

## ASX Release

28 January 2014

## Chinalco Yunnan Copper Resources Ltd (ASX:CYU)

### DECEMBER 2013 QUARTERLY UPDATE

#### Projects

- Initial copper/gold exploration drilling program at Millenium was completed in November and highlighted by the following results:
  - 5m @ 1.37% copper, 0.34% cobalt and 0.5 g/t gold (drillhole Q001)
  - 19m @ 1.27% copper, 0.38% cobalt and 0.7 g/t gold (including 6m @ 3.45% copper, 0.32% cobalt and 2.0 g/t gold - drillhole Q012).
- Conducted initial reconnaissance rockchip sampling at Native Companion (in the Roseby South project area) which identified a 2km zone of historic workings associated with a gossanous outcrop that assayed at 27% copper, 2.9 g/t gold, 7 g/t silver and 884ppm molybdenum.
- Conducted mapping and rockchip sampling to the northwest of the Blue Caesar prospect which potentially extends the strike of mineralisation by 1000m – assaying from 0.2% to 3% copper.
- Completed a two-hole diamond drilling program at the Sulfato project in Chile in November.
- Continued to seek a suitable buyer for the Laos project interests of CYU's 51%-owned San Mu.

#### Corporate

- Completed the partially underwritten rights issue offer, raising approximately \$1.2m out of the anticipated \$2.48m that was sought.
- Project acquisition opportunities continuing to be assessed and pursued.
- Continued focus on project activities that are most likely to maximise shareholder value.

The Board of Chinalco Yunnan Copper Resources Limited (CYU) provides this update for the three months to 31 December 2013.

## **Summary – Northwest Queensland**

During the quarter, CYU commenced exploration activities within its significantly expanded tenure position in the Mt Isa region.

CYU completed a thirteen (13) hole reverse circulation (RC) drilling program at the Millenium project in November. This initial exploration program was 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.

Reconnaissance rockchip sampling from new and existing prospects continue to return highly prospective results. At Native Companion, in the north of the CYU tenement package (which forms part of the Roseby South project), initial reconnaissance has identified a 2 kilometre zone of historic workings associated with gossanous outcrop along a fault zone that assayed at **27% copper, 2.9g/t gold, 7g/t silver and 884ppm molybdenum.**

In addition, mapping and rock chip sampling to the northwest of CYU's Blue Caesar prospect has potentially extended the strike of this mineralized zone for 1000 metres. *(Note - Blue Caesar is a CYU 70% / Goldsearch (ASX:GSE) 30% venture pursuant to the Mount Frosty Joint Venture – with CYU/Goldsearch earning-in up to 75% from Mount Isa Mines Limited subject to Mount Isa Mines having a buy back right so as to retain a 51% interest in the Mount Frosty Joint Venture).*

### **1. Millenium Project (CYU earning in)**

On 17 September 2013, CYU entered into a further binding term sheet to create a joint venture with Elementos Limited (ELT) to explore for copper, cobalt and gold and ultimately earn a majority interest in the Millenium Project.

Millenium, situated near Cloncurry, includes the following tenements:

- Mining Leases totalling 134 hectares; and
- Exploration Permits totalling 254 km<sup>2</sup>.

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 have confirmed the previous high-grade intersections from the earlier programs and are 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.**

Figure 1 shows the location of the thirteen RC drillholes and the areas where the high grade mineralisation was intersected.

As with CYU's Elaine deposit and Mt Dockerell's Kalman deposit, the Millenium mineralisation is interpreted to originate from deep crustal fluids migrating along major crustal structures.

## **2. Roseby South Project (CYU earning in)**

On 17 September 2013, CYU entered into a binding term sheet 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<sup>2</sup> situated near Cloncurry in the world-class Mt Isa Inlier in northwest Queensland.

Reconnaissance rockchip sampling at **Native Companion**, in the north of the Roseby South project has identified a 2 kilometre zone of historic workings associated with

gossanous outcrop along a fault zone that assayed at **27% copper, 2.9g/t gold, 7g/t silver and 884ppm molybdenum.** This geochemistry is significant as it confirms CYU's belief that the Native Companion zone has potential for Kalman and Elaine style deposits. These deposits originate from deep crustal fluids and occupy splay-faults adjacent to regionally extensive fault zones such as the Rose Bee Fault, Pilgrim Fault and Mary Kathleen Shear.

### **3. Mount Frosty Joint Venture (CYU/Goldsearch earning in, Xstrata Mt Isa 100%)**

Mapping and rock chip sampling was conducted during the quarter to the northwest of CYU's Blue Caesar prospect and this activity has potentially extended the strike of this mineralized zone for 1000 metres. Discontinuous zones of gossan, assaying from **0.2% to 3% copper** with elevated cobalt, have been sampled through extensive soil cover.

A sample from gossan outcrop at the Jubilee prospect, to the west of Blue Caesar, returned **3% copper and 1.85 g/t gold.**

During the quarter, CYU presented to its joint venture partner Goldsearch a report summarizing the overall observations and conclusions to be drawn from the two drilling programs that were conducted at Blue Caesar during 2013. The report made the following observations:

- Eight HQ diamond holes, totalling 1,735 meters were drilled at the Blue Caesar project in 2013. Based on the results of these drillholes, a simple polygonal approach to resource potential at Blue Caesar suggests a resource target of 5M tonnes grading 0.5 to 1% copper. This could be extended as there is potential for high grade copper mineralization to the north of, and beneath, MKBC005.
- During the year, EH4 data was acquired at 167 sites, distributed along 4 lines to the north of the Blue Caesar project, in the Koppany area. Further interpretation of this data is required.
- Historic soil sampling by MIM in the central and north of the tenement (Koppany area) was extended to the south by CYU using a hand-held XRF unit. XRF readings were taken in the field after scuffing the surface to remove debris and expose the soil. Normalization of the two surveys is difficult due to the varying methods however a qualitative analysis identifies a continuous zone of geochemical anomalism extending from Elaine through Blue Caesar and continuing for a further 1200 metres to the northwest.
- Future exploration drilling programs should include RC drilling to the north of MKBC005 to test the northern strike continuity of the Blue Caesar mineralisation; further drilling behind MKBC005 and MKBC004 to test down-dip continuity; and drilling of the Jubilee copper anomaly.

Overall, the exploration activities conducted by CYU towards the end of 2013, set the scene for significant exploration activities in the Mt Isa region during 2014. CYU's Mt Isa-based exploration team is currently reviewing all available data prior to formulating the exploration work program for 2014.

4. **Mary Kathleen Joint Venture (CYU 70%, Goldsearch 30%)**

No activities were conducted on this project during the quarter.

5. **Cloncurry North Project (CYU 90%, YEX 10%)**

No activities were conducted on this project during the quarter.

6. **Mt Isa East Project (CYU 80%, YEX 20%)**

During the quarter, YEX completed some soil geochemistry and ground magnetic survey work on the Little Isa project. On review of the data that was collected, YEX has notified CYU that it does not intend to carry out any further works on the project under the existing farm-in arrangements.

No other activities were conducted on this project during the quarter.

**Summary – Chile**

All exploration activities by CYU in Chile have been focused on large scale porphyry copper exploration. The only activity of note conducted during the quarter was a two hole diamond drilling program at Sulfato.

1. **Humito (CYU 100%)**

No activities were conducted on this project during the quarter.

2. **Palmani (CYU earning in, Rio Tinto 100%)**

CYU has developed an exploration program for the Palmani project after completion of a geophysical program earlier in the year. However, CYU management is continuing to assess funding options for such an expensive initial drilling program (circa \$1.5m) before making any decision to proceed with this activity.

3. **Sulfato (CYU earning in, Codelco 100%)**

In November 2013, CYU completed an 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 this year. 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.

A total of four proposed drillholes were designed for this exploration program, three in the untested western-most area of the prospect, and one in the partially explored eastern area. Figure 2 shows the location of the drillholes. 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 source of the strong conductor is potentially the significant pyrite veining intersected in the drillhole. The drill core samples from this hole will not be assayed at the present time.

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 have been assayed – the assay results 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. Figure 3 contains a table setting out the full assay results from SFD-004.

Based on the initial observations from the first two drillholes, CYU decided not to proceed with any further drilling at Sulfato. CYU has now completed its compulsory US\$500,000 first year expenditure commitment at Sulfato. A decision will shortly be made by CYU management about the Company's future participation in the Sulfato project.

## **San Mu**

Yunnan Copper San Mu Mining Co. Ltd (San Mu), a China incorporated entity, is 51% owned by CYU with 49% ownership by Yunnan Copper Industry (Group) Co., Ltd (YCI). San Mu holds a 100% interest in four projects in northern Laos.

San Mu continues to seek a buyer for these Laos projects. Two Chinese groups have conducted site visits and project-related due diligence. It is proposed that one of these groups will make a bid for the projects in the near future.

## **Corporate**

In early December 2013, CYU completed a pro-rata, non-renounceable rights issue to eligible shareholders, on the basis of 1 new fully paid ordinary share for every 4 shares held, at an issue price of \$0.04 per new share, intending to raise approximately \$2.48m before costs. Final details of the rights issue offer were as follows:

- acceptances were received for a total of 2,969,434 new shares raising \$118,777.36;
- additional applications were received for 1,023,072 shares in excess of shareholders' entitlements raising \$40,922.88; and
- finally, as the offer was underwritten to \$1,061,831.76 (26,545,794 shares) by China Yunnan Copper (Australia) Investment and Development Co. Ltd (CYC), the Company's largest shareholder, CYC subscribed for their shares under the underwriting agreement.

The total of these subscriptions is 30,538,300 new shares, raising approximately \$1.2m. The number of new shares offered under the Rights Issue was 61,998,718 shares – thereby resulting in a shortfall of 31,460,418 shares ('Shortfall Shares') under the offer. As disclosed in the rights issue prospectus, the Directors of CYU have reserved the right to place any of the remaining Shortfall Shares at the same price of \$0.04 cents per share and discussions are underway with parties interested in acquiring shares under this shortfall facility.

CYU is continuing to assess a number of project acquisition opportunities, in accordance with its stated corporate objective of being a significant producer of copper and other minerals within three years. It is intended that CYU can significantly advance an acquisition and that details are provided to the market as and when commercial terms are finalised.

### **Board Composition**

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

### **Share Information – December 2013 Quarter**

- Issued share capital of 278,532,524 ordinary shares, 2 million performance shares and 2.8 million unlisted options
- Quarter high traded price of \$0.053 (Dec 2012—\$0.115) and low of \$0.032 (Sept 2012—\$0.08)
- Market capitalization – high \$13.1m, low \$8.7m
- Average daily volume of shares traded – 58,795 shares (\$2,295.00 average daily volume value)
- Top 10 shareholders as at 30 September 2013 were:

| <b>Rank</b>  | <b>Name</b>   | <b>Number of Shares</b> | <b>%</b>     |
|--------------|---|-------------------------|--------------|
| 1            | China Yunnan Copper (Australia) Investment and Development Co Ltd | 132,728,969             | 47.65        |
| 2            | Mr Norman Zillman   | 10,200,000              | 3.66         |
| 3            | Elliott Nominees Pty Ltd (Elliott Exploration Co S/F)             | 7,150,000               | 2.57         |
| 4            | Kimbriki Nominees Pty Ltd (Kimbriki Hamilton SF A/C)              | 4,000,000               | 1.44         |
| 5            | Premar Capital Nominees Pty Ltd                                   | 3,633,333               | 1.30         |
| 6            | UBS Wealth Management Australia Nominees P/L                      | 2,708,514               | 0.97         |
| 7            | Bannerblock Pty Ltd Super Fund                                    | 2,500,000               | 0.90         |
| 8            | Yunnan & Hong Kong Metal Co Ltd                                   | 2,400,000               | 0.86         |
| 9            | JP Morgan Nominees Australia Ltd (Cash Income A/C)                | 2,327,025               | 0.84         |
| 10           | Join Victory Investments Ltd                                      | 2,083,334               | 0.75         |
| <b>TOTAL</b> |   | <b>142,160,434</b>      | <b>60.94</b> |

### **Other Details**

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 Phone: 1300 554 474  
 Fax: +61 7 3228 4999

## Competent Person's Statement

*The information regarding exploration activities and information set out in this ASX Release is based on information compiled by Mr Trevor Leahey, a Competent Person, who is CYU's Exploration Manager, a Chartered Professional Geologist and a Member of the Australasian Institute of Mining and Metallurgy. Mr Leahey has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Leahey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

### Previous Disclosure – 2012 JORC Code

*The information relating to Mineral Resources, Exploration Targets and Exploration Data associated with the Company's projects in this December 2013 Quarterly Report is extracted from the ASX Announcements as follows:*

- *ASX announcement titled "Completion of Initial Copper/Gold Program at Millenium – Large Mineral System Identified" dated 4 December 2013; and*
- *ASX Announcement titled "Mt Isa Exploration Program Update" dated 11 December 2013.*

*Both reports are available to view on the Chinalco Yunnan Copper Resources Ltd website [www.cycal.com.au](http://www.cycal.com.au). The reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

On behalf of the Board

Paul Williams  
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### **About CYU**

Chinalco Yunnan Copper Resources Ltd ("CYU" or "Company") is a resource exploration and development company with project interests in the Mt Isa region of north Queensland, Chile and northern Laos.

CYU's largest shareholder is China Yunnan Copper (Australia) Investment and Development Co Ltd ("CYC"), owning 47% of the total issued shares in CYU. CYC is a wholly-owned subsidiary of Kunming-based Yunnan Copper Industry (Group) Co Ltd, which is the third largest producer of smelted copper product in China. In turn, Yunnan Copper Group is a subsidiary of Aluminium Corporation of China (Chinalco) which is the largest producer of aluminium product in China and the second largest worldwide.

CYU has offices in Brisbane and in Mt Isa. The Company is listed on the ASX under the symbol "CYU"



Figure 1

(Location of initial 13 hole RC drilling program at the Millenium Project)

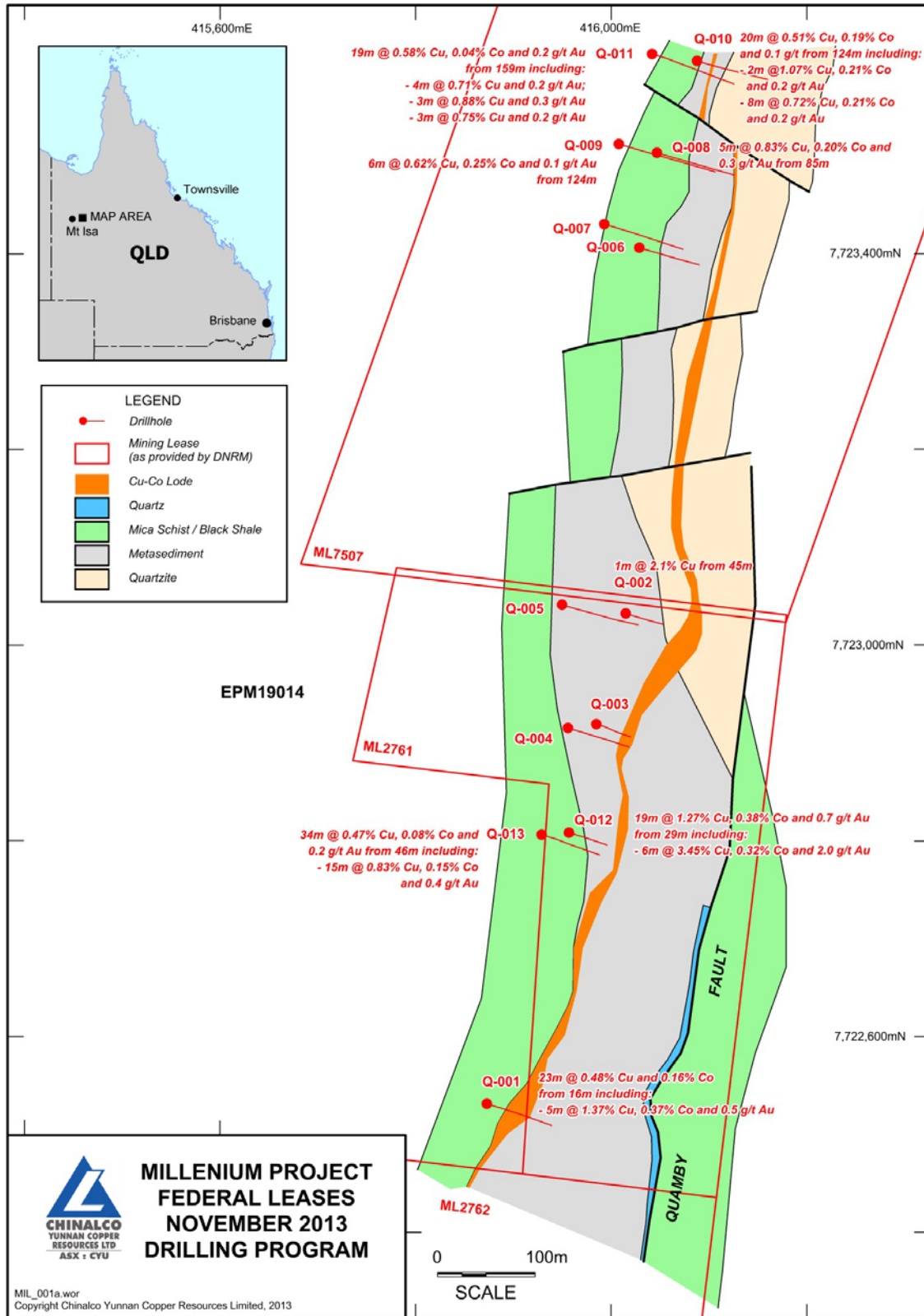


Figure 2

(Location of the two Sulfato drillholes SFD-003 and SFD-004)

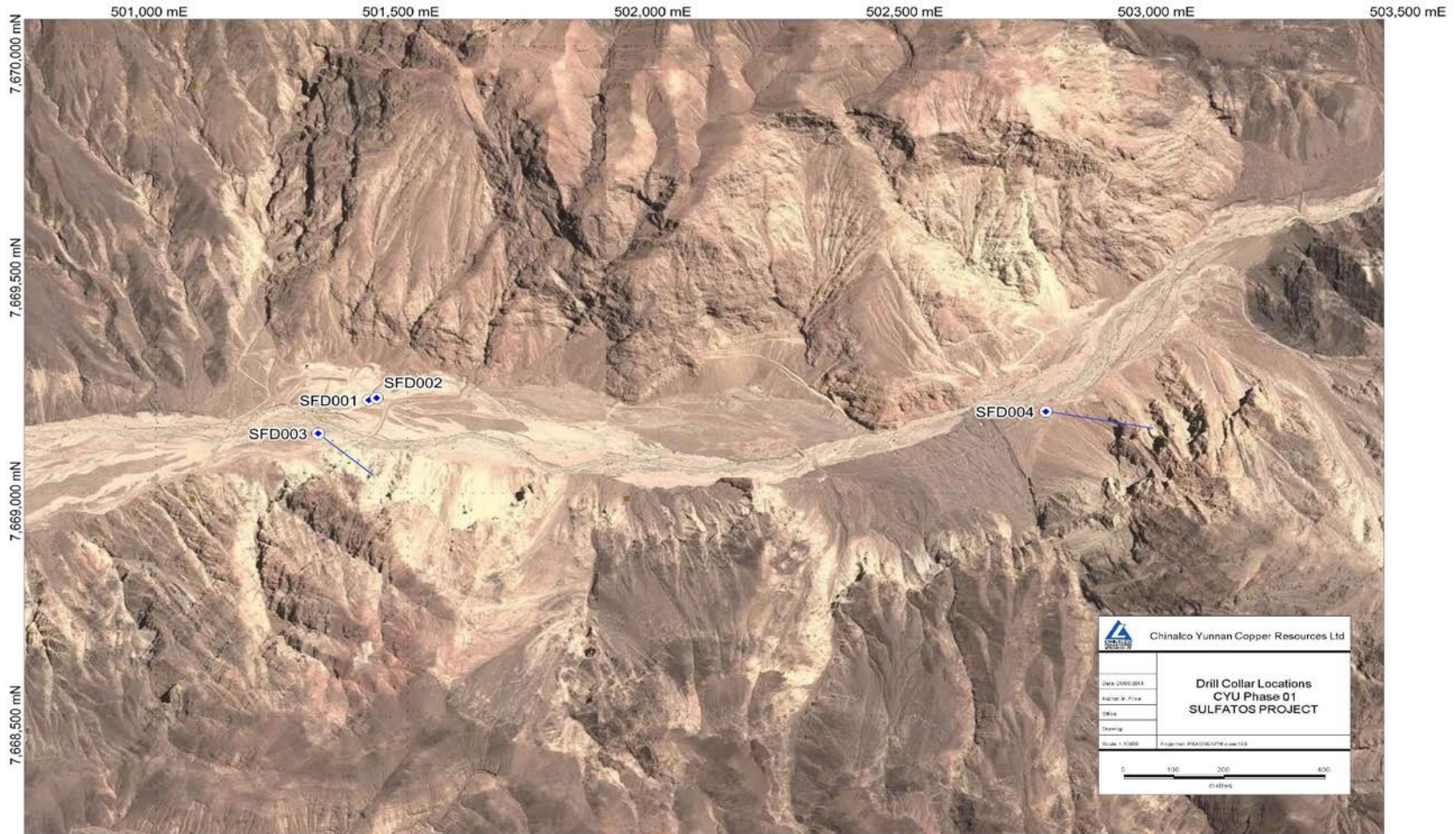


Figure 3

(Sulfato drillhole SFD-004 assay results, applying a 0.1% Cu cut-off)

| Hole             | mFrom      | mTo        | mWidth   | Cu_%        | Au_g/t      | Mo_ppm    |
|------------------|------------|------------|----------|-------------|-------------|-----------|
| SFD004           | 55         | 59         | 4        | 0.11        | <0.01       | 5         |
| SFD004           | 75         | 77         | 2        | 0.02        | 0.17        | 4         |
| SFD004           | 86         | 87         | 1        | 0.10        | 0.01        | 326       |
| SFD004           | 93         | 94         | 1        | 0.14        | 0.01        | 10        |
| SFD004           | 111        | 112        | 1        | 0.13        | 0.02        | 3         |
| SFD004           | 116        | 118        | 2        | 0.27        | 0.03        | <2        |
| SFD004           | 148        | 149        | 1        | 0.12        | <0.01       | <2        |
| SFD004           | 159        | 160        | 1        | 0.11        | 0.03        | 5         |
| SFD004           | 163        | 168        | 5        | 0.13        | 0.01        | 14        |
| SFD004           | 171        | 173        | 2        | 0.10        | 0.02        | <2        |
| SFD004           | 196        | 198        | 2        | 0.12        | 0.02        | 6         |
| SFD004           | 200        | 207        | 7        | 0.11        | 0.01        | 12        |
| SFD004           | 210        | 211        | 1        | 0.14        | <0.01       | 5         |
| SFD004           | 214        | 216        | 2        | 0.11        | 0.02        | 12        |
| SFD004           | 219        | 310        | 91       | 0.15        | <0.01       | 16        |
| <i>including</i> | <i>302</i> | <i>303</i> | <i>1</i> | <i>0.50</i> | <i>0.26</i> | <i>12</i> |
| SFD004           | 314        | 315        | 1        | 0.11        | 0.01        | 9         |
| SFD004           | 317        | 320        | 3        | 0.12        | 0.02        | 12        |
| SFD004           | 324        | 328        | 4        | 0.17        | 0.02        | 22        |
| SFD004           | 331        | 334        | 3        | 0.10        | <0.01       | 9         |
| SFD004           | 336        | 338        | 2        | 0.15        | 0.02        | 8         |
| SFD004           | 341        | 342        | 1        | 0.10        | 0.02        | 11        |
| SFD004           | 345        | 346        | 1        | 0.13        | 0.02        | 28        |
| SFD004           | 348        | 353        | 5        | 0.11        | <0.01       | 44        |
| SFD004           | 355        | 356        | 1        | 0.11        | <0.01       | 11        |
| SFD004           | 366        | 367        | 1        | 0.15        | <0.01       | 5         |
| SFD004           | 373        | 374        | 1        | 0.13        | 0.01        | 5         |
| SFD004           | 376        | 382        | 6        | 0.15        | <0.01       | 9         |
| SFD004           | 384        | 387        | 3        | 0.13        | <0.01       | 19        |
| SFD004           | 390        | 394        | 4        | 0.15        | <0.01       | 15        |
| SFD004           | 399        | 400        | 1        | 0.10        | <0.01       | 8         |
| SFD004           | 405        | 406        | 1        | 0.11        | 0.03        | 6         |
| SFD004           | 459        | 460        | 1        | 0.12        | 0.02        | 15        |

# JORC Code, 2012 Edition – Table 1 – DIAMOND CORE DRILLING - Sulfatos – Nov 2013

## Section 1 Sampling Techniques and Data

| Criteria              | JORC Code explanation   | Commentary  |
|-----------------------|---|---|
| Sampling techniques   | <ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Core samples sawn in half longitudinally to obtain 1m half core samples.</li> <li>• Samples were pulverised to produce a primary pulp from which multi-element ICP and gold fire assay analyses were completed.</li> </ul> |
| Drilling techniques   | <ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>  | <ul style="list-style-type: none"> <li>• PQ collar (unsampled), HQ3 diamond core (sampled), standard tube, not oriented.</li> <li>• Boart Longyear LF90 drill rig utilised to obtain the drill core.</li> </ul>   |
| Drill sample recovery | <ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Sample recoveries measured in geotechnical recordings.</li> <li>• No known relationship between sample recovery and grade</li> </ul>   |
| Logging               | <ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Drill core geologically and geotechnically logged on site using qualitative and descriptive terminology.</li> </ul>  |



| Criteria                                       | JORC Code explanation  | Commentary   |
|--|--|--|
|  | <ul style="list-style-type: none"> <li>The total length and percentage of the relevant intersections logged.</li> </ul>  |  |
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul> | <ul style="list-style-type: none"> <li>One metre half core samples sawn, individually bagged, and submitted for preparation and analysis.</li> <li>Sample preparation methods appropriate to exploration drilling.</li> </ul>  |
| Quality of assay data and laboratory tests     | <ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>   | <ul style="list-style-type: none"> <li>Samples are transported to the Andes Analytical Assay Ltda preparation facility in Arica, northern Chile.</li> <li>Samples crushed in two stages, then homogenized (riffle split) and pulverized to pulps of minimum 500g at 85% &lt;75µm.</li> <li>Pulps are subsequently transported to the Andes Analytical Assay Ltda (AAA) analysis laboratory in Santiago, Chile.</li> <li>Samples are analysed by using method code ICP-AES HF39, a 39 multi-element determination using an aqua-regia digestion with ICP-AES determination, and by fire assay for gold using a 30g charge (method code AEF AAS1EE1).</li> <li>GBM® Standards are inserted in the sample sequence at the rate of one per forty samples.</li> </ul> |
| Verification of sampling and assaying          | <ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>  | <ul style="list-style-type: none"> <li>No independent verification required at this stage</li> <li>Laboratory excel files are merged with drill hole data files using unique sample numbers as the key fields.</li> <li>No adjustments made to assay data.</li> </ul>  |
| Location of data points                        | <ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>  | <ul style="list-style-type: none"> <li>Samples are located using handheld GPS receivers.</li> <li>UTM projection PSAD56 Zone 19S.</li> <li>Topographic control from handheld GPS survey using local differential control.</li> <li>Initial alignment of rig by Geologist using handheld sighting compass.</li> <li>Down hole surveys taken by drilling contractor at average 100 metre</li> </ul>  |

| Criteria   | JORC Code explanation  | Commentary   |
|--|--|--|
|  |  | intervals.   |
| <i>Data spacing and distribution</i>                           | <ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>                        | <ul style="list-style-type: none"> <li>• Scout phase of drilling so no nominal spacing of drill holes.</li> <li>• Too early for resource estimation.</li> <li>• No compositing has been applied.</li> </ul>                              |
| <i>Orientation of data in relation to geological structure</i> | <ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Drill orientation based on geophysical anomalies and outcropping intrusive and alteration zones.</li> <li>• No bias is believed to be introduced by the sampling method.</li> </ul>             |
| <i>Sample security</i>   | <ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Sampling was conducted by employed CYU Field Assistants trained in CYU procedures, and samples were delivered directly to the AAA sample preparation facility by a known contractor.</li> </ul> |
| <i>Audits or reviews</i>                                       | <ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Internal review of methodology is undertaken regularly by senior company personnel.</li> </ul>  |

## Section 2 Reporting of Exploration Results

| Criteria                                       | JORC Code explanation  | Commentary   |
|--|--|--|
| <i>Mineral tenement and land tenure status</i> | <ul style="list-style-type: none"> <li>• <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li>• <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul> | <ul style="list-style-type: none"> <li>• The Sulfatos project consists of two concessions, totalling 973 hectares, under a Joint Venture agreement with Minera Los Andes (Codelco).</li> <li>• There are no known impediments to exploration in the current area of operations.</li> </ul>                             |
| <i>Exploration done by other parties</i>       | <ul style="list-style-type: none"> <li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Two previous drill programs conducted at the project, both by Codelco – the first in 1996 and the second in 2007.</li> <li>• CYU's program was designed to build on previous work and focus on undrilled targets, based on geophysical and geological information.</li> </ul> |
| <i>Geology</i>                                 | <ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Proposed target type is a porphyry copper style.</li> <li>• Previous drilling by Codelco identified a weakly mineralised system.</li> </ul>   |

| Criteria  | JORC Code explanation   | Commentary   |         |         |              |                |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
|---|---|--|---------|---------|--------------|----------------|-----|---------|-------------|--------|---------|-----------|------|-----|---|-------|--------|---------|-----------|------|-----|---|-------|--------|---------|-----------|------|-----|-------|--------|--------|---------|-----------|------|-----|-----|--------|---|--|--|--|--|--------------|----------------|
|   |   | <ul style="list-style-type: none"> <li>Primary mineralisation occurs in and around porphyritic intrusive bodies, hosted within stockwork veining and rarely igneous breccia bodies.</li> </ul>   |         |         |              |                |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| Drill hole Information  | <ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> | <table border="1"> <thead> <tr> <th>Hole_ID</th> <th>Easting</th> <th>Northing</th> <th>RL_m</th> <th>Dip</th> <th>Azi_UTM</th> <th>Max_Depth_m</th> </tr> </thead> <tbody> <tr> <td>SFD001</td> <td>501,423</td> <td>7,669,208</td> <td>2531</td> <td>-90</td> <td>0</td> <td>65.55</td> </tr> <tr> <td>SFD002</td> <td>501,438</td> <td>7,669,213</td> <td>2525</td> <td>-90</td> <td>0</td> <td>35.75</td> </tr> <tr> <td>SFD003</td> <td>501,322</td> <td>7,669,134</td> <td>2515</td> <td>-70</td> <td>130.5</td> <td>424.05</td> </tr> <tr> <td>SFD004</td> <td>502,767</td> <td>7,669,183</td> <td>2596</td> <td>-65</td> <td>100</td> <td>509.15</td> </tr> <tr> <td colspan="5">*All coords in PSAD 56, Zone 19S<br/>SFD001, SFD002 abandoned due to drilling difficulties</td> <td><b>Total</b></td> <td><b>1,034.5</b></td> </tr> </tbody> </table> | Hole_ID | Easting | Northing     | RL_m           | Dip | Azi_UTM | Max_Depth_m | SFD001 | 501,423 | 7,669,208 | 2531 | -90 | 0 | 65.55 | SFD002 | 501,438 | 7,669,213 | 2525 | -90 | 0 | 35.75 | SFD003 | 501,322 | 7,669,134 | 2515 | -70 | 130.5 | 424.05 | SFD004 | 502,767 | 7,669,183 | 2596 | -65 | 100 | 509.15 | *All coords in PSAD 56, Zone 19S<br>SFD001, SFD002 abandoned due to drilling difficulties |  |  |  |  | <b>Total</b> | <b>1,034.5</b> |
| Hole_ID   | Easting   | Northing   | RL_m    | Dip     | Azi_UTM      | Max_Depth_m    |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| SFD001  | 501,423   | 7,669,208  | 2531    | -90     | 0            | 65.55          |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| SFD002  | 501,438   | 7,669,213  | 2525    | -90     | 0            | 35.75          |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| SFD003  | 501,322   | 7,669,134  | 2515    | -70     | 130.5        | 424.05         |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| SFD004  | 502,767   | 7,669,183  | 2596    | -65     | 100          | 509.15         |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| *All coords in PSAD 56, Zone 19S<br>SFD001, SFD002 abandoned due to drilling difficulties |   |  |         |         | <b>Total</b> | <b>1,034.5</b> |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| Data aggregation methods  | <ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>   | <ul style="list-style-type: none"> <li>Summary intersections are length weighted averages of assay data using nominal 1000ppm Cu or 0.1g/t Au cutoffs as appropriate.</li> </ul>   |         |         |              |                |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| Relationship between mineralisation widths and intercept lengths                          | <ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>   | <ul style="list-style-type: none"> <li>There is currently insufficient drilling in the zones targeted to fully understand the geometry of the mineralization. Therefore, true width of mineralisation is not explicitly known.</li> </ul>  |         |         |              |                |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |
| Diagrams  | <ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>   | <ul style="list-style-type: none"> <li>Drill plan included.</li> </ul>   |         |         |              |                |     |         |             |        |         |           |      |     |   |       |        |         |           |      |     |   |       |        |         |           |      |     |       |        |        |         |           |      |     |     |        |   |  |  |  |  |              |                |

| Criteria                                  | JORC Code explanation   | Commentary  |
|---|---|---|
| <i>Balanced reporting</i>                 | <ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>   | <ul style="list-style-type: none"> <li>Summary Intercepts attached.</li> </ul>  |
| <i>Other substantive exploration data</i> | <ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul> | <ul style="list-style-type: none"> <li>Geological mapping completed previously by Codelco, and subsequently check mapped by CYU.</li> <li>PDIP-MT geophysical survey line completed in May 2013.</li> </ul> |
| <i>Further work</i>                       | <ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>                                       | <ul style="list-style-type: none"> <li>Data review of all geological information.</li> <li>No further field activities are currently planned.</li> </ul>  |