



## SEPTEMBER 2016 QUARTERLY ACTIVITIES REPORT

13 October 2016

CYU is a resource exploration and development company seeking to become a mid-tier copper/gold producer.

Activities during the three months to 30 September 2016 included:

- Initiated a one (1) for two (2) non-renounceable entitlement offer to existing CYU shareholders, seeking to raise approximately \$1.8M.
- Further variation of the existing Mary Kathleen joint venture with Goldsearch Ltd, providing for CYU to become 100% owner of the exploration tenures and no longer subject to net smelter royalties.
- Ongoing assessment of copper, gold and other base metal project opportunities in Australia, the Democratic Republic of Congo (DRC) and other regions.
- Limited exploration activity across the Mount Isa tenure portfolio as CYU continues to review its future activities in that region.

#### Issued Capital:

591,276,475  
Ordinary shares

2,000,000  
Performance shares

#### Directors:

Zhihua Yao  
*Chairman*  
Paul Williams  
*Managing Director*  
Zewen (Robert) Yang  
*Executive Director*  
Xiancheng Wang  
*Non-Executive Director*

#### Company Secretary:

Paul Marshall

#### CHINALCO YUNNAN COPPER RESOURCES LTD

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The Board of Chinalco Yunnan Copper Resources Ltd (ASX:CYU) continues to focus on transforming the Company into a substantial mid-tier mining group, with a primary focus on acquiring and developing near-term copper, gold and other base metal production activities (both locally and overseas), with a focus on the significant copper and gold opportunities in Australia, and parts of Africa, including the Democratic Republic of Congo.

#### Contact

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Managing Director  
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The activities of CYU during the three months to 30 September 2016 were as follows:

### **Entitlement Offer to Existing CYU Shareholders**

On 20 September 2016, CYU announced a non-renounceable entitlement offer to existing shareholders (“the Offer”). The main features of the Offer included the following:

- One (1) new fully paid ordinary share for every two (2) held;
- Issue price of 0.6 cents (\$0.006) per new share;
- To raise up to \$1.77M before costs of the offer (if fully subscribed);
- Offer underwritten up to a maximum of \$1.384M by the Company’s second-largest Shareholder, Bienital International Industrial Co., Ltd; and
- Offer also partially underwritten by Managing Director, Paul Williams, to a maximum \$100k.

The Offer is scheduled to close on Friday, 14 October 2016. If the Offer is fully subscribed, 295,638,237 new shares will be issued by CYU, creating a new total issued capital for CYU of 886,914,712 ordinary shares.

### **Variation of Mary Kathleen Joint Venture**

On 20 September 2016 CYU entered into a further variation deed with Goldsearch Ltd which effectively terminated the Mary Kathleen Joint Venture between the two companies. Under this further variation deed, Goldsearch agreed to waive its future 1.75% net smelter royalty entitlement. The position of Goldsearch is consistent with their stated objective to pursue other opportunities outside of the resource sector.

### **Mount Isa Exploration Activities**

During the Quarter, CYU management was focussed almost entirely on the assessment of copper and gold project opportunities. As a consequence, very limited exploration activities were conducted for the three months to 30 September 2016 as CYU continues to explore its options in the Mount Isa region. A final decision about the Mount Isa tenure holdings will be made by CYU after closure of the entitlement offer mentioned above.

### **Exploration Expenditure for September 2016 Quarter**

Across CYU’s various exploration projects, a total of \$8,000 of expenditure was incurred for the September 2016 Quarter, a summary of which is as follows:

- **Mary Kathleen JV** - \$3,000 on geological consulting and tenure admin fees;
- **Mt Frosty JV** – \$2,000 on geological consulting and tenure admin fees;
- **Cloncurry North (EPM 12205)** – \$3,000 on tenure rentals admin fees.

### **Corporate Update**

#### **Proposed Acquisition Activities**

The CYU Board is working closely with JCHX Group in the ongoing assessment and acquisition of new project opportunities – not just limited to copper projects but also gold and other base metals. The CYU Board continues to hold a view that the current difficult

resources market conditions are ideal for business development and acquisition activities. Further news about these activities will be made available to the market as soon as possible.

**Board Composition**

Mr Zihua Yao, Chairman  
Mr Paul Williams, Managing Director  
Mr Robert Yang, Executive Director  
Mr Xiancheng Wang, Non-Executive Director  
Mr Paul Marshall, Company Secretary

**Financial Position**

As at 30 September 2016, CYU had cash reserves of \$0.625M. Together with the funds proposed to be raised under the entitlement offer to existing shareholders, this will provide more than sufficient funding to enable CYU to carry out project assessment review activities for the foreseeable future. In the event of CYU securing a project opportunity, additional funding will likely be required. Details of these requirements will be provided to shareholders and the market at the first available opportunity.

Further details of CYU's financial activities during the September 2016 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

**Top 10 shareholders of CYU as 30 September 2016:**

Rank	Name	Number of Shares	%
1	China Yunnan Copper (Australia) Investment and Development Co Ltd	299,922,326	50.72
2	Biential International Industrial Co Ltd	118,249,000	20.00
3	Elliott Nominees Pty Ltd	7,150,000	1.21
4	Mr Norman Joseph Zillman	6,980,343	1.18
5	Kimbriki Nominees Pty Ltd	4,920,000	0.83
6	Citicorp Nominees Pty Limited	4,663,080	0.79
7	Mr Ianaki Semerdziew	4,341,495	0.73
8	Premar Capital Nominees Pty Limited	3,633,333	0.61
9	Mr Lawrence Chi-Yun Lee	3,069,988	0.52
10	HSBC Custody Nominees (Australia) Limited	3,028,514	0.51
<b>TOTAL</b>		<b>455,958,079</b>	<b>77.11</b>

# - Substantial Shareholder

**Share Information – June 2016 Quarter**

Issued share capital of 591,276,475 ordinary shares and 2 million performance shares.

Quarter high traded price of \$0.008 (18, 19, 20, 25 July, 1, 4, 8 August & 28 September 2016) and low of \$0.004 (6, 7 & 23 September 2016).

Market capitalization – high \$4.730M, low \$2.365M.

Average daily volume of shares traded – 92,182 shares (\$586 average daily volume value).

**Other Details:**

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Share Registry

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On behalf of the Board

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**CYU's mining tenement interests as at 30 September 2016**

<b>Project/Location</b>	<b>Tenement Reference</b>	<b>CYU % Interest</b>	<b>Comment</b>
<b>AUSTRALIA</b>			
Cloncurry North	EPM 12205	90	Refer Note 1
Pentland	ML 1631	100	
Mary Kathleen JV	EPMS 14019, 14022	100	Refer Note 2
Mt Frosty	EPM 14467	51	Refer Note 3

**Notes:**

- 1. The other 10% is held by Yunnan Copper Mineral Resources Exploration & Development Co., Ltd (YEX). Approval was obtained during the Quarter to renew this EPM for a further 5 year period.*
- 2. Pursuant to the variation deeds of 26 February and 20 September 2016 respectively, CYU has secured an unencumbered 100% interest in these tenements, with the 1.75% net smelter royalty held by GSE also being waived.*
- 3. CYU farming-in 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. CYU completed earning the first stage 51% interest in Mt Frosty during the December 2014 Quarter.*

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

