commenced on 1 July 2011. Under the "Two Strikes Rule" if the Remuneration Report Resolution receives a "no" vote of 25% or more (a **Strike**) at two consecutive AGMs, a resolution to spill the board and hold Director re-elections, in accordance with Part 2G.2, Division 9 of the Corporations Act (**Spill Resolution**) must be put to Shareholders.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

A vote on this Resolution is advisory only and does not bind the Directors of the Company, except in relation to the "Two Strikes Rule".

Voting restrictions on Key Management Personnel and their Closely Related Parties and their proxies

Members of the Key Management Personnel (**KMP**) and their Closely Related Parties (**CRP**) (**Restricted Voters**) and proxies of Restricted Voters are restricted from voting on a resolution which is connected directly or indirectly with the remuneration of a member of the Key Management Personnel (**Voting Restriction**).

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction applies to Resolutions 1 and 3. However, it does not apply where:

- (a) the member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a Restricted Voter) as a proxy where the appointment specifies the way the proxy is to vote on the resolution; or
- (b) the Chairperson is appointed in writing (by a Shareholder who is not a Restricted Voter) as a proxy where the appointment does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should be aware that any undirected proxies given to the Chairperson will be cast by the Chairperson and counted in favour of the resolutions the subject of this Meeting (including Resolutions 1 and 3) subject to compliance with the Corporations Act.

The Proxy Form attached to this Notice has been prepared on this basis.

RESOLUTION 2 - RE-ELECTION OF ZEWEN (ROBERT) YANG AS A DIRECTOR

Mr Zewen Yang (Appointed 31/7/2007)

Executive Director, BA, MComm, MAICD

Mr Zewen Yang is the General Manager of China Yunnan Copper (Australia) Investment and Development Co. Limited based in Sydney.

Mr Yang has 20 years experience in mineral resources trading and project investment areas in China and Australia. He has previously worked for China Non-Ferrous Metals Import and Export Company and has been with the Chinalco Yunnan Copper Industry (Group) since March 2004.

He has a Bachelor of Arts degree majoring in Economics and specialising in International Business from Sichuan University, China and a Masters degree of Commerce majoring in International Business from University of New South Wales.

The Directors (with Mr Yang abstaining) recommend that you vote in favour of this Ordinary Resolution.

RESOLUTION 3 - ISSUE OF PERFORMANCE SHARES TO PAUL WILLIAMS

Paul Williams commenced as Managing Director in March 2013. One of the components of his employment contract was for the issue to him of Performance Shares. As he is a Director of the Company, Shareholder approval is required for the issue of the Performance Shares. At the last AGM approval was sought (and obtained for total of three million (3,000,000) "performance shares" comprising one million A, B and C Class shares. This Resolution 3 seeks Shareholder approval for the final class of shares, D Class shares (Performance Shares) pursuant to Mr Williams' employment contract.

Approval is now sought for the issue of a total of two million (2,000,000) D Class performance shares, in accordance with the terms and conditions set out in Annexure A. For completeness, it is noted that save for the "Milestone" event, these Performance Shares are to be issued on the same terms as those A, B and C Class shares that were approved by Shareholders at the 2013 AGM.

Approval for the issue of the Performance Shares is sought in accordance with the Listing Rule 10.11 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

In order for the Performance Shares to be granted to a Director, the requirements of Chapter 2E of the Corporations Act need to be observed.

Regulatory Requirements

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition (including where shareholder approval is obtained).

Resolution 3 if passed, will confer a financial benefit on the recipient of the Performance Shares (being a related party of the Company) and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

The related parties to whom Resolution 3 would permit the financial benefit to be given

Paul Williams (or his nominee) being a Director of the Company.

The nature of the financial benefit

The nature of the proposed financial benefit to be given is:

- the issue of a total of two million (2,000,000) D Class "performance shares" in accordance with the terms and conditions set out in Annexure A, as referred to in Resolution 3;
- the performance shares shall be granted for nil consideration;
- the Performance Shares shall vest and be capable of conversion into fully paid ordinary Shares on and from the date that the milestone targets for the Performance Shares are met;
- each Class D Performance Share will automatically convert into one Share at a time when the Company achieves a positive EBITDA for a consecutive period of 3 months which is derived from operations on or in respect of an asset which is owned by the Company or in which the Company has an interest (**Milestone**);
- if a Milestone is not achieved by the Expiry Date, then the applicable Performance Shares will be automatically redeemed by the Company for the sum of \$0.000001;
- the expiry date for in relation to the Class D Performance Shares is 3 years from the date of issue; and
- there is no conversion price for the Performance Shares.

The practice of the Board is to have a combination of short term incentives in the form of cash bonuses and long term incentives by the issue of Options or Shares as a component of the Managing Director's remuneration. The intention of this practice being that the Managing Director is incentivised to act to improve the performance of the Company in the longer term.

Directors' Recommendation

With respect to Resolution 3, all Directors (other than Paul Williams) recommend that Shareholders vote in favour of this resolution. Paul Williams is interested in the outcome of Resolution 3 and accordingly makes no recommendation to Shareholders in respect of Resolution 3.

The reasons for the recommendations by the Directors include:

- the grant of the Performance Shares as proposed to Paul Williams will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- the Performance Shares are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Performance Shares provide a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g.; cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Performance Shares to a third party.

Directors' Interest and other remuneration

Paul Williams

Paul Williams has a material personal interest in the outcome of Resolution 3, as it is proposed that Performance Shares be granted to him (or his nominee).

Paul Williams is the Managing Director of the Company and is considered a key member of the Company's management team. Mr Williams' contract with the Company commenced on 6 March 2013 and is for a three year term, terminable by Mr Williams on three months' notice and with six months (without cause) notice by the Company. The base total amount (including superannuation and non-cash benefits) payable to Paul Williams is \$300,000 per annum.

Effect of Performance Shares on Directors' Shareholding in the Company

If all of the Performance Shares granted are issued to Mr Williams the following will be the effect on his holding in the Company:

Director	Current Share Holding	% of Total Share Capital ¹	Maximum Number of Performance Shares proposed to be issued ²	Shares Held Upon Vesting of all Performance Shares ³	% of Total Share Capital ⁴
Paul Williams	350,000	0.07%	2,000,000	4,350,000	0.91%

Notes

1. This assumes that there are currently 473,027,475 Shares on issue and no other Shares are issued.
2. The Company has also already issued 3,000,000 performance shares to Paul Williams after the last Annual General Meeting in 2013. Of these 3,000,000 shares, 2,000,000 shares comprising of 1,000,000 Class B shares and 1,000,000 Class C shares remain on issue. The Class B shares will automatically convert into shares upon the market value of the shares being at least twenty five cents (\$0.25) and the Class C shares will automatically convert into shares upon the market value of the shares being at least fifty cents (\$0.50). Further details of these shares can be found in the notice of meeting announced to the market on 28 October 2013.
3. This assumes that all preference shares on issue, being Class B and Class C preference shares (and the preference shares subject to Resolution 3 (Class D) are approved) convert into ordinary shares.
4. This assumes that there will be 477,027,475 Shares on issue upon the conversion of all of the Performance Shares.

Valuation

The proposed Performance Shares are not quoted on the ASX and as such have no market value. The Performance Shares each grant the holder a right of grant of one Share in the Company upon the achievement of the Milestone. Accordingly, the Performance Shares may have a present value at the date of their grant.

As a general proposition, Performance Shares for ordinary fully paid shares in a company have a value. Various factors impact upon the value of the Performance Shares including:

1. the period outstanding before the expiry date of the Performance Shares;
2. any conditions that are required to be met before the Performance Shares vest;
3. the conversion price (if any) to acquire the Shares relative to the underlying price or value of the securities into which they may be converted;
4. the proportion of the issued capital as expanded consequent upon conversion represented by the Shares issued upon conversion (i.e. whether or not the Shares that might be acquired upon the vesting of the Performance Shares represent a controlling or other significant interest); and
5. the value of the Shares at the date of issue of the Performance Shares.

The Company has undertaken a valuation of the Performance Shares, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 3 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments.

Inherent in estimating the value of the Performance Shares are a number of inputs, some of which must be assumed. The data relied upon in estimating the value was:

Inputs	Class D Performance Shares
Expiry Date	3 years from the date of issue
Underlying Share Price (as at 14/10/2014)	\$0.033
Time to Maturity (Days)	1095
Nominal value	\$66,000
Non-market performance condition	the Company achieving a positive EBITDA in respect of operations for a consecutive period of 3 months from an asset of the Company
Assessed probability of achieving non-market performance condition	15 %
Assessed value	\$9,900

Based on the valuation of the all the Performance Shares, the Board considers that the value of the Performance Shares to be issued pursuant to Resolution 3 is \$9,900.

Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its Directors save and except as follows:

Market Price movements:

The Performance Share valuation noted above is based on a market price per Share of \$0.033. There is a possibility that the market price of the Shares will change up to the date of the Meeting.

Trading History

The Company does not intend to apply for listing of the Performance Shares on the ASX. However, the Company shall apply for listing of the resultant shares of the Company issued upon vesting of any Performance Share.

In the 12 months prior to 15 October 2014, the Company's trading history is as follows:

- the highest trading price was \$0.042 on 14 July 2014; and
- the lowest trading price was \$0.021 on 16 May 2014; and
- The VWAP per Share was \$0.029.

The most recent trading price of the Shares on the close of trading on 14 October 2014 was \$0.033.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Performance Shares to the Director is the potentially diluted impact on the issued Share capital of the Company (in the event that the Performance Shares vest). Until vesting, the issue of the Performance Shares will not impact upon the number of Shares on issue in the Company. To the extent that upon their vesting the dilutionary impact caused by the issue of the Shares may be detrimental to the Company, if at all, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Performance Shares is dependent upon a concomitant increase in the value of the Company generally.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Performance Shares. No GST will be payable by the Company in respect of the grant of the Performance Shares.

AASB 2 "Share Based Payments" requires that these payments shall be measured at fair value of the equity instrument on the grant date. Under the accounting standards this amount will be expensed in the statement of comprehensive income. Where the grant date and the vesting date are different, the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Dilutionary Effect

There are currently 473,027,475 Shares on issue and there are currently no Options on issue. Mr Williams currently holds 350,000 Shares and 2,000,000 performance shares (Class B and Class C) as outlined above.

There will be 477,027,475 Shares on issue upon the conversion of all of the Performance Shares that are subject to Resolution 3 and including the Class B and Class C performance shares already on issue (assuming that the other performance shares on issue convert), and no further securities are issued

If all of the Performance Shares granted vest with Paul Williams and there are no other securities issued or Options exercised, then the effect of his holdings in the Company will dilute existing shareholders' interest by 0.91%.

Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a Related Party. Paul Williams as a Director of the Company is a Related Party of the Company. Accordingly, because the issue of the Performance Shares will result in the Company issuing securities to a Related Party, approval under Listing Rule 10.11 is required.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- The maximum number of Performance Shares to be issued is 2,000,000 Performance Shares to Paul Williams;
- The Performance Shares are intended to be granted as soon as possible following the Meeting, but in any event, within one (1) month of the date of the Meeting;
- The Performance Shares are being issued for nil consideration; and
- No funds are being raised by the grant of the Performance Shares.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

There are restrictions on voting on Resolution 3 by Paul Williams and his associates and Key Management Personnel and their Closely Related Parties, for additional details please refer to the Voting Exclusion Statements in Resolution 3 in the Notice of Meeting.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 3.

DEFINITIONS

ASX means ASX Limited ACN 008 624 691.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph.

Company means Chinalco Yunnan Copper Resources Ltd ACN 070 859 522.

Corporations Act means the Corporations Act 2001 (Cth) as amended from time to time.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Key Management Personnel or KMP has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rules means the listing rules of the ASX.

Meeting means this meeting.

Performance Shares means the Class D converting redeemable preference shares to be issued to Mr Paul Williams on the terms set out in Annexure A.

Shareholder means shareholder of the Company.

Shares means ordinary shares in the capital of the Company.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Paul Marshall (Company Secretary):

Telephone: 07 3211 9013 or by email to paul@cycal.com.au

Annexure A - Performance Shares

Terms and Conditions of Performance Shares

Rights attaching to the Performance Shares

- (a) Each Performance Share is a share in the capital of Chinalco Yunnan Copper Resources Limited ABN 29 070 859 522 (**the Company**).
- (b) The Performance Shares shall confer on the holder (**the Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**the Shareholders**). Holders have the right to attend general meetings of Shareholders.
- (c) The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (d) The Performance Shares do not entitle the Holder to any dividends.
- (e) The Performance Shares participate in the surplus or assets of the Company upon a winding up of the Company only to the extent of \$0.000001 per Performance Share.
- (f) The Performance Shares are not transferable.
- (g) If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changes to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganization.
- (h) The Company shall allot and issue Shares immediately upon conversion of Performance Shares for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.
- (i) The Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into fully paid ordinary shares (the Shares), the Shares will (as and from 5pm EST on the date of allotment) rank equally with and confer rights identical with all other Shares then on issues and the Company must within 2 Business Days after the conversion, apply for official quotation of the Shares arising from the conversion on ASX.
- (j) Shares issued on conversion of the Performance Shares must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Performance Shares are freely tradeable, without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.
- (k) Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus shares and entitlement issues.
- (l) For the purposes of these terms and conditions:
 - a. "EBITDA" means earnings before interest, tax, depreciation and amortisation.
 - b. "Change in Control Event" means:
 - i. the occurrence of:
 - 1. the offerer under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - 2. that takeover bid has become unconditional; or
 - ii. the announcement by the Company that:
 - 1. shareholders of the Company have at a Court-convened meeting of shareholders voted in favour, by the necessary majority of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
 - 2. the Court, by order, approves the scheme of arrangement,

but shall not include a scheme of arrangement for the purposes of a corporate restructure (including change of domicile ,consolidation, subdivision, reduction or return) of the issued capital of the Company.

- c. "Expiry Date" means In relation to the Class D Performance Shares, 3 years from the date of issue.
 - d. "Market Value" in respect of the Shares, means the volume weighted average of the actual prices at which Shares were traded on the ASX, during the immediately preceding period of twenty (20) business days where trading in the Shares has occurred.
- (m) If, prior to the Expiry Date, a Change in Control Event occurs then each Performance Share will be converted into one Share. The maximum number of Performance Shares that can be converted into Shares and issued under this clause (m) upon a Change in Control Event occurring must not exceed 10% of the issued share capital of the Company (as at the date of the Change in Control Event) . The Company shall ensure a pro-rata allocation of Shares issued under this clause (m) to all Performance Shareholders.
- (n) The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (o) Each Class D Performance Share will automatically convert into one Share at a time when the Company achieves a positive EBITDA in respect of operations for a consecutive period of 3 months from an asset of the Company (**Milestone**);
- (t) If a Milestone is not achieved by the Expiry Date, then the applicable Performance Shares will be automatically redeemed by the Company for the sum of \$0.000001 within 10 business day of non-satisfaction of the Milestone.

PROXY, REPRESENTATIVE AND VOTING ENTITLEMENT INSTRUCTIONS

PROXIES AND REPRESENTATIVES

Shareholders are entitled to appoint a proxy, being an individual or a body corporate, to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001 (Cth)*.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Chinalco Yunnan Copper Resources Limited
GPO Box 216, Brisbane QLD 4001
Facsimile: (07) 3212 9201 (for proxy voting)

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney time) on 24 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

SIGNING INSTRUCTIONS

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Chinalco Yunnan Copper Resources Limited

ABN 29 070 859 522

LODGE YOUR VOTE



By mail:

Chinalco Yunnan Copper Resources Limited
GPO Box 216
Brisbane QLD 4001
Australia



By fax: +61 7 3212 9201



All enquiries to: Telephone: +61 7 3149 2113



X99999999999

PROXY FORM

I/We being a member(s) of Chinalco Yunnan Copper Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **9:30am on Wednesday, 26 November 2014 at Level 7, Waterfront Place, 1 Eagle St, Brisbane**, (the Meeting) and at any postponement or adjournment of the Meeting.

Chairman of the Meeting authorised to exercise undirected proxies on remuneration related resolution

Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes proxy by default). I/ we expressly authorise the Chairman of the Meeting to exercise my/our proxy on Resolutions 1 and 3 even if Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of the key management personnel (which includes) the Chairman of the Meeting.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman of the Meeting to vote for or against or abstain from voting on Resolutions 1 and 3, by marking the appropriate box in Step 2 below.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

ORDINARY BUSINESS

Resolution 1

Adoption of Remuneration Report

For Against Abstain*

Resolution 2

Re-Election of Zewen (Robert) Yang as a Director

SPECIAL BUSINESS

Resolution 3

Issue of performance shares to Paul Williams

For Against Abstain*

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CYU PRX401R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:30am on Monday, 24 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



by mail:

Chinalco Yunnan Copper Resources Limited
GPO Box 216
Brisbane QLD 4001
Australia



by fax:

+61 7 3212 9201



by hand:

delivering it to Level 8, Christie Centre, 32 Adelaide Street, Brisbane QLD 4000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.