CHINALCO
YUNNAN COPPER
RESOURCES LTD
ASX : CYU

2014 ANNUAL REPORT

CORPORATE DIRECTORY

Board of Directors	Head Office
Zhihua Yao (Chairman) Paul Williams (Managing Director) Zewen Yang (Executive Director) **Company Secretary** Paul Marshall **ASX Code: CYU**	Level 8 320 Adelaide Street Brisbane QLD 4000 Telephone: 07 3211 9013 Facsimile: 07 3010 9001 Email: admin@cycal.com.au Website: www.cycal.com.au
Auditors	**Share Registry**
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MESSAGE FROM THE CHAIRMAN

Dear Shareholders

When I wrote to you this time last year, I noted that CYU was well-positioned to establish itself as a major participant in the Australian mining industry. The past 12 months have seen a continuation of very challenging market conditions for both the mining companies and the explorers and it is likely that we will experience these conditions for some time to come.

The CYU Board endorsed a Business Plan in April 2014 as the basis for achieving its stated corporate objective of becoming a mid-tier mining company with an ongoing exploration commitment in the Mt Isa region of north-western Queensland. And we see these challenging conditions as presenting unique opportunities for CYU as follows:

- Our efforts to acquire either well-advanced or operating projects are suited to the current market conditions, in the sense that there are fewer competing bidders for available project interests and the value expectations of project owners has been dampened; and
- Our ongoing exploration activities in the Mt Isa region can progress in a very competitive and cost-effective exploration services sector – with almost immediate access to drilling rigs and crews as well as the timely return of assays and other results from the laboratories.

In accordance with the April 2014 Business Plan, the key activities of CYU are as follows:

Assessment of acquisition opportunities – CYU's management team continues to progress its technical and financial assessment of potentially exciting projects, as well as having ongoing discussions with project owners. We remain hopeful that a concluded transaction can be achieved in the coming months.

Ongoing Mt Isa exploration – during the past year CYU's exploration team have achieved some excellent results across our broad tenure holdings in the Mt Isa/Cloncurry region. Our primary exploration objective is to find deposits with more than 1m tonnes grading at > 1% copper.

Disposal of Chile and Laos holdings – we have successfully exited all of CYU's Chilean holdings and are in the process of abandoning the Laos holdings.

On behalf of the CYU Board, I wish to thank all shareholders for their ongoing support. I have every confidence that CYU's management team is capable of delivering strong results and value for shareholders as we move into 2015.

Yours sincerely

Zhihua Yao
Chairman

COMPANY OVERVIEW AND STRATEGY

The principal activities of the Company and its controlled entities during the year comprised:

- Mineral exploration in the Mt Isa region of north-western Queensland; and
- Identification and assessment of project opportunities for acquisition,

in a manner consistent with the Business Plan adopted by the Board of CYU in April 2014.

There were no significant changes in the nature of CYU's principal activities during the year.

REVIEW OF OPERATIONS

Highlights in relation to project activity during the year are noted below.

Projects

Australian Projects

Mary Kathleen Joint Venture (CYU 80%/ GSE 20%)

On 25 August 2009, CYU entered into a Farm-in and Joint Venture Agreement with Goldsearch Limited (GSE) to explore their Mary Kathleen Project (later renamed Mary Kathleen Joint Venture Project) comprising the three granted EPMs 14019, 14022 and 15257 covering an area considered prospective for copper, gold, uranium and rare earth elements mineralisation within the Mount Isa Inlier of northwest Queensland. In June 2011 CYU advised GSE that it had met all its expenditure commitments of A$1.5M to earn a 70% equity. A 70:30 joint venture between CYU and GSE was then incorporated to continue exploration. In June 2014, GSE elected to dilute its joint venture participating interest by 10%, thereby adjusting the ownership structure to 80:20 as between CYU and GSE.

Elaine:

As previously announced the Company has established an Inferred JORC resource at Elaine. To date CYU has drilled a total of 13,089m in 33 diamond core holes and 1 percussion hole over six drill programs from 2009 to early 2013. The most recent program was designed to extend the resource of Elaine at depth and along strike. Models of the Elaine copper-gold resource, aeromagnetics, geophysics, and copper-gold soil domains, were the most important targeting parameter for the holes.

A number of high grade gold intercepts were made during the Elaine drilling programs but there are no shallow holes that track these zones towards the surface. A desktop study with limited review of drill core is proposed to identify possible drill targets for testing in 2015 subject to available time and personnel. Little other activity was conducted on the Mary Kathleen Joint Venture tenure during the year, other than as highlighted below in relation to the King Solomon and Pindora prospects.

King Solomon:

This prospect has not been the subject of any significant exploration activity in recent times. Situated 35km east of Mount Isa and 3km north of the Barkly Highway, King Solomon lies on the western margin of the Corella Formation. Reconnaissance rock chip sampling from this area has returned strong copper and gold anomalies, which warrants further investigation. Some of the assay results for the King Solomon samples included:

Sample 411839 4.8% Cu, 1.7g/t Au and 3.2 g/t Ag
Sample 411843 20.9% Cu and 0.16 g/t Au
Sample 411844 9.6% Cu and 0.18 g/t Au

These encouraging early-stage exploration results have set the scene for a drilling program possibly later in 2014.

Pindora:

This prospect was the subject of a 15 RC (reverse circulation) drillhole program in April 2008 when owned by Goldsearch. The holes were drilled on 9 sections along 7km of strike of the Pindora Shear and were generally designed to test under historic mine shafts.

The Pindora prospect lies within EPM 14019 which is also part of the Mary Kathleen joint venture with Goldsearch. Some significant copper mineralisation was intersected in this 2008 program, highlighted by the following:

MKRC012 4m @ 2.5%Cu 0.24g/t Au from 48m
MKRC013 6m @ 0.87%Cu from 35m including 1m @ 2.5%Cu

MKRC020	**3m @ 0.99%Cu from 37m**
MKRC021	**3m @ 7.85%Cu 0.55g/tAu from 1m**
	2m @ 4.00%Cu 0.37g/tAu from 17m
	5m @ 1.60%Cu from 48m
	3m @ 1.01%Cu from 57m

These results provide significant encouragement to proceed with further exploration drilling with the aim of identifying significant tonnes of +1%Cu in multiple pits along the Pindora Shear. Initial follow-up drilling will be conducted by CYU either in late 2014 or early 2015, to test the down dip continuity on the original Goldsearch drilling sections.

Mt Frosty Joint Venture (Glencore Xstrata 100%, CYU earning in)

On 3 February 2012, CYU entered into a Farm-in and Joint Venture Agreement with Xstrata Mt Isa Mines Ltd to commence exploration activities on the Mt Frosty project which covers the Mary Kathleen Shear. Under the terms of the Mary Kathleen Joint Venture, CYU is obliged to incorporate GSE as a participant in the Mt Frosty Joint Venture, on the same 80:20 participating terms. The primary prospect opportunities within the Mt Frosty project are Jubilee and Blue Caesar.

Jubilee:

The Jubilee prospect is approximately 900m to the west of CYU's Blue Caesar prospect and 5.5km south of the historic Mary Kathleen uranium mine. Jubilee was the subject of mining in the 1920s and 1970s. The Jubilee prospect consists of a north-trending linear zone of historic workings, presumably shear-controlled, that is mapped by a 1km long copper-in-soil anomaly.

Two holes were drilled under the historic Jubilee mine shaft as part of CYU's seven hole RC exploration drilling program in April/May 2014. The drilling targeted the down-dip extension of the historic workings.

Drillhole Q-019 intersected copper sulphide mineralisation occurring from 36m down hole depth and hole Q-020 intersected copper sulphide mineralisation from 78m down hole depth. Final analytical results from drillholes Q-019 and Q-020 were highlighted by:

Q-019	**6m @ 1.01% Cu and 0.9 g/t Au from 40m including:**
	2m @ 2.42% Cu and 2.96 g/t Au
Q-020	**11m @ 1.76% Cu and 0.44 g/t Au from 78m including:**
	4m @ 4.29% Cu and 1.17 g/t Au and
	1m @ 10.7% Cu and 1.37 g/t Au

After this successful initial drilling at Jubilee, a program of 9 additional RC drillholes is proposed 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 is 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 exploration program at Jubilee was completed during August/September 2014.

Blue Caesar:

The Phase 2 five drillhole exploration program at Blue Caesar was completed in August 2013 and highlighted by the following assay results:

- Various levels of primary sulphide mineralisation intersected throughout MKBC004, including **40m @ 0.66% Cu and 0.4 g/t Au from 34 metres**
- Near surface primary sulphide mineralisation intersected in both drillholes MKBC005 and MKBC006 highlighted by **35m @ 0.77% Cu and 0.04 g/t Au from 26 metres** (MKBC005) and **19m @ 0.62% Cu from 29m** (MKBC006).

Based upon these results and the potentially economic intersections of chalcopyrite-rich mineralisation at shallow depths earlier in 2013 CYU's analysis of the drill data suggested a south-plunging, easterly dipping structural zone may be the host to the mineralisation. Mapping and rock chip sampling conducted by CYU at Blue Caesar late in 2013 showed the potential for the strike of mineralisation to extend for 1000m. As part of CYU's drilling program in April/May 2014, drillhole Q-018 was designed to test the up-plunge extent of the Blue Caesar mineralisation to the north.

Analytical results for drillhole Q-018 validated CYU's interpretation of a northern extension to the strike of chalcopyrite-pyrrhotite mineralisation discovered in 2013, highlighted by the following assays:

Q-018	**4m @ 1% Cu from 16m**
	2m @ 0.95% Cu from 59m (forming part of a broader 27m zone @ 0.26% Cu)

The next phase of drilling at Blue Caesar is designed to test the mineralisation 100m down dip of the May 2014 drilling as well as the cluster drilled in 2013. The new drill orientation is designed to be both orthogonal to the principal plunge direction and at a high grade to the hanging wall dip. This Phase 2 program at Blue Caesar was completed in August 2014 in association with the Jubilee drilling program.

Millennium

On 17 September 2013, CYU entered into an agreement to create a joint venture with Elementos Limited (ELT) to explore for copper, cobalt and gold and ultimately earn a majority interest in the Millennium Project. Millennium, situated near Cloncurry, includes the following tenements:

- Mining Leases totalling 134 hectares; and
- Exploration Permits totalling 254 km^2.

In early November 2013, CYU commenced an initial exploration program involving the drilling of thirteen RC drillholes designed to validate historic drill results from the 1970's and early 1980's. As a result of this program CYU has identified a large mineralised system with a strike length of 1200m which is still open both to the north and south. In addition, because the drillholes in this program were shallow (up to 150m in depth), the mineralisation remains open at depth. Assay results confirmed the previous high-grade intersections from the earlier programs and were highlighted by:

Q001	**23m @ 0.48% Cu and 0.16% Co from 16m including:** **5m @ 1.37% Cu, 0.37% Co and 0.5 g/t Au**
Q002	**1m @ 2.1% Cu from 45m**
Q008	**5m @ 0.83% Cu, 0.20% Co and 0.3 g/t Au from 85m**
Q009	**6m @ 0.62% Cu, 0.25% Co and 0.1 g/t Au from 124m**
Q010	**20m @ 0.51% Cu, 0.19% Co and 0.1 g/t from 124m including:** **2m @ 1.07% Cu, 0.21% Co and 0.2 g/t Au; and** **8m @ 0.72% Cu, 0.21% Co and 0.2 g/t Au**
Q011	**19m @ 0.58% Cu, 0.04% Co and 0.2 g/t Au from 159m including:** **4m @ 0.71%Cu and 0.2g/t Au;** **3m @ 0.88% Cu and 0.3g/t Au; and** **3m @ 0.75%Cu and 0.2g/t Au**
Q012	**19m @ 1.27% Cu, 0.38% Co and 0.7 g/t Au from 29m including:** **6m @ 3.45% Cu, 0.32% Co and 2.0 g/t Au**
Q013	**34m @ 0.47% Cu, 0.08% Co and 0.2 g/t Au from 46m including:** **15m @ 0.83% Cu, 0.15% Co and 0.4 g/t Au.**

The Millennium prospect was designated as CYU's principal drill target for 2014. The first stage of activities in 2014 was a four RC drillhole (Q-014 to Q-017) program in April 2014 targeting the mineralisation both along strike and down dip. The depth of these holes ranged from 180m to 320m. Unfortunately Q-017 was terminated above the target zone due to drilling rig problems. Follow up (and deeper) diamond drilling is planned for later in the year.

Final analytical results from these drillholes have further reinforced the interpretation that the Millennium prospect may hold a large mineralized body. Highlights of the assay results are:

Q-014	**13m @ 0.53% Cu, 0.30% Co, 0.24 g/t Au and 3 g/t Ag from 104m including:** **5m @ 0.98% Cu, 0.29% Co, 0.5 g/t Au and 5 g/t Ag**
Q-015	**21m @ 0.35% Cu, 0.13% Co, including:** **8m @ 0.58% Cu, 0.11% Co and** **3m @0.47% Cu, 0.27% Co**
Q-016	**5m @ 0.35% Cu, 0.1 g/t Au**

Of particular interest is the presence of a broad zone (up to 60m in Q-014 and at least 20m in hole Q-016) characterised by geochemical anomalism in a range of metallic elements - Ag, As, Cu, Ni, U, Zn, Ce, Au, Co, La. This geochemical signature is interpreted as reflecting the presence of deep crustal or mantle fluids which have migrated along the Pilgrim Fault and which may form economic mineralization in the right geological environment.

A deep-penetrating IP geophysical survey will be undertaken by CYU later in 2014 to map the mineralization and provide targets for further drilling.

Roseby Copper South

On 17 September 2013, CYU also entered into an agreement to create a joint venture with Altona Mining Limited (Altona) to explore for copper and gold and ultimately earn a majority interest in the Roseby South Project, near Mt Isa in Queensland. Roseby South comprises a package of eight Exploration Permits covering an area of 704km^2 situated near Cloncurry in the world-class Mt Isa Inlier in northwest Queensland.

Native Companion:

The Native Companion/Brolga trend is characterised by numerous historic workings over a 5km strike parallel to the Rosebee Fault. The zone has been broadly RAB (rotary air blast drill) sampled on nominal 500m line spacing with stations at 25m to identify discrete copper geochemical anomalies in excess of 1000m of strike length and 100m width. CYU has conducted an orientation survey using mobile metal ion (MMI) technology that successfully reproduced the geochemical anomalies over two lines of RAB sampling. Expansion of the of the MMI grid to 100m line spacing will be undertaken in July-September 2014 which will, in turn, develop targets for a drilling program later in 2014.

Pilgrim Fault:

The Pilgrim Fault program is the primary exploration program for the 2014 calendar year. It will 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.

The Phase1 soil geochemical program (at 800m line spacing) to be conducted during July-September will map the broad geochemical signatures which will then be defined in more detail in the Phase 2 and 3 programs (400m & 100m spacings respectively) that will follow. Analysis of the available hyperspectral imagery will also assist by potentially defining alteration zones that can be linked to the geochemistry. Initial targets will be surveyed using deep magneto-telluric geophysics in 2015 to delineate targets for drill testing in 2015.

Cameron Fault:

The Cameron Fault is the second regional structure targeted for detailed geochemical mapping by CYU's exploration team. 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.

Cloncurry North

In 2011 CYU farmed out the Cloncurry North projects to YEX and under the terms of that Farm-in Agreement YEX could earn up to a 55% interest in the Cloncurry North project.

Late in 2012 YEX received the analytical results from their drilling of the FC4 prospect which targeted a number of anomalies defined by the deep-penetrating EH4 geophysical survey undertaken in late 2011. FC4 is located approximately six kilometres north of the Ernest Henry mine. Two deep diamond core holes, ZK01 and ZK02, were drilled for a total of 1,519m. The best result from these holes was in ZK01 which returned 104m @ 0.1% Cu from 474m.

In May 2013, YEX issued a notice to CYU formally withdrawing from this Farm-in Agreement and electing to retain the 10% interest in the Cloncurry North Project which it had earned up to the time of withdrawal. There have been no activities conducted within this project area during the year, however as these projects are adjoining the northern Roseby South tenures, CYU will continue to assess the prospectivity of Cloncurry North.

Mt Isa East

In June 2013, CYU farmed out the Mt Isa East prospects to YEX and under the terms of that Farm-in Agreement YEX could earn up to a 45% interest in the those tenures. As at the date of this report, YEX has earned a 20% interest in the Mt Isa East projects.

Later in 2013, YEX completed some soil geochemistry and ground magnetic survey work on the Little Isa prospect. On review of the data that was collected, YEX has notified CYU that it did not intend to carry out any further works on the project under the existing farm-in arrangements. No other activities were conducted on this prospect during the year.

Chile Projects

Humito (CYU 100%)

The Humito project is located 10km south of PanAust's and Codelco's Inca de Oro project in the Chanaral Province, Atacama Region (Region III), Chile.

The Board of CYU had previously advised that unless satisfactory commercial and access arrangements could be established with an adjoining tenure-holder and CYU has sufficient funds available, no further activities would be contemplated at Humitos. Early in 2014, the CYU Board resolved to cease further activities at Humitos and not incur any further financial commitments with that project.

In late June 2014 CYU succeeded in securing sale agreements for the disposal of its remaining Humitos project interests. The Humitos tenures were separated into two packages for the sale and sold to two separate groups – one package sold for approximately US$45,500 to SolarReserve and the other package to Minera Inmet Chile S.A for US $50,000.

Palmani (CYU earn in, Rio Tinto 100%)

The Palmani project is located in the porphyry copper belt of northern Chile in the Arica Province, Arica–Parinacota Region (Region XV) approximately 56km northeast from the regional centre Arica.

In the case of Palmani, in the latter part of 2013, CYU assessed different funding options to conduct the first stage of an exploration drilling program. Due to the mountainous terrain around the Palmani project, initial estimates for such a program were over $1.5m due not only to the need for deep (and expensive) diamond drilling, but also the creation of access roads and related facilities.

CYU had been seeking ways of funding this program from sources other than its own cash resources, but no feasible means was identified. As a consequence in early 2014, CYU notified Rio Tinto of its intention to withdraw from the Palmani farm-in without any further activities being conducted by CYU.

Sulfato (CYU earn in, Codelco 100%)

In November 2013, CYU completed a two drillhole exploration drilling program at the Sulfato project, which is located in the porphyry copper belt of northern Chile, near the regional centre of Iquique. The Sulfato drilling program began in early October and was designed to test a combination of geological and geophysical targets, identified by CYU's exploration activities earlier in 2013. Previous studies by Codelco had identified a porphyry environment and two drilling programs encountered moderate success, including 92m @ 0.65% Cu in drillhole S2 hosted within primary copper sulphide minerals.

The first completed drillhole, SFD-003, was collared in sediments and intercepted a small hydrothermal breccia and ensuing porphyry intrusive from 78 metres depth. Despite the encouraging alteration styles early in the drill hole and the presence of a porphyry intrusive, no significant copper mineralisation was intersected.

The second drillhole, SFD-004, was located in the eastern area of the project and was drilled to a depth of 510m. It was designed to target an untested intrusive on the south-eastern side of the valley, which coincided with a chargeability and deep-seated conductivity anomaly. Drillhole SFD-004 showed more encouragement than the first drillhole as a wide intrusive was intersected from 241.6m, and quartz-pyrite veins were common with frequent traces of chalcopyrite from 60m depth. The drill core samples taken from this second hole were assayed – indicating that the copper traces were generally sub-economic throughout, the highest value peaking at 4959ppm Cu (0.49% Cu). The most notable intersection was from 219m depth, with 91m @ 0.15% Cu. Au and Mo peaks reached 0.26 g/t Au and 326ppm Mo, but typically remained low.

Based on the initial observations from these two drillholes, CYU decided not to proceed with any further drilling or other activities at Sulfato. Having completed its compulsory US$500,000 first year expenditure commitment at Sulfato, the Board of CYU elected not to participate any further in the Sulfato project and notice of CYU's intention to withdraw was issued to Codelco in early 2014.

San Mu Mining

Yunnan Copper San Mu Mining Co. Ltd (San Mu Mining), a China incorporated entity, is now 51% owned by CYU with 49% ownership by Yunnan Copper Industry (Group) Co., Ltd (CYCI). San Mu Mining holds a 100% interest in four prospects in northern Laos. CYU and San Mu Mining management remain focussed on taking the necessary steps 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.

ANNUAL MINERAL RESOURCE STATEMENT

In accordance with ASX Listing Rule 5.21, the Company reviews and reports its Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources over the course of the year, the Company is required to promptly report these changes.

Elaine Prospect

The Company has previously reported an Inferred Resource of 27.7 million tonnes grading 0.53% copper and 0.08 g/t gold for a contained metal content of 147,000t copper and 75,000oz gold. This Inferred Resource was calculated pursuant to the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the "JORC Code") 2004 Edition.

The Elaine Mineral Resource was last reported in October 2012. There has been no change to the Elaine Inferred Resource Statement reported in 2012. In completing the annual review for the year ended 30 June 2014, the historical resource factors were reviewed and found to be relevant and current. The Elaine Prospect has not been converted to an active operation yet and hence no material resource depletion has occurred for the review period.

Material Changes and Resource Statement Comparison

There have been no material changes to the Mineral Resource during the review period from 1 July 2013 to 30 June 2014.

The information in this Annual Report that relates to Mineral Resources was prepared and first disclosed under the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") 2004 Edition and has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information as previously released in 2011 and 2012 and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Governance Arrangements and Internal Controls

The Company has ensured that the Mineral Resources quoted are subject to good governance arrangements and internal controls. The Mineral Resources reported were generated by suitably qualified personnel (who were employed or contracted by the Company at the time) that were experienced in best practices in modelling and estimation methods, and also in undertaking reviews of the quality and suitability of the underlying information used to determine the resource estimate.

COMPETENT PERSON'S STATEMENT

The information regarding the exploration activities and information set out in this Annual Report 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 this Annual Report of the matters based on his information in the form and context in which it appears.

DIRECTORS AND OFFICERS

The following persons were directors of Chinalco Yunnan Copper Resources Limited ('CYU' or 'the Company') during the whole of the financial year and up to the date of this report, unless stated:

Mr Zhihua Yao (Appointed 23/12/2010)

Non-Executive Chairman, BSc, GradDip

Mr Zhihua Yao has been the Deputy General Manager of Chinalco Yunnan Copper Industry (Group) Co. Ltd (CYCI) since November 2010. He is responsible for exploration, M&A and project development of YCI.

Mr Yao has over 29 years' experience in mining and exploration in China. He has worked in different positions, mainly in mining and exploration within CYCI. Mr Yao started his career as a mining technician at a copper mine for Yimeng Mining Co. Ltd, a major mining subsidiary of YCI. In July 1998 he was appointed Vice General Manager of Yimeng Mining Co. Ltd, and was responsible for the company's planning, development, R&D, QC and construction.

From 2003 to 2010, Mr Yao was employed as the Director General of Mineral Resource Department and Vice Chief Engineer of CYCI. He was responsible for project generation, M&A, exploration and project development of the whole group.

In November 2010, Mr Yao was assigned to the post of Deputy General Manager of CYCI. Mr Yao has a Bachelor of Science with specialization in Mining Engineering and Post Graduate Diploma in Mining Management from Kunming University of Science and Technology, China. He has a PhD degree of mining engineering from China South University and recently secured official recognition from AusIMM to certify JORC resource and reserve statements, being one of only a handful of Chinese professionals to achieve this status.

Mr Paul Williams (Appointed 6/3/2013)

Managing Director, LLB, BA.

Mr Williams holds both Bachelor of Arts and Law Degrees from the University of Queensland and practised as a corporate and commercial lawyer with Brisbane legal firm Hopgood Ganim for 17 years. He ultimately became an equity partner of that firm before joining Eastern Corporation as their Chief Executive Officer in August 2004. In mid-2006 Mr Williams joined Mitsui Coal Holdings in the role of General Counsel, participating in the supervision of the coal mining interests and business development activities within the multinational Mitsui & Co group.

Mr Williams is well known in the Brisbane investment community as well as in Sydney and Melbourne and brings to the CYU Board a broad range of commercial and legal expertise – especially in the context of mining and exploration activities. He also has a strong focus on corporate governance and the importance of clear and open communication of corporate activity to the investment markets.

Mr Zewen Yang (Appointed 31/7/2007)

Executive Director, BA, MComm, MAICD

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

Mr Yang has 21 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) Co Limited 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.

Mr Richard Hatcher (Appointed 12/12/2012, Resigned 27/8/2013)

Executive Director, BAppSc – Geology (Hons), MAIG, MSEG,

Mr Hatcher was previously Exploration Manager for Chinalco Yunnan Copper Resources before his appointment to the board on 12 December 2012.

Mr Hatcher has 18 years' experience in gold, base metals, diamond, petroleum and lateritic nickel exploration and project development in Australia, South Pacific, New Zealand and Latin America. He has previously worked for Bolnisi Gold NL and Kings Minerals NL and was with Chinalco Yunnan Copper Resources Ltd since May 2008.

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of Chinalco Yunnan Copper Resources Limited are shown in the table below:

Director	Ordinary Shares	Class B Performance Shares	Class C Performance Shares	Options
Zhihua Yao *	132,728,969	-	-	200,000
Paul Williams	200,000	1,000,000	1,000,000	-
Zewen Yang *	132,728,969	-	-	200,000

* Shares are held by China Yunnan Copper (Australia) Investment and Development Co Limited. Mr Yao and Mr Yang are executives in companies within the Chinalco Yunnan Copper Industry (Group) Co. Ltd who are the ultimate parent company of China Yunnan Copper (Australia) Investment and Development Co Limited who hold the 132,728,969 ordinary shares.

COMPANY SECRETARY

Mr Paul Marshall was the Secretary of Chinalco Yunnan Copper Resources Limited throughout the year and until the date of this report.

Paul Marshall

Company Secretary and Chief Financial Officer, LLB, ACA

Paul Marshall is a Chartered Accountant. He holds a Bachelor of Law degree, and a post Graduate Diploma in Accounting and Finance. He has 25 years in the accountancy profession having worked for Ernst and Young for ten years, and subsequently fifteen years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies mainly in the resources sector. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its controlled entities ('Consolidated Entity') during the year was mineral exploration. There were no significant changes in the nature of the Consolidated Entity's principal activity during the year.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the year (2013: $nil).

FINANCIAL RESULTS

Capital structure

At 30 June 2014 the Company had 278,532,524 ordinary shares, 1,000,000 Class B performance shares, 1,000,000 Class C performance shares, and 2,800,000 unlisted options on issue.

Financial position

The net assets of the Consolidated Entity have decreased from $19,273,855 at 30 June 2013 to $8,837,807 at 30 June 2014.

During the year the Consolidated Entity has invested in the advancement of its exploration permits held. The Company's working capital, being current assets less current liabilities has decreased from $2,885,347 in 2013 to $(1,294,210) at 30 June 2014.

Treasury policy

The Consolidated Entity does not have a formally established treasury function. The Board is responsible for managing the Consolidated Entity's currency risks and finance facilities. The Consolidated Entity does not currently undertake hedging of any kind.

Liquidity and funding

The Consolidated Entity incurred a net loss of $11,331,155 (2013: $7,808,248) for the year ended 30 June 2014. This loss primarily relates to write down of the remaining projects in Chile ($2,126,539) and Laos ($6,071,396). The Directors resolved during the period to withdraw from these territories. Furthermore, as is typical of exploration companies which need to raise funding on an ongoing basis, CYU will have a funding requirement within the short term to continue exploration activities.

Based on one or more of the following:

1. The success of future capital raisings;
2. Ongoing support from its largest shareholders;
3. The potential to attract a farm-in partner to the projects; and
4. The current portfolio of exploration assets held,

the Directors are confident of securing funds as and when necessary to meet the Consolidated Entity's obligations as and when they fall due.

Operating Results

Revenue
As an early stage exploration company, Chinalco Yunnan Copper Resources Limited does not generate any income other than interest on its cash holdings. The Consolidated Entity generated $17,232 in interest revenue during the period.

Expenses
The Consolidated Entity's main expenses are as follows:

	2014 $
Employment and consultancy expenses	1,387,075
Depreciation expense	75,575
Impairment of exploration expenditure	8,642,088
Impairment of plant and equipment	29,152
Project generation and other exploration expenditure	306,615
Administration expenses	907,882
Total expenses	11,348,387

Impairment of exploration expenditure primarily relates to write down of the remaining projects in Chile ($2,126,539) and Laos ($6,071,396). The Directors resolved during the period to withdraw from these territories.

All farm-in arrangements in Chile have now ceased and the remaining project in Chile, Humitos, is being sold for approximately $100,000 AUD (refer Note 2). The Directors of Yunnan Copper San Mu Mining Co. Ltd (San Mu Mining), 51% owned by CYU, have resolved to dispose of the projects in Laos and are actively seeking interested parties.
In addition the Stanley's Hope project in Australia was impaired during the year ($444,152) as drilling and other geological assessments did not support further expenditure on this prospect. These impairment charges can be regarded as one-off items to the extent they will not be incurred in future periods unless additional prospects are written down in future periods.

Comparison with Prior Year
For the year ended 30 June 2014, the loss for the Consolidated Entity after providing for income tax was $11,331,155 (2013: loss of $7,808,248).

Excluding the impact of impairment charges and the share of equity accounted associate's loss in 2013, both of which are not recurring in nature nor comparable, the adjusted loss for the 2014 financial year is approximately $0.71M lower than the adjusted loss of 2013. The key movements in revenue and expenditure items were:

	$M
Reduced interest income resulting from falling interest rates and lower cash holdings	(0.09)
Reduced ongoing expenditure on projects previously impaired	0.40
	0.40

Reduced administrative and employee costs	
	0.71

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the 2014 financial year the Board of CYU recognized that the current challenging mining and development environment presented a substantial opportunity to transform the Company into a mid-tier mining company with an ongoing exploration commitment in the Mt Isa region. As consequence, the Board endorsed a Business Plan in April 2014 as the basis for this strategy and its implementation.

In accordance with the April 2014 Business Plan, the key activities of CYU at the present time are:

- Assessment of acquisition opportunities for projects that are either in production or near to commencing production – this involves the conduct of detailed technical and financial due diligence which, in the case of one particular project, is likely to be finalised by the end of August 2014;
- Ongoing exploration activities across CYU's large portfolio of tenure in the Mt Isa region; and
- Continuing efforts to sell and/or abandon the existing tenure holdings in Chile and Laos. Regardless of whether these holdings are abandoned or sold, no further expenditure is intended to be incurred by CYU on these interests.

During the 2014 financial year, CYU also entered into farm-in agreements with Altona Mining Ltd (and Roseby Copper South Pty Ltd) and Elementos Ltd significantly expanding CYU's tenure in the Mt Isa Region.

There were no other significant changes in the state of affairs of the Consolidated Entity that occurred in the financial year.

AFTER BALANCE DATE EVENTS

As at the date of this report the Board are investigating potential capital raising options and expect details in relation to this to be finalized in the near term.

There have been no events since 30 June 2014 that impact upon the financial report.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The growth strategy of CYU is based on two key foundations:

- Exploration and development of existing (and newly-acquired) tenure; and
- Acquisition of interests in projects that are either in production or close to production,

both of which are aimed at CYU having significant holdings in operating (and therefore cashflow-generating) projects by late 2015 or early 2016.

As a consequence, this growth strategy will be achieved by:

- Careful management of CYU treasury;
- Focus on high quality copper, gold and other mineral projects; and
- Maintenance of a strong exploration and evaluation team that has been carefully recruited. CYU is maintaining its technical resources in order to grow the business in the current environment of opportunity.

ENVIRONMENTAL ISSUES

The Company is subject to environmental regulation in relation to its exploration activities. There are no matters that have arisen in relation to environmental issues up to the date of this report.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for Directors and Key Management Personnel of the Company.

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

Remuneration Committee

The Board does not have a Remuneration and Nomination Committee. The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Current compensation arrangements for Directors and Executives are based on rates paid by other ASX listed junior exploration companies.

Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company.

Remuneration structure

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions for similar companies.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the Company's operational performance, specifically considering their success in:

- the identification of prospective tenements;
- subsequent design and execution of exploration programs;
- negotiating joint venture arrangements on terms favourable to the Company;
- investigating other potential acquisition opportunities and negotiating the completion of those acquisitions;
- expanding the level of mineral resources under the control of the company;
- carrying out exploration programs in a timely and cost effective manner; and
- liaising with stockbrokers, investment banks and market participants generally.

The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the Company and performance incentives which allow Executives to share the rewards of the success of the Company.

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration and Executive Officers and Senior Management remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Chinalco Yunnan Copper Resources Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in the Annual General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for non-executive Directors' fees is for a total of $250,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Director's or General Meetings of the Company or otherwise in connection with the business of the Company.

Executive Directors and Senior Management remuneration

The Company aims to reward the Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Managing Director and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board, and the process consists of a review of both the Company's operational performance and individual performance, relevant comparative remuneration in the market and where appropriate, external advice provided by executive remuneration consultants.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the year.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees.

The current employment agreement with the Managing Director has a six month notice period and in the case of the Executive Directors and with the CFO, there is a three month notice period.

All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses.

No retirement allowances for non-executive directors are paid.

<u>Managing Director</u>

The Managing Director, Mr Paul Williams is employed under an executive services contract entered into in March 2013. The contract has a three year period. Under the terms of the current contract Mr Williams' current remuneration package includes the following:

- Base salary of $300,000 per annum, inclusive of superannuation;

- Short term bonus of $50,000, payable upon the sucessful capital raising on the following terms:
  - Minimum of $5,000,000 raised;
  - Price no less than $0.20 per share;
  - Capital raising completed by 31 December 2013.

These terms were not met and the bonus was not paid.

- 5,000,000 long term incentive performance shares, comprising 1,000,000 A, B and C Class shares and 2,000,000 D Class performance shares respectively. The issue of D Class performance shares is subject to shareholder approval.

  These performance shares are convertible into ordinary shares in the Company (on the basis of one ordinary share for each performance share) upon the occurrence of the following events:

- A Class shares – successful completion of a capital raising of at least $5M by the Company in 2013. These shares were issued on 6 December 2013 and subsequently lapsed on 31 December 2013 as the performance condition was not met;
- B Class shares – the 5 business day weighted average share price of the Company's shares on the ASX being at least 25c. These shares were issued on 6 December 2013;
- C Class shares - the 5 business day weighted average share price of the Company's shares on the ASX being at least 50c. These shares were issued on 6 December 2013; and
- D Class shares – the company achieving a positive EBITDA in respect of mining operations (either from current projects or a susbsequently acquired project) for at least 3 consectutive months of operation. These shares have not been issued to date and still required shareholder approval;

If any of the events applicable to the Class B and C shares do not occur within 2 years of issue the applicable tranche (or tranches) of performance shares will lapse.

If any of the events applicable to the Class D shares do not occur within 3 years of issue the applicable tranche (or tranches) of performance shares will lapse.

Executive Directors

An Executive Director, Mr Zewen Yang, is employed under an executive services contract entered into in July 2008. The contract had a service term of three years and is currently being extended until a formal review is completed in late 2014. Under the terms of the current contract Mr Yang's current remuneration package includes the following:

- Base salary of $155,520.

Mr Yang is also able to earn a bonus as determined by the Board. The Bonus will be determined by the Board of the Company at the end of each financial year after the Commencement Date. Payment of any or all of the Bonus will be at the sole discretion of the Company acting reasonably. In exercising its discretion and in determining whether, acting reasonably, all or part of the Bonus is to be paid, the Board of the Company must consider matters including, but not limited to:-

- Whether the Executive has met performance objectives to be agreed to by the Board of the Company and the Executive from time to time;
- The performance of the Company's share price on ASX that may be attributed to the Executive's performance ;
- The Company's ability to secure relevant acquisitions to be made by the Company; and
- The Company's financial performance for the preceding twelve (12) month period and specifically, whether the Company has successfully grown revenue;

Another Executive Director, Mr Richard Hatcher, was employed, until his resignation on 27 August 2013, under an employment agreement entered into in August 2011. The contract had no fixed term of service. Under the terms of the contract Mr Hatcher's remuneration package included the following:

- Base salary of $184,000 per annum, inclusive of superannuation;

Mr Hatcher was also able to earn a bonus as determined by the Board.

Company Secretary and CFO
The Company Secretary and CFO, Mr Paul Marshall, is engaged on an on-going consultancy style agreement for the provision of services as company secretary and chief financial officer. Services are invoiced monthly based on services provided. The contract provides for a three month notice period.

(a) Details of Directors and other Key Management Personnel

Directors

- Zhihua Yao — Chairman
- Paul Williams — Managing Director
- Zewen Yang — Executive Director
- Richard Hatcher — Executive Director (appointed as Director 12 December 2012, resigned 27 August 2013)

Key Management Personnel

- Paul Marshall Company Secretary and CFO

(b) Remuneration of Directors and other Key Management Personnel

2014	Short Term			Post-Employment		Share-based Payments [1]			
	Salary & Fees	Cash Bonus	Non-cash benefits	Superan-nuation	Retirement benefits	Options and performance shares	Total	Performance Related %	% consisting of equity instruments
Specified Directors									
Zhihua Yao	36,000	-	-	-	-	314	36,314	-	0.86%
Paul Williams	275,229	-	-	25,459	-	29,200	329,888	-	8.85%
Zewen Yang	155,520	-	-	-	-	314	155,834	-	0.20%
Richard Hatcher[2]	95,716	-	-	4,950	-	297	100,963	-	0.29%
Key Management Personnel									
Paul Marshall	52,000	-	-	-	-	297	52,297	-	0.57%
	614,465	-	-	30,350	-	30,422	675,296		

(1) The value of options and performance shares granted in the year is the fair value of the options and performance shares calculated at grant date using a binominal pricing model.
(2) Mr Hatcher resigned on 27 August 2013.

2013	Short Term			Post-Employment		Share-based Payments [1]			
	Salary & Fees	Cash Bonus	Non-cash benefits	Superan-nuation	Retirement benefits	Options	Total	Performance Related %	% consisting of options
Specified Directors									
Zhihua Yao	36,000	-	-	-	-	3,411	39,411	-	8.65%
Paul Williams[2]	84,686	-	-	7,622	-	-	92,308	-	-
Zewen Yang	155,520	-	-	-	-	3,411	158,931	-	2.15%
Richard Hatcher[3]	92,497	-	-	8,325	-	1,707	102,529	-	1.66%
Jason Beckton[4]	125,898	-	-	-	-	3,725	129,623	-	2.87%
Norm Zillman[5]	16,158	-	-	-	-	(875)	15,283	-	(5.73%)
Key Management Personnel									
Richard Hatcher[3]	76,310	-	-	6,868	-	1,408	84,586	-	1.66%
Paul Marshall	52,000	-	-	-	-	3,115	55,115	-	5.65%
	639,069	-	-	22,815	-	15,902	677,786		

(1)The value of options granted in the year is the fair value of the options calculated at grant date using a binominal option-pricing model.
(2)Mr Williams was appointed as Managing Director on 6 March 2013.
(3)Mr Hatcher was appointed as Technical Director on 12 December 2012. His remuneration prior to this date relates to his services as Exploration Manager. Mr Hatcher resigned on 27 August 2013.
(4)Mr Beckton resigned as Managing Director on 1 January 2013 and remained on the Board as a non-executive Director until his resignation from the Board on 6 March 2013. $6,000 of his remuneration relates to his services as a non-executive Director.
(5)Mr Zillman resigned from the Board on 12 December 2012. The reduction of $875 in his share based remuneration relates to cancellation of 100,000 options which did not vest due to service conditions not being met.

(c) Performance shares issued as part of remuneration for the year ended 30 June 2014

Upon receiving CYU shareholder approval on 27 November 2013, 3,000,000 long term incentive performance shares, comprising 1,000,000 A, B and C Class shares were issued to Mr Paul Williams.

These performance shares are convertible into ordinary shares in the Company (on the basis of one ordinary share for each performance share) upon the occurrence of the following events:

- A Class shares – successful completion of a capital raising of at least $5M by the Company in 2013. These shares subsequently lapsed on 31 December 2013 as the performance condition was not met;
- B Class shares – the 5 business day weighted average share price of the Company's shares on the ASX being at least 25c. These shares were issued on 6 December 2013; and
- C Class shares - the 5 business day weighted average share price of the Company's shares on the ASX being at least 50c. These shares were issued on 6 December 2013.

If any of the events applicable to the Class B and C shares do not occur before 6 December 2015, the applicable tranche (or tranches) of performance shares will lapse.

Details on performance shares in the Company that were granted as compensation to Mr Paul Williams during the reporting period are as follows:

	Grant date	No. of shares	Fair value at grant date $	Total value of shares[1] $	Expiry date	Conversion price $	% of performance shares converted
Performance Shares							
A Class	6/12/2013	1,000,000	-	-	31/12/2013	NA	-
B Class	6/12/2013	1,000,000	0.0190	19,000	6/12/2015	0.25	-
C Class	6/12/2013	1,000,000	0.0102	10,200	6/12/2015	0.50	-

(1) The value of performance shares granted in the year is the fair value of the performance shares calculated at grant date using a binominal pricing model.

(d) Analysis of movement of options and performance shares granted as part of remuneration

2014	Value of equity instruments granted during the year $	Value of equity instruments exercised during the year $	Value of equity instruments lapsed or expired during the year $
Director			
Zhihua Yao	-	-	-
Paul Williams	29,200	-	-
Zewen Yang	-	-	-
Richard Hatcher	-	-	-
Key Management Personnel			
Paul Marshall	-	-	-

(e) Shares issued on exercise of remuneration options or performance shares

There were no shares issued on the exercise of compensation options or performance shares in the 2013 or 2014 financial years.

(f) Director and Key Management Personnel Equity Holdings

Director/Key Management Personnel share holdings (number of shares)

2014	Opening Balance	Granted as remuneration	On Exercise of Options	Purchased	Closing Balance
Directors					
Zhihua Yao	-	-	-	-	-
Paul Williams	-	-	-	200,000	200,000
Zewen Yang	-	-	-	-	-
Richard Hatcher	-	-	-	-	-
Key Management Personnel					
Paul Marshall	1,000,002	-	-	500,000	1,500,002
Total	1,000,002	-	-	700,000	1,700,002

Director/Key Management Personnel option holdings (number of options)

2014	Opening Balance	Granted as remuneration	On Exercise of Options	Net Change Other	Closing Balance
Directors					
Zhihua Yao	200,000	-	-	-	200,000
Paul Williams	-	-	-	-	-
Zewen Yang	200,000	-	-	-	200,000
Richard Hatcher (1)	200,000	-	-	(200,000)	-
Key Management Personnel					
Paul Marshall	200,000	-	-	-	200,000
Total	800,000	-	-	(200,000)	600,000

Performance shares

	2014		
Paul Williams	**A Class**	**B Class**	**C Class**
Outstanding at beginning of year	-	-	-
Granted	1,000,000	1,000,000	1,000,000
Forfeited	-	-	-
Converted	-	-	-
Expired	(1,000,000)	-	-
Outstanding at year-end	-	1,000,000	1,000,000
Convertible at year-end	-	-	-

(g) Additional Information

The factors that are considered to affect shareholder return since over the last 5 years is summarised below:

Measures	2014 $	2013 $	2012 $	2011 $	2010 $
Share price at end of financial year	0.025	0.045	0.11	0.19	0.09
Market capitalisation at end of financial year ($M)	6.96	11.16	19.07	32.94	9.78
Loss for the financial year	11,331,155	7,808,248	2,894,339	2,029,707	3,259,584
Cash spend on exploration programs	2,630,260	3,673,171	5,300,693	2,585,850	2,780,615
Director and Key Management Personnel remuneration	675,296	677,786	757,562	773,992	897,281

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

The Company may issue options to provide an incentive for directors key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of directors and key management personnel with those of the Company's shareholders.

End of Remuneration Report

OPTIONS

As at the date of this report there were 2,800,000 unissued ordinary shares under options as follows:

Terms	1 July 2013	Additions	Exercised	Expired/ forfeited	30 June 2014
Employee options $0.30 – 12/08/14	2,100,000	-	-	-	2,100,000
Director options $0.30 – 12/08/14	700,000	-	-	-	700,000
	2,800,000	-	-	-	2,800,000

During the year ended 30 June 2014 no shares were issued following the exercise of options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each Director and the Secretary of the Company has the right of access to all relevant information.

The Company has insured all of the Directors of Chinalco Yunnan Copper Resources Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

The Company has not indemnified its auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors' Meetings	
	A	**B**
Zhihua Yao	3	3
Zewen Yang	3	3
Paul Williams	3	3
Richard Hatcher	-	-

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

The Board of Directors has considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

No non-audit services were provided by the auditor of the parent entity, KPMG and its related practices.

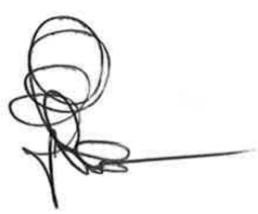
AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Chinalco Yunnan Copper Resources Limited support and have adhered to the principles of corporate governance.

Signed in accordance with a resolution of the directors.



Paul Williams
Director
25 July 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 audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Mark Epper
Partner

Sydney

25 July 2014

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 September 2014.

(a) Distribution of equity securities

CYU – Ordinary Fully Paid Shares

Number of Securities Held	No's of holders
1 to 1,000	91
1,001 to 5,000	198
5,001 to 10,000	321
10,001 to 100,000	643
100,001 and over	231
	1,484

Number of shareholders holding less than a marketable parcel of shares	**698**

(b) Twenty largest holders

CYU – Ordinary Fully Paid Shares

No.	Name of Shareholder	Holding	% Held
1	CHINA YUNNAN COPPER (AUSTRALIA) INVESTMENT AND DEVELOPMENT CO LTD	132,728,969	47.65%
2	MR NORMAN JOSEPH ZILLMAN	10,200,000	3.66%
3	ELLIOTT NOMINEES PTY LTD	7,150,000	2.57%
4	KIMBRIKI NOMINEES PTY LTD	4,000,000	1.44%
5	PREMAR CAPITAL NOMINEES PTY LIMITED	3,633,333	1.30%
6	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,708,514	0.97%
7	BANNERBLOCK PTY LTD	2,500,000	0.89%
8	YUNNAN & HONG KONG METAL CO. LTD	2,400,000	0.86%
9	JP MORGAN NOMINEES AUSTRALIA LIMITED	2,234,975	0.80%
10	JOIN VICTORY INVESTMENTS LIMITED	2,083,334	0.75%
11	CR INVESTMENTS PTY LTD	2,083,333	0.75%
12	MMCK SUPERANNUATION PTY LTD	1,850,895	0.66%
13	PACIFIC CAPITAL SECURITIES PTY LTD	1,725,997	0.62%
14	ROCK MASTER PTY LTD	1,700,000	0.61%
15	DEPOND AUSTRALIA PTY LIMITED	1,666,667	0.60%
16	KING FAITH GROUP LIMITED	1,600,000	0.57%
17	NEFCO NOMINEES PTY LTD	1,510,000	0.55%
18	MR JONATHAN PAUL KERSHAW MARSHALL	1,500,002	0.54%
19	SCINTILLA STRATEGIC INVESTMENTS LTD	1,410,000	0.51%
20	HIPETE PTY LIMITED	1,300,000	0.47%
		185,986,019	**66.77%**

(c) Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

(d) Interests in Exploration Tenements

Chinalco Yunnan Copper Resources Limited held the following interests in mining and exploration tenements as at 30 September 2014:

Project/Location	Tenement Reference	CYU % Interest	Comment
AUSTRALIA			
Cloncurry North	EPM 12205, 15084, 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)*
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*
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.*

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Chinalco Yunnan Copper Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's Corporate Governance Statement is structured with reference to the Australian Stock Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website at www.asx.com.au.

The Board endorses the ASX Corporate Governance Principles and Recommendations, and has adopted corporate governance charters and policies reflecting those recommendations to the extent appropriate having regard to the size and circumstances of the Company. The Company is committed to ensuring that its corporate governance systems maintain the Company's focus on transparency, responsibility and accountability. For further information on corporate governance policies adopted, refer to our website: www.cycal.com.au.

ASX Principles and Recommendations not followed by the Company and the reasons for non-compliance are as follows:

Recommendation Reference	Notification of Departure	Explanation for Departure
2.1	A majority of the board is not independent	The current board does not have any independent directors. The position of each director and as to whether or not they are considered to be independent is set out below. The board believe that the individuals on the board can and do make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that they are not independent directors in accordance with the criteria set out in the recommendations.
2.2	There is no independent director that can act as chair	The Company presently does not have any directors who are classified as independent.
2.4	A separate Nomination Committee has not been formed	The board considers that the Company is not currently of a size to justify the formation of a separate nomination committee. The board as a whole will undertake the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants may be engaged to identify possible new candidates for the board.
3.2, 3.3	Measurable objectives for achieving gender diversity and for the annually assessment of both the objectives and progress in achieving them have not been implemented	The Board has established a Diversity Policy. There are some aspects of the recommendations that are difficult to comply with due to the Company's size. The Board at this juncture has not set measurable objectives. This policy will be reviewed as part of the annual compliance review to ensure that the Diversity Policy is being progressed as required and to set measurable objectives when appropriate for the Company.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed	The Board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify the formation of an audit committee. The board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
7.2	Management has not reported to the board as to the effectiveness of the Company's management of its material business risks.	While the design and implementation of a basic risk management and internal control system is in place, a formal report as to the effectiveness of the management of the Company's material business risks has not been provided to the Board, and is not considered necessary at this stage for the size and nature of the Company's current activities.
8.1	There is no separate Remuneration committee	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation for the remuneration committee. The Board as a whole is responsible for the remuneration arrangements for directors and any executives of the Company.

Structure of the Board

The Board has adopted a formal board charter that outlines the roles and responsibilities of directors and senior executives. The Board Charter has been made publicly available on the Company's website.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Directors' Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines and independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgment.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director's perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a director's independence are considered each time the Board meets. In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are considered not to be independent:

Name	Position	Reason for not being Independent
Zhihua Yao	Chairman	Mr Yao is an executive within the Yunnan Copper Industries Group which is a substantial shareholder of the Company.
Paul Williams	Managing Director	Mr Williams is employed in an executive capacity
Zewen Yang	Executive Director	Mr Yang is employed in an executive capacity

Chinalco Yunnan Copper Resources Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Chinalco Yunnan Copper Resources Limited due to their considerable industry and corporate experience.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Zhihua Yao	3 years 9 months
Paul Williams	1 year 6 months
Zewen Yang	7 years 2 months

Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information and during certain pre-determined windows.

Company Code of Conduct

The Company is committed to operating ethically, honestly, responsibly and legally in all its business dealings. Accordingly, the Company requires employees to act in the Company's best interests in a professional, honest and ethical manner, and in full compliance with the law, both within and on behalf of the Company.

The Company has an established Code of Conduct (Code) which outlines the behaviour that is expected of employees. The Code governs all the Company's operations and the conduct of Directors, management and employees when they represent the Company.

The Code clearly sets out the process for dealing with complaints of breaches. The Board, senior executives, management and all employees of the Company are committed to implementing this Code and each individual is accountable for such compliance.

A copy of the Code is given to all employees, contractors and relevant personnel, including Directors and senior executives. Appropriate training is provided for Directors, senior executives and employees on a regular basis, where applicable.

Recruitment and Selection Processes
The recruitment and selection processes adopted by the Company ensure that staff and management are selected in a non-discriminatory manner based on merit.

Diversity
CYU is committed to workplace diversity. The Company recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

The Company values diversity in all aspects of its business and is committed to creating an environment where the contribution of all its personnel is received fairly and equitably.

The Company has a number of objectives in place to continually work towards its vision. These objectives include:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Company seeks to achieve these objectives by:

- recruiting and managing on the basis of competence and performance regardless of age, ethnicity, gender or cultural background;
- providing equal opportunities based on merit;
- fostering a culture that empowers people to act in accordance with this policy;
- fostering an inclusive, supportive and respectful culture to enable all personnel to reach their full potential;
- respecting the unique attributes that each individual brings to the workplace; and
- establishing and reviewing measurable objectives, particularly on gender diversity.

The proportion of women employees in the whole organisation, women in senior management positions and women on the board are as follows:

Measure	Female Proportion
Organisation	23%
Senior Management	Nil
Board	Nil

Shareholder Communications
The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company has established a Shareholder Communication Strategy which is available on the Company's website under "Corporate Governance".

All shareholders receive a copy of the Company's Annual Report and both the annual and half yearly reports are posted on the Company's website and emailed to investors who have registered for email updates. Quarterly reports are prepared in accordance with ASX Listing Rules and posted on the Company's website. Regular updates on operations are made via ASX releases. All information disclosed to the ASX is posted on the Company's website as soon as possible after it is disclosed to the ASX.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the preparation and content of the audit report.

Continuous Disclosure Policy
Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. A copy of the Continuous Disclosure Policy can be found within the Company's Corporate Governance Statement on the Company's website.

Board committees
The Board's charter allows it to establish committees if and when required to assist in the execution of the duties of the board. As at the date of this report, no committees have been established as the structure of the board, the size of the Company and the scale of its activities, allows all directors to participate fully in all decision making. When the

circumstances require it, the committees will be instituted with each having its own charter approved by the board that will set the standards for the operation of the committees. All matters that would be considered by committee are dealt with by the board.

Remuneration and Nomination
The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Audit and Risk Management
The responsibilities of Audit and Risk Management Committee are undertaken by the full Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's Risk Management policies can be found within the Audit and Risk Management Committee Charter available on the Company's website. Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management. While the design and implementation of a basic risk management and internal control system is in place a formal report as to the effectiveness of the management of the Company's material business risks has not been provided to the Board.

As required by Recommendation 7.3, the Board has received written assurances from the Managing Director and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that they system is operating effectively in all material respects in relation to financial reporting risks.

Performance
The Board considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board. The performance of the individual members of the Board is reviewed on an on-going basis as required in conjunction with the regular meetings of the Board.

No formal performance evaluation of the directors was undertaken during the year ended 30 June 2014.

Remuneration
It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Director's and Officer's emoluments to the Company's financial and operations performance.

The expected outcomes of the remuneration structure are:
- retention and motivation of Key Management Personnel
- attraction of quality management to the Company
- performance incentives which allow Executives to share the rewards of the success of Chinalco Yunnan Copper Resources Limited

For details on the amount of remuneration and all monetary and non-monetary components for each of the highest paid (Non-Director) Executives during the year, and for all Directors, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Chinalco Yunnan Copper Resources Limited and the performance of the individual during the year.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, subject to the Company's constitution and prior shareholder approvals, and the Executive team.

Other Information
Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.cycal.com.au.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	3	17,232	103,943
Employment and consultancy expenses		(1,131,510)	(920,600)
Depreciation expense		(60,817)	(98,200)
Finance costs		-	(181)
Impairment of exploration expenditure		(6,515,549)	(552,153)
Project generation and other exploration costs expensed		(49,179)	(201,408)
Administration expenses		(810,373)	(1,098,793)
Share of equity accounted associate's profit/(loss)		-	(46,475)
Loss before income tax		(8,550,196)	(2,813,867)
Income tax expense	5	-	-
Loss for the year – continuing operations		(8,550,196)	(2,813,686)
Loss after income tax – discontinued operations	2	(2,780,959)	(4,994,381)
Loss after income tax		(11,331,155)	(7,808,248)
Other comprehensive income/(loss)			
<u>Items that subsequently may be reclassified to profit or loss</u>			
Foreign currency translation differences for foreign operations		(284,167)	608,683
Income tax		-	-
Other comprehensive income/(loss) for the year, net of tax		(284,167)	608,683
Total comprehensive loss		(11,615,322)	(7,199,565)
Loss after income tax attributable to:			
Owners of the Parent Entity		(8,300,830)	(7,705,404)
Non-Controlling Interest		(3,030,325)	(102,844)
		(11,331,155)	(7,808,248)
Total comprehensive income attributable to:			
Owners of the Parent Entity		(8,551,196)	(7,393,185)
Non-Controlling Interest		(3,104,126)	193,620
		(11,615,322)	(7,199,565)
		Cents	Cents
Earnings per share			
Basic and diluted loss per share - continuing operations	7	(3.23)	(1.29)
Basic and diluted loss per share	7	(4.28)	(3.58)

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

Consolidated Balance Sheet
As at 30 June 2014

	Note	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	8	399,571	3,590,147
Trade and other receivables	9	298,586	269,931
Financial assets		1,091	1,091
Other current assets	10	6,045	23,059
Non-current assets held for sale	2	75,000	-
TOTAL CURRENT ASSETS		780,293	3,884,228
NON-CURRENT ASSETS			
Other receivables	9	43,495	61,966
Plant and equipment	11	118,814	394,807
Exploration expenditure	12	9,969,708	15,931,735
Investments in equity-accounted investee	13	-	-
TOTAL NON-CURRENT ASSETS		10,132,017	16,388,508
TOTAL ASSETS		10,912,310	20,272,736
CURRENT LIABILITIES			
Trade and other payables	14	1,033,428	916,845
Advance from related party	15	1,000,000	-
Short-term provisions	16	41,075	82,036
TOTAL CURRENT LIABILITIES		2,074,503	998,881
TOTAL LIABILITIES		2,074,503	998,881
NET ASSETS		**8,837,807**	**19,273,855**
EQUITY			
Share capital	17	33,748,445	32,601,079
Reserves	18	611,220	789,678
Accumulated losses		(25,458,095)	(17,157,265)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT ENTITY		8,901,570	16,233,492
Non-controlling interest		(63,763)	3,040,363
TOTAL EQUITY		**8,837,807**	**19,273,855**

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 year ended 30 June 2014

Consolidated Entity	Share Capital $	Reserves $	Accumulated Losses $	Total Parent Equity $	Non-Controlling Interest $	Total Equity $
Balance at 1 July 2012	25,206,229	444,072	(9,451,861)	16,198,440	-	16,198,440
Transactions with owners in their capacity as owners						
Issue of share capital	7,463,588	-	-	7,463,588	-	7,463,588
Share issue costs	(68,738)	-	-	(68,738)	-	(68,738)
Share-based payment expense	-	33,387	-	33,387	-	33,387
Comprehensive income						
Loss after income tax	-	-	(7,705,404)	(7,705,404)	(102,844)	(7,808,248)
Other comprehensive income	-	312,219	-	312,219	296,464	608,683
Initial recognition of non-controlling interest on acquisition	-	-	-	-	-	2,846,743
Balance at 30 June 2013	32,601,079	789,678	(17,157,265)	16,233,492	3,040,363	19,273,855
Balance at 1 July 2013	32,601,079	789,678	(17,157,265)	16,233,492	3,040,363	19,273,855
Transactions with owners in their capacity as owners						
Issue of share capital	1,221,537	-	-	1,221,537	-	1,221,537
Share issue costs	(74,171)	-	-	(74,171)	-	(74,171)
Share-based payment expense	-	31,908	-	31,908	-	31,908
Comprehensive income						
Loss after income tax	-	-	(8,300,830)	(8,300,830)	(3,030,325)	(11,331,155)
Other comprehensive income	-	(210,366)	-	(210,366)	(73,801)	(284,167)
Balance at 30 June 2014	33,748,445	611,220	(25,458,095)	8,901,570	(63,763)	8,837,807

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 year ended 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,209,257)	(2,424,961)
Interest received		17,232	98,894
Interest paid		-	(181)
Operating cashflows from discontinued operations		(560,215)	(789,018)
Net cash used in operating activities	20	(2,752,240)	(3,115,266)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposit refunds/(payments)		-	(9,633)
Payments for property, plant & equipment		-	(2,568)
Proceeds from the disposal of plant & equipment		13,500	2,540
Net inflow of cash on acquisition of subsidiary	29	-	810,476
Payments for exploration and evaluation		(2,292,802)	(2,113,231)
Exploration expenditure amounts reimbursed by joint venture partners		90,909	713,008
Investing cashflows from discontinued operations		(409,896)	(2,268,235)
Net cash used in investing activities		(2,598,289)	(2,867,643)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,221,537	7,463,588
Capital raising costs refunded/(paid)		(74,171)	(68,738)
Receipts from finance lease receivable		4,943	28,114
Payment of finance leases		-	(7,345)
Advance from related party		1,000,000	-
Net cash provided by financing activities		2,152,309	7,415,619
Net increase/(decrease) in cash and cash equivalents		(3,198,220)	1,432,710
Net foreign exchange differences		7,644	95,938
Cash and cash equivalents at the beginning of the year		3,590,147	2,061,499
Cash and cash equivalents at the end of the year	8	399,571	3,590,147

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

Introduction

This financial report 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. The Consolidated Entity is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Operations and principal activities
The principal activity of the Consolidated Entity is mineral exploration.

Currency
The financial report is presented in Australian dollars, which is the functional currency of the Company, and is rounded to the nearest one dollar.

Authorisation of financial report
The financial report was authorised for issue on 25 July 2014.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, and the Corporations Act 2001.

Compliance with IFRS
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporation Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. No fair value adjustments were required in the current or prior year.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Going Concern
The Consolidated Entity incurred a net loss of $11,331,155 (2013: $7,808,248) for the year ended 30 June 2014 and as is typical of exploration companies which need to raise funding on an ongoing basis, has a requirement within the short term to continue exploration activities.

The ability of the Consolidated Entity to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on its the ability to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development (including by way of joint venture funding).

The Company is planning a capital raising for at least $5 million. The proceeds of the capital raising will be used to repay the related party advance, fund the exploration expenditure and cover administration costs for the year ending June 2015.

Based on the success of this capital raising combined with the ongoing support of its largest shareholder, the potential to attract a farm-in partners for projects and the potential sale of the current portfolio of exploration assets held, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors are confident of securing funds as and when necessary to meet the Consolidated Entity's obligations as and when they fall due.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

No adjustment have been made to the financial statements relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity. These estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required estimates and/or judgements.

Key estimates – impairment
The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Key judgements – exploration & evaluation expenditure
The Consolidated Entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

Accounting policies

(a) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Investment in Associates

Associates are entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Consolidated Entity's share of net assets of the associate company. The Consolidated Entity's share of the profit or loss of the associate company is included in the Consolidated Entity's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Consolidated Entity's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Consolidated Entity and the associate are eliminated to the extent of the Consolidated Entity's interest in the associate.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, the Consolidated Entity discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Consolidated Entity will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the statement of comprehensive income except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Future income tax benefits in relation to tax losses are not brought to account unless it is probable the benefit will be utilised

The amount of benefits brought to account or which may be used in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be utilised and comply with the conditions of deductibility imposed by the law.

(d) Plant and Equipment

Plant and equipment is measured at cost less accumulated depreciation and any impairment losses. At each reporting date, the Consolidated Entity reviews the carrying values of its plant and equipment to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated over their useful life to the Consolidated Entity on a straight line basis commencing from the time the asset is held ready for use. The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	14 – 33%
Motor Vehicles	13%
Computers and Office Equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the asset at the time of disposal. These gains or losses are included in the statement of comprehensive income.

(e) Exploration Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. Exploration costs are capitalised only when the Consolidated Entity has either a granted tenement in its name or an interest through a joint venture arrangement.

Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest and where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Accumulated cost in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration and rehabilitation

Costs of site restoration and environmental clean up costs, are provided for in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but the legal ownership is not transferred to the Consolidated Entity, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease finance costs for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

(g) Financial Instruments

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment
At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees
Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

– the likelihood of the guaranteed party defaulting in a year period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposed if the guaranteed party were to default.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets

At each reporting date, the Consolidated Entity reviews non-financial assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(j) Employee benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(l) Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of consolidated benefits will result and that outflow can be reliably measured.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(n) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government Grants
Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Consolidated Entity will comply with the conditions associated with the grant and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Consolidated Entity for expenses incurred are recognised in profit and loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(o) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

(p) Foreign currency

Functional and presentation currency
The functional currency of each of the entities within the consolidated group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated into the relevant functional currency at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Subsidiary companies
The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(q) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Earnings per share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(s) Payables and accruals

A liability is recorded for goods and services received prior to balance date, whether invoiced to the Consolidated Entity or not. Trade payables are normally settled within 30 days.

(t) Joint Ventures

The Consolidated Entity is party to joint venture arrangements that involve the joint control and the joint ownership of exploration assets.

These joint ventures do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the joint venture party themselves. Each joint venture party has control over its share of future economic benefits through its share of the jointly controlled asset.

In respect of its interest in jointly controlled assets, the Consolidated Entity has recognised in the financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other joint venture partners in relation to the joint venture;
- any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

Because the assets, liabilities, income and expenses are recognised in the financial statements of the Consolidated Entity, no adjustments or other consolidation procedures are required in respect of these items in the consolidated financial statements.

(u) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(v) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures have also been changed where classifications of income and expenditure items have been altered from the prior year as a result of a review by directors. The new classifications have been made to reflect a more accurate view of the Consolidated Entity’s operations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) New accounting standards and interpretations

The Consolidated Entity adopted the following new Accounting Standard and Interpretations during the year:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle, and
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

There were no material impacts on the financial statements of the Consolidated Entity as a result of adopting these standards.

(x) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2017. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Consolidated Entity does not expect any material impacts when the standard is adopted.

NOTE 2 DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

During the year, CYU has taken steps to withdraw from the remainder of its exploration portfolio in Chile and thereby focus exploration (and funding) on the Mt Isa projects. These steps included:

- As a result of the disappointing results from the Sulfato drilling program conducted late in 2013, CYU notified Codelco of its intention to withdraw from this farm-in agreement. Arrangements were made with Codelco in early 2014 to cease CYU's participation in this project.

- In the case of Palmani (the subject of a farm-in agreement with Rio Tinto Chile), CYU assessed different funding options to conduct the first stage of an exploration drilling program. Due to the mountainous terrain around the Palmani project, initial estimates for such a program were over $1.5m due not only to the need for deep (and expensive) diamond drilling, but also the creation of access roads and related facilities.

  CYU had been seeking ways of funding this program from sources other than its own cash resources, but no feasible means was identified. As a consequence CYU has notified Rio Tinto of its intention to withdraw from the Palmani farm-in. Arrangements are being made with Rio Tinto to cease CYU's participation in this project.

Due to the withdrawal by CYU of both the Sulfato and Palmani farm-ins, the only remaining Company project in Chile is Humitos. CYU has previously advised that unless satisfactory commercial and access arrangements can be established with an adjoining tenure-holder and CYU has sufficient funds available, no further activities would be contemplated at Humitos.

The CYU Board resolved to cease further activities at Humitos and not incur any further financial commitments with that project. In June, CYU was successful in securing sale agreements for the disposal of its remaining Humitos project interests. The Humitos tenures were separated into two packages for the purposes of the sale and sold to two separate groups – one package being sold for approximately US$45,500 to SolarReserve and the other package to Minera Inmet Chile S.A for US $50,000. Financial close on both of these transactions will occur in July 2014.

CYU intends to close down all operations in Chile once the above sale is completed.

At a result of the above the Chilean operations were classified as a discontinued operation on 30 June 2014 and the Humitos project was reclassified as a non-current asset held for sale. The impact of this reclassification on the financial statements of the Consolidated Entity is shown below.

NON-CURRENT ASSETS HELD FOR SALE

	2014 $	2013 $
Humitos Project		
Proceeds receivable from sale	101,380	-
Expected costs in relation to the sale	(26,380)	-
Non-Current Assets Held For Sale	75,000	-

The above amount reflects the project's fair value less cost to sell. Refer to Note 12 for details on impairment on the Humitos project.

NOTE 2 DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE (continued)

DISCONTINUED OPERATIONS - CHILE

The impact of the discontinued operation on the revenue and expenses of the Consolidated Entity is shown below:

	2014 $	2013 $
Revenue	-	-
Employment and consultancy expenses	(255,565)	(264,695)
Depreciation expense	(14,758)	(8,375)
Impairment of exploration expenditure	(2,126,539)	(4,163,398)
Impairment of plant and equipment	(29,152)	-
Project generation and other exploration costs expensed	(257,436)	(150,724)
Administration expenses	(97,509)	(407,189)
Loss before income tax	(2,780,959)	(4,994,381)
Income tax expense	-	-
Loss for the year	(2,780,959)	(4,994,381)
Other comprehensive income/(loss)		
Items that subsequently may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations	(133,554)	3,654
Income tax	-	-
Other comprehensive income/(loss) for the year, net of tax	(133,554)	3,654
Total comprehensive loss	(2,914,513)	(4,990,727)

	2014	2013
	$	$

NOTE 3 REVENUE

Interest revenue	17,232	103,785
Other revenue	-	158
	17,232	103,943

NOTE 4 EXPENSES

Loss before income tax includes the following specific expenses:		
Superannuation expense	59,066	25,894
Rental expense from operating leases	230,682	246,993

NOTE 5 INCOME TAX EXPENSE

A reconciliation of income tax expense/(benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated Entity's effective income tax rate for the years ended 30 June 2014 and 2013 is as follows:

Accounting loss before income tax	(11,331,155)	(7,808,249)
Tax at the Australian tax rate of 30%	(3,399,346)	(2,342,475)
Adjustment of overseas losses taxed at different rates	529,878	614,598
Non-deductible expenses	9,572	10,016
Deductions arising from capital raising expenses	(70,671)	(65,800)
Deferred tax assets not bought to account	2,930,567	1,783,660
Income tax expense	-	-

Unrecognised temporary differences and tax losses

Tax losses	8,102,818	6,203,970

The temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise these benefits.

Recognised temporary differences and tax losses

Deferred tax assets and liabilities are attributable to the following:		
Exploration expenditure	(1,495,563)	(1,654,630)
Provisions	12,322	24,611
Other	1,575	24,432
Tax losses carried forward	1,481,666	1,605,587
Net deferred tax liability/(asset)	-	-

	2014 $	2013 $
NOTE 6 AUDITORS' REMUNERATION		
Remuneration paid to KPMG for:		
Auditing and reviewing the financial report		
- Australia	60,300	39,000
- Chile	5,730	12,000
- Laos	-	18,000
Other services		
- Corporate finance	-	10,000
	66,030	79,000

NOTE 7 EARNINGS PER SHARE

	2014	2013
Continuing losses used to calculate basic and dilutive EPS	(8,550,197)	(2,813,686)
Total losses used to calculate basic and dilutive EPS	(11,331,155)	(7,808,248)

	2014 Number	2013 Number
Weighted average number of ordinary shares outstanding during the year	264,978,521	218,344,315
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating EPS and dilutive EPS	264,978,521	218,344,315

	2014 $	2013 $
NOTE 8 CASH & CASH EQUIVALENTS		
Cash on hand and at bank	360,402	1,237,252
Cash on deposit	39,169	2,352,895
	399,571	3,590,147
NOTE 9 TRADE & OTHER RECEIVABLES		
CURRENT		
Finance lease receivable	-	4,943
Other receivables	298,586	264,988
	298,586	269,931
NON-CURRENT		
Security bonds	43,495	61,966
	43,495	61,966

2013: The Consolidated Entity entered into a finance lease arrangement with Yunnan Copper Mineral Resources Exploration and Development Co. Ltd. (YEX). The finance lease is a subject to an interest rate of 9.25% and relates to a motor vehicle. The finance lease term is for 2 years and expired in August 2013.

	2014 $	2013 $
NOTE 10 OTHER CURRENT ASSETS		
Prepayments	6,045	23,059

NOTE 11 PLANT & EQUIPMENT

	2014 $	2013 $
Plant and equipment		
At cost	181,301	407,773
Accumulated depreciation	(114,433)	(109,375)
	66,868	298,398
Motor Vehicles		
At cost	141,534	166,411
Accumulated depreciation	(97,562)	(86,382)
	43,972	80,029
Computers and office equipment		
At cost	124,581	124,581
Accumulated depreciation	(116,607)	(108,201)
	7,974	16,380
Total plant and equipment	118,814	394,807

Movements in carrying amounts

	Plant and equipment $	Motor vehicles $	Computers and office equipment $	Total $
Balance at 1 July 2012	121,249	104,687	35,692	261,628
Additions	-	-	2,567	2,567
Additions – business combinations	199,197	-	-	199,197
Disposals	-	-	(2,382)	(2,382)
Foreign exchange movements	40,372	-	-	40,372
Depreciation expense	(62,420)	(24,658)	(19,497)	(106,575)
Balance at 30 June 2013	298,398	80,029	16,380	394,807
Balance at 1 July 2013	298,398	80,029	16,380	394,807
Additions	-	-	-	-
Disposals	-	(15,198)	-	(15,198)
Foreign exchange movements	(4,526)	-	-	(4,526)
Transfers to exploration expenditure	(151,542)	-	-	(151,542)
Impairment expense (see Note 2)	(29,152)	-	-	(29,152)
Depreciation expense	(46,310)	(20,859)	(8,406)	(75,575)
Balance at 30 June 2014	66,868	43,972	7,974	118,814

	2014 $	2013 $

NOTE 12 EXPLORATION EXPENDITURE

Exploration expenditure capitalised		
Opening balance	15,931,735	12,193,250
Net current year expenditure	2,772,193	3,859,853
Additions – business combinations	-	4,620,678
Foreign exchange movements	(155,581)	471,439
Transfers from plant and equipment	151,542	-
Amounts reimbursed by Joint Venture partners	(13,093)	(497,934)
Impairment of exploration expenditure	(8,642,088)	(4,715,551)
Transfers to non-current assets held for sale	(75,000)	-
	9,969,708	15,931,735

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

Impairment of exploration expenditure

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

ML 1631 Stanley's Hope	444,153	-
Sulfatos - Chile	538,688	-
Humitos - Chile	1,587,851	-
Laos projects	6,071,396	-
EPM 12205 Cloncurry Clonagh	-	552,153
Caramasa - Chile	-	1,286,320
Candelabro - Chile	-	2,491,247
Palmani - Chile	-	385,831
	8,642,088	4,715,551

NOTE 13 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEE

2013: On 28 January 2011, the Company entered into an agreement with Yunnan Copper Industry (Group) Co Ltd (CYCI) 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.

NOTE 13 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEE (continued)

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

	14 Dec 2012 $
Carrying Amount Of Investments In Equity-Accounted Investee	
Opening balance	2,105,560
Acquisition of equity-accounted investments	-
Share of net profit/(loss) of equity-accounted investee	(46,475)
Reclassification of equity-accounted investee to a subsidiary	(2,059,085)
	-

	2014 $	2013 $

NOTE 14 TRADE & OTHER PAYABLES

	2014 $	2013 $
Trade payables	524,379	428,505
Other payables and accrued expenses	393,574	392,865
Payable to directors	115,475	95,475
	1,033,428	916,845

NOTE 15 ADVANCE FROM RELATED PARTY

	2014 $	2013 $
Opening balance	-	-
Funds advanced	1,000,000	-
	1,000,000	-

To assist with the short term funding of the Consolidated Entity, China Yunnan Copper (Australia) Investment and Development Co Limited, an entity related to Zewen Yang, has provided a short term advance.

The advance is unsecured, interest free and are only repayable once the Consolidated Entity has sufficient working capital to do so.

The above facility represents the only finance facility available to the Consolidated Entity. There are no unused facilities at balance date (2013: Nil).

NOTE 16 PROVISIONS

	2014 $	2013 $
Employee benefits	41,075	82,036

	2014	2013
	$	$

NOTE 17 SHARE CAPITAL

	2014	2013
Fully paid ordinary shares	33,748,450	32,601,076

Ordinary Shares

	2014	2013	2014	2013
	$	$	Number	Number
At the beginning of the year	32,601,079	25,206,229	247,994,183	173,358,308
Rights issue [1]	1,221,537	7,463,588	30,538,341	74,635,875
Share issue expenses	(74,171)	(68,738)	-	-
At reporting date	33,748,445	32,601,079	278,532,524	247,994,183

[1] 2014: A total of 30,538,341 shares were issued during the period through a rights issue at 4 cents per share.
2013: 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.

	2014	2013
	$	$

NOTE 18 RESERVES

	2014	2013
Share based payment reserve	552,404	520,496
Foreign currency translation reserve	281,480	565,646
	833,883	1,086,142
Share based payment reserve movements during the year		
Opening balance	520,496	487,108
Share based payments	31,908	33,388
Closing balance	552,404	520,496
Foreign currency translation reserve movements during the year		
Opening balance	565,646	(43,036)
Foreign exchange differences	(284,166)	608,683
Closing balance	281,480	565,646
Total reserves attributable to:		
Owners of the Parent Entity	611,220	789,678
Non-Controlling Interest	222,663	296,464
	833,883	1,086,142

Share based payment reserve
The share based payments reserve is used to record the value of share based payments provided to directors and employees as part of their remuneration.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 19 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the year. There are no franking credits available to the shareholders of the Company.

NOTE 20 CASH FLOW INFORMATION

Reconciliation of cash flows used in operations with loss after income tax

	2014 $	2013 $
Loss after income tax	(11,331,155)	(7,808,248)
Non-cash items in loss after income tax		
Depreciation	75,575	106,575
Share based payments expense	31,907	33,387
Impairment of exploration expenditure	8,642,088	4,715,551
Impairment of plant and equipment	29,152	-
Share of equity accounted associate's (profit)/loss	-	46,475
Loss/(gain) on disposal of plant and equipment	1,699	(158)
Movements in assets and liabilities		
Other receivables	(113,327)	203,749
Other assets	17,014	13,659
Trade payables and accruals	(64,232)	(453,056)
Provisions	(40,961)	26,800
Cash flow from operations	(2,752,240)	(3,115,266)

Reconciliation of cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the balance sheet as follows:

	2014 $	2013 $
Cash and cash equivalents	339,571	3,590,147

NOTE 21 SHARE BASED PAYMENTS

Options

At 30 June 2014 there are 2,800,000 unlisted options to take up one ordinary share in Chinalco Yunnan Copper Resources Ltd at an issue price of 30 cents. The options expire on 12 August 2014.

Movements in options

	2014		2013	
	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $
Outstanding at beginning of year	2,800,000	0.30	16,200,000	0.40
Granted	-	-	-	-
Forfeited	-	-	(400,000)	0.30
Exercised	-	-	-	-
Expired	-	-	(13,000,000)	0.40
Outstanding at year-end	2,800,000	0.30	2,800,000	0.30
Exercisable at year-end	2,800,000	0.30	1,900,000	0.30

NOTE 21 SHARE BASED PAYMENTS (continued)

Details of unissued securities or interests under option as at year end

Issue	Tranche	Entitlement Date	Vesting Date	Expiry Date	Exercise Price	Number
2012 Employees	1	12/08/2011	12/08/2012	12/08/2014	0.30	1,200,000
	2	12/08/2011	12/08/2013	12/08/2014	0.30	900,000
2012 Directors	1	21/11/2011	12/08/2012	12/08/2014	0.30	400,000
	2	21/11/2011	12/08/2013	12/08/2014	0.30	300,000
Total						**2,800,000**

No options were exercised during the year ended 30 June 2014.

The options outstanding at 30 June 2014 have an average exercise price of $0.30 and weighted average remaining life of 0.12 years. Included under Employee Benefits Expense in the Statement of comprehensive income is $2,707 (2013: $33,387) that relates to these options. The value of options outstanding is the fair value of the options calculated at grant date using a binominal option-pricing model. The following table lists the inputs to the model:

Inputs	2012 Employees		2012 Directors	
Exercise Date	12/8/2012	12/8/2013	12/8/2012	12/8/2013
Underlying Share Price	0.20	0.20	0.20	0.20
Option Strike Prices (cents)	0.30	0.30	0.30	0.30
Time to Maturity (Yrs)	2	1	2	1
Risk Free Rate (%)	4.75	4.75	4.50	4.50
Volatility (%)	50	50	50	50
Option fair value at grant date	0.0505	0.0505	0.0460	0.0460

Notes on option plans

All options are cash settled. In the event of the exercise of any of the Company's options, the Company will receive the exercise price cash for each exercised option.

1 Employees Options

On 12 August 2011, the Company issued a total of 2,400,000 options to employees as part of their remuneration for the 2012 financial year. The options will not vest if the recipient's services are not engaged by the Company at the relevant vesting date.

The options were initially issued in two equal tranches of 1,200,000 options per tranche.

Tranche 1 has a vesting/exercise date of 12 August 2012 and an expiry date of 12 August 2014. No shares were issued from the exercise of these options.

Tranche 2 has a vesting/exercise date of 12 August 2013 and an expiry date of 12 August 2014. No shares were issued from the exercise of these options. 300,000 options lapsed upon the resignation of former employees.

2 Director Options

On 21 November 2011, after receiving approval from shareholders, the Company issued a total of 800,000 options to directors as part of their remuneration for the 2012 financial year. The options will not vest if the recipient's services are not engaged by the Company at the relevant vesting date.

The options were initially issued in two equal tranches of 400,000 options per tranche.

Tranche 1 has a vesting/exercise date of 12 August 2012 and an expiry date of 12 August 2014. No shares were issued from the exercise of these options.

Tranche 2 has a vesting/exercise date of 12 August 2013 and an expiry date of 12 August 2014. No shares were issued from the exercise of these options. 100,000 options lapsed upon the resignation of Norm Zillman.

NOTE 21 SHARE BASED PAYMENTS (continued)

Performance Shares

During the year there were 3,000,000 long term incentive performance shares, comprising 1,000,000 A, B and C Class shares were issued to Mr Paul Williams.

These performance shares are convertible into ordinary shares in the Company (on the basis of one ordinary share for each performance share) upon the occurrence of the following events:

- o A Class shares – successful completion of a capital raising of at least $5M by the Company in 2013. These shares subsequently lapsed on 31 December 2013 as the performance condition was not met;
- o B Class shares – the 5 business day weighted average share price of the Company's shares on the ASX being at least 25c. These shares were issued on 6 December 2013; and
- o C Class shares - the 5 business day weighted average share price of the Company's shares on the ASX being at least 50c. These shares were issued on 6 December 2013.

If any of the events applicable to the Class B and C shares do not occur before 6 December 2015, the applicable tranche (or tranches) of performance shares will lapse.

Movements in performance shares

	A Class	B Class	C Class
Outstanding at beginning of year	-	-	-
Granted	1,000,000	1,000,000	1,000,000
Forfeited	-	-	-
Converted	-	-	-
Expired	(1,000,000)	-	-
Outstanding at year-end	-	1,000,000	1,000,000
Convertible at year-end	-	-	-

Details of performance shares as at year end

	Grant date	No. of shares	Fair value at grant date $	Total value of shares $	Expiry date	Conversion price $	% of performance shares converted
Performance Shares							
B Class	6/12/2013	1,000,000	0.0190	19,000	6/12/2015	0.25	-
C Class	6/12/2013	1,000,000	0.0102	10,200	6/12/2015	0.50	-

No performance shares were converted to ordinary shares during the year ended 30 June 2014.

NOTE 21 SHARE BASED PAYMENTS (continued)

The performance shares outstanding at 30 June 2014 have an average conversion price of $0.375 and weighted average remaining life of 1.44 years. Included under Employee Benefits Expense in the Statement of comprehensive income is $29,200 (2013: $Nil) that relates to these performance shares. The value of performance shares is the fair value calculated at grant date using a binominal pricing model. The following table lists the inputs to the model:

Inputs	A Class	B Class	C Class
Grant Date	29/11/2013	29/11/2013	29/11/2013
Underlying Share Price	0.042	0.042	0.042
Conversion Price (cents)	NA	0.25	0.50
Time to Maturity (Yrs)	0.08	2	2
Risk Free Rate (%)	2.82	2.82	2.82
Volatility (%)	100	100	100
Nominal value of A Class share	0.042	NA	NA
Non-market performance condition	Completion of a capital raising of at least $5M by 31/12/13	NA	NA
Assessed probability of achieving non-market performance condition	0%	NA	NA
Fair value at grant date	-	0.0190	0.0102

NOTE 22 RELATED PARTY AND KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Parent entity

The parent entity, holding 47.65% is China Yunnan Copper (Australia) Investment and Development Co Limited which is incorporated in Australia.

Key management personnel compensation

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

	2014 $	2013 $
Summary		
Short-term employee benefits	614,465	639,069
Post-employment benefits	30,350	22,815
Share-based payments	30,422	15,902
	675,296	677,786

Detailed remuneration disclosures are provided in the remuneration report on pages 14 to 20.

Amounts owed to Key Management Personnel

$115,475 is owed to Directors for unpaid director fees (2013: $95,475). These amounts are at call and do not bear interest.

NOTE 23 JOINT VENTURES

Roseby South Joint Venture

In September 2013, CYU entered into an agreement to create a joint venture with Altona Mining Limited (Altona) to explore for copper and gold and ultimately earn a majority interest in the Roseby South Project, near Mt Isa in Queensland.

The terms of the earn-in joint venture between CYU and Altona are:

- The term of the earn-in is 5 years;
- CYU must spend at least $1m on exploration at Roseby South during the next 2 years;
- CYU has the right to earn a 30% interest upon the expenditure of $2m (inclusive of the $1m noted above);
- CYU has the right to earn a further 30% of the project by investing an additional $2 million; and
- At any time CYU may elect to sole fund exploration and feasibility studies on a proposed mining development. By incurring all costs up to completion of a positive bankable standard feasibility study and to the point of a decision to mine being made by the parties, CYU shall be entitled to earn a further 10% interest in the Roseby South tenures (taking its total interest to 70%).

Once CYU earns its 60% interest, (and subject to CYU making an election to sole fund a feasibility study to go to 70%), an unincorporated joint venture will be formed between CYU and Altona with each party then obliged to contribute to ongoing project development or dilute according to an agreed formula and work program.

Millennium Project Joint Venture

In September 2013, CYU entered into an agreement create a joint venture with Elementos Limited (ELT) to explore for copper, cobalt and gold and ultimately earn a majority interest in the Millennium Project. Millennium, situated near Cloncurry in the world-class Mt Isa Inlier in north-west Queensland, includes the following tenements:

- Mining Leases totalling 131.54 hectares;
- Exploration Permits totalling 246.4 km^2; and
- Exploration Permit applications (including areas that involve contested applications) totalling 74 km2.

The terms of the earn-in joint venture between CYU and ELT are:

- CYU will make a payment of a $100,000 cash option fee for the exclusive right to explore the properties subject to the joint venture;
- CYU will have the right to earn 51% of the project by investing $1.2 million over 3 years; and
- CYU may increase its interest by a further 19% of the project, by investing an additional $1.3 million over a further 2 years.

Once CYU earns its 70% interest, each party can either contribute or dilute according to an agreed formula and work program. If either party achieves a 90% interest in the project, the 10% interest immediately converts to a 1% net smelter royalty.

Mary Kathleen

The Company entered into a Farm-in and Joint Venture Agreement with Goldsearch Limited (GSE) on 25 August 2009 to explore the Mary Kathleen Project consisting of three tenement areas covering ~161 sq km of ground considered prospective for copper, gold, uranium and rare earth elements mineralisation within the Mount Isa Inlier of northwest Queensland. In June 2014 GSE elected to dilute its joint venture participating interest to 20%, effective immediately.

Cloncurry North

CYU previously entered into a Farm-in Agreement with Yunnan Copper Mineral Resources Exploration and Development Co. Ltd. (YEX), whereby CYU granted YEX the exclusive right to earn at least a 55% participating interest in the Cloncurry North tenements, free of all encumbrances, by incurring expenditure of A$5,000,000 on the tenements. Having earned a 10% interest in these tenements, YEX issued a notice to CYU advising of its intention to withdraw from the farm-in arrangements, and remain with its 10% holding.

Mt Isa East

CYU entered into a Farm-in Agreement with YEX in June 2013, whereby CYU granted YEX the exclusive right to earn at least a 45% participating interest in the Mt Isa East tenements, free of all encumbrances, by incurring expenditure of A$800,000 on the tenements. Having earned a 20% interest in these tenements, YEX issued a notice to CYU advising of its intention to withdraw from the farm-in arrangements, and remain with its 20% holding.

NOTE 23 JOINT VENTURES (continued)

Mt Frosty

On 3 February 2012, the Company signed a binding agreement with Xstrata Mount Isa Mines Limited (Xstrata Copper) to farm-in to the Mt Frosty project (EPM 14467) covering the Mary Kathleen Shear Zone, in far north west Queensland.

The key components of the agreement are:

- Total expenditures (over six years) of $4.5 million to earn a 75% interest.
- CYU can earn up to 51% of the project by spending $1.5 million within three years including 1,500m of drilling per annum.
- CYU can earn an additional 24% by spending a further $3 million within three years.
- Xstrata Copper retains a right to buy back 26% of the project (to give Xstrata Copper 51% and CYU 49%) by paying 3 times the expenditure contributed by CYU in the stage two period.

Under the terms of the Mary Kathleen Joint Venture, GSE has the right to earn a 20% interest in the participating interests that CYU is entitled to earn under the Mt Frosty agreement. At the date of this report CYU has yet to earn an interest in the Tenement.

Rio Tinto Exploration - Chile

China Yunnan Copper Australia Limitada, a Chilean subsidiary of CYU had previously signed three agreements with Rio Tinto Mining and Exploration Chile (Rio Tinto Exploration) to create joint venture interests in copper porphyry exploration properties in northern Chile: Palmani, Caramasa and Candelabro.

During the period CYU formally withdrew from the projects.

Sulfato - Chile

On 8 August 2012, China Yunnan Copper Australia Chile Limitada a Chilean subsidiary of CYU signed an earn-in with option to joint venture agreement with Compañía Contractual Minera Los Andes (a subsidiary of Codelco, the world's largest copper producer), for the copper porphyry exploration property Sulfato in northern Chile.

During the period CYU formally withdrew from the project.

Share of Commitments and Contingencies relating to the Joint Ventures

The Consolidated Entity's share of minimum committed expenditure resulting from the above joint venture arrangements for future periods is $1,931,233. This amount is due to expended in the coming financial years.

The Consolidated Entity has no share in any contingent assets, contingent liabilities or guarantees resulting from the above joint venture arrangements.

NOTE 24 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is foreign exchange risk.

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Consolidated Entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Managing Director and the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Consolidated Entity's competitiveness and flexibility. Further details regarding these policies are set out below:

NOTE 24 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2014.

Credit risk is reviewed regularly by the Board. It arises from exposure to customers as well as through deposits with financial institutions.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity.

The credit quality of cash and cash equivalents is considered strong. The counterparty to these financial assets are large financial institutions with strong credit ratings.

Maximum exposure to credit risk

	2014	2013
	$	$
Non-trade receivables	298,586	264,988
Security deposits	43,495	61,966
Finance lease receivable	-	4,943
Cash and cash equivalents	399,571	3,590,147
	741,652	3,922,044

Ageing of receivables

	2014	2013
Not past due	342,081	331,897
Past due 0-90 days	-	-
Past due >90 days	-	-
Impaired	-	-
	342,081	331,897

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board.

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. The Consolidated Entity did not have any financing facilities available at balance date.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	2014	2013
	$	$
Less than one year		
Trade and other payables	1,033,428	916,845
Advance from related party	1,000,000	-
	2,033,428	916,845

NOTE 24 FINANCIAL RISK MANAGEMENT (continued)

(c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. The Consolidated Entity's interest rate exposure under financial instruments is minimal. The Consolidated Entity has no interest bearing financial liabilities subject to variable interest rates, and the majority of its cash holdings are fixed rate deposits.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date, namely variable rate cash holdings.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2014 $	2013 $	2014 $	2013 $
+1.00% (100 basis points)	3,604	12,373	3,604	12,373
-1.00% (100 basis points)	(3,604)	(12,373)	(3,604)	(12,373)

Foreign Currency Risk

Foreign currency risk arises as a result of having assets/cash flows denominated in a currency other than the home currency in which they are reported. At 30 June 2014, the Consolidated Entity had the following exposure to foreign currency:

	2014 Foreign Currency	2013 Foreign Currency	2014 AUD	2013 AUD
Financial Assets:				
Cash and cash equivalents	RMB 1,096,451	RMB 5,365,859	187,537	951,748
Cash and cash equivalents	CLP 3,051,255	CLP 4,632,185	5,880	10,011
Trade and other receivables	RMB 409,886	RMB 369,423	70,107	65,525
Trade and other receivables	-	CLP 9,990,721	-	21,592
Financial Liabilities:				
Trade and other payables	RMB 2,606,426	RMB 2,934,403	445,802	520,478
Trade and other payables	CLP 27,172,438	CLP 19,680,678	52,365	42,533

NOTE 24 FINANCIAL RISK MANAGEMENT (continued)

Exchange rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the exchange rates at reporting date had been 10% basis higher or lower, with all other variables held constant. The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date:

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower) 2014 $	2013 $	Equity Higher/(Lower) 2014 $	2013 $
+10.00%	(23,464)	48,587	(23,464)	48,587
-10.00%	23,464	(48,587)	23,464	(48,587)

(d) Capital Risk Management

When managing capital, the director's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the Consolidated Entity may seek to issue new shares.

Consistent with other exploration companies, the Consolidated Entity monitors capital on the basis of forecast exploration and development expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve. The Consolidated Entity has no minimum capital requirements.

The Consolidated Entity has yet to establish a formal policy for raising capital through debt instruments. The directors will introduce such a policy when it becomes prudent for the Consolidated Entity to consider raising funds through debt.

(e) Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form. The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and in the notes to the financial statements.

NOTE 25 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2014.

NOTE 26 COMMITMENTS

	2014 $	2013 $
Operating leases		
Minimum lease payments:		
Payable within one year	93,174	78,297
Total contracted at balance date	93,174	78,297

The minimum future payments above relate to non-cancellable operating leases for offices and accommodation.

	2014 $	2013 $
Finance leases receivable		
Future minimum lease payments receivable:		
Receivable within one year	-	5,000
Receivable between one year and five years	-	-
	-	5,000
Less future interest payments	-	(57)
Present value of minimum lease payments receivable – current asset (Note 8)	-	4,943

NOTE 26 COMMITMENTS (continued)

Future exploration

The Consolidated Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

	2014 $	2013 $
Exploration obligations to be undertaken:		
Payable within one year	3,103,322	1,314,997
Payable between one year and five years	3,558,886	1,765,000
	6,662,208	3,079,997

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

NOTE 27 SEGMENT REPORTING

Reportable Segments

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

- Laos
- Chile (discontinued)
- 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

30 June 2014	Laos $	Chile $	Australia $	Consolidated $
Revenue:				
Interest revenue	-	-	17,232	17,232
Other revenue	-	-	-	-
Expenses:				
Interest expense	-	-	-	-
Other expenses	(6,184,337)	(2,780,960)	(2,383,090)	(11,348,387)
Segment result	(6,184,337)	(2,780,960)	(2,365,858)	(11,331,155)
Income tax	-	-	-	-
Net Loss	(6,184,337)	(2,780,960)	(2,365,858)	(11,331,155)
Non-cash items included in loss above:				
Depreciation and amortisation	8,744	14,758	52,073	75,575
Share based payments	-	-	31,907	31,907
Impairment of exploration expenditure	6,071,396	2,126,539	444,153	8,642,088
Assets:				
Segment assets	315,675	80,882	10,515,753	10,912,310
Unallocated corporate assets	-	-	-	-
Consolidated Total Assets	315,675	80,882	10,515,753	10,912,310
Liabilities:				
Segment liabilities	445,802	52,365	1,576,338	2,074,504
Unallocated corporate liabilities	-	-	-	-
Consolidated Total Liabilities	445,802	52,365	1,576,338	2,074,504
Segment acquisitions:				
Acquisition of property, plant and equipment	-	-	-	-
Capitalised exploration expenditure	587,844	457,043	1,727,306	2,772,193
Details on non-current assets:				
Trade and other receivables	-	-	43,495	43,495
Plant and equipment	58,031	-	60,783	118,814
Exploration expenditure	-	-	9,969,708	9,969,708

NOTE 27 SEGMENT REPORTING (continued)

30 June 2013	Laos $	Chile $	Australia $	Consolidated $
Revenue:				
Interest revenue	13,165	-	90,621	103,785
Other revenue	-	-	-	158
Expenses:				
Interest expense	-	-	(181)	(181)
Other expenses	(223,051)	(4,646,949)	(2,995,378)	(7,865,378)
Other:				
Share of equity accounted associate's profit/(loss)	(46,475)	-	-	(46,475)
Segment result	(256,361)	(4,646,949)	(2,904,938)	(7,808,248)
Income tax	-	-	-	-
Net Loss	(256,361)	(4,646,949)	(2,904,938)	(7,808,248)
Non-cash items included in loss above:				
Depreciation and amortisation	16,624	8,375	81,576	106,575
Share based payments	-	-	33,387	33,387
Impairment of exploration expenditure	-	4,163,398	552,153	4,715,551
Share of equity accounted associate's loss	(46,475)	-	-	(46,475)
Assets:				
Segment assets	6,725,301	1,383,471	12,163,964	20,272,736
Unallocated corporate assets	-	-	-	-
Consolidated Total Assets	6,725,301	1,383,471	12,163,964	20,272,736
Liabilities:				
Segment liabilities	520,478	42,533	435,870	998,881
Unallocated corporate liabilities	-	-	-	-
Consolidated Total Liabilities	520,478	42,533	435,870	998,881
Segment acquisitions:				
Acquisition of property, plant and equipment	-	-	2,567	2,567
Capitalised exploration expenditure	398,388	1,687,579	1,773,886	3,859,853
Details on non-current assets:				
Trade and other receivables	-	16,071	45,895	61,966
Plant and equipment	220,437	46,316	128,054	394,807
Exploration expenditure	5,487,591	1,295,145	9,148,999	15,931,735
	5,708,028	1,357,532	9,322,948	16,388,508

NOTE 28 EVENTS AFTER BALANCE SHEET DATE

As at the date of this report the Board are investigating potential capital raising options and expect details in relation to this to be finalized in the near term.

There have been no significant events since 30 June 2014 that impact upon the financial report.

NOTE 29 BUSINESS COMBINATIONS

Year Ended 30 June 2013:

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 13).

Details of the purchase consideration and net assets acquired

	2013 $
Purchase consideration	
Cash paid (3rd tranche of 6,000,000RMB)	903,852
Acquisition-date fair value of previously held equity accounted investment	2,059,085
Total purchase consideration	2,962,937
Fair value of net assets acquired	
Cash and cash equivalents	1,714,328
Trade and other receivables	169,955
Plant and equipment	199,197
Exploration expenditure	4,620,678
Trade and other payables	(894,479)
	5,809,680
Less 49% non-controlling interests	(2,846,743)
Fair value of net assets acquired attributable to owners of the Parent Entity	2,962,937

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 $13,165 revenue and $209,866 net loss to the Consolidated Entity for the period 14 December 2012 to 30 June 2013.

If the acquisition had occurred on 1 July 2012, consolidated revenue and consolidated loss for the year ended 30 June 2013 would have been $13,165 and $325,060 respectively.

Casfhlow impact of purchase consideration

	2013 $
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
Net inflow of cash from acquisition	810,476

NOTE 30 PARENT ENTITY INFORMATION

The Parent Entity of the Consolidated Entity is Chinalco Yunnan Copper Resources Limited.

	2014 $	2013 $
Parent Entity Financial Information		
Current assets	441,768	2,841,016
Non-current assets	10,102,501	18,918,536
Total assets	10,544,269	21,759,552
Current liabilities	1,576,338	435,871
Non-current liabilities	-	-
Total liabilities	1,576,338	435,871
Net assets	8,967,931	21,323,681
Share capital	33,748,445	32,601,079
Share based payment reserve	552,403	520,495
Accumulated losses	(25,332,915)	(11,797,891)
Total equity	8,967,933	21,323,681
Loss after income tax	(13,535,024)	(2,904,936)
Other comprehensive income	-	-
Total comprehensive loss	(13,535,024)	(2,904,936)

Controlled Entities of the Parent Entity

	Percentage Owned		
	2014 %	2013 %	Country of Incorporation
Humitos Pty Ltd	100%	100%	Australia
China Yunnan Copper Australia Chile Limitada	100%	100%	Chile
Yunnan Copper San Mu Mining Industry Co Ltd	51%	51%	China

Commitments, Contingencies and Guarantees of the Parent Entity

The minimum committed expenditure for future periods of the Parent Entity is the same as those for the Consolidated Entity.

The Parent Entity has no contingent assets, contingent liabilities or guarantees at balance date.

DIRECTORS' DECLARATION

In the Directors opinion:

(a) the attached financial statements and notes and the remuneration report in the Directors' Report are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including:

(i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Paul Williams
Director

25 July 2014

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

Report on the financial report

We have audited the accompanying financial report of Chinalco Yunnan Copper Resources Limited ("the Company") and the entities it controlled ("the Group") at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 30 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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 Group will be able to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business

Report on the remuneration report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Chinalco Yunnan Copper Resource Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Mark Epper
Partner

Sydney

25 July 2014