

## **ASX/Media Announcement**

**27 March 2013**

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

## **Completion of CYU Project Review**

- **Board approves recommendations re existing and new projects**
- **Strategic aim is to be in commercial production within 3 years**
- **More focused exploration programs at Mt Isa and in Chile**
- **Chinese registered subsidiary San Mu focus on other opportunities in mainland China and Cambodia**

The Board of Chinalco Yunnan Copper Resources Ltd (CYU or Company) has completed a Project Review of its existing projects and activities and has adopted recommendations arising from that review. The review was carried out by recently appointed Managing Director Paul Williams, with the stated objectives that the Board would:

- have a detailed understanding of the current status of each project based on available technical information and commercial considerations; and
- decide next steps for each project.

The primary conclusion of the review was that CYU should adopt a strategic aim of becoming a producer of copper and/or other minerals within three years. This strategic aim is to be achieved by a combination of:

- developing the Company's existing projects and assets;
- pursuing new project opportunities in China/South-Eastern Asia via the Chinese-registered San Mu joint venture corporation; and
- acquisition of new projects that are either in or near production.

In the context of CYU's existing projects, the Review's recommendations (which have been adopted by the Board) include:

### **Mt Isa**

- focus (and expenditure) should continue to be on the Mary Kathleen shear zone that includes the Elaine discovery and the proposed Blue Caesar exploration program;
- other tenure holdings in the region should be kept on "care and maintenance" only.

### **Chile**

- a general observation is that the Company has too many project interests in Chile, and it cannot afford to maintain all these based on existing cash reserves;
- as CYU's expenditure obligations for the Caramasa and Candelabro projects are up to date, it is not proposed to carry out any further field activities on these projects.

Furthermore, a process will commence to attract direct investment from Chinalco/YCI (or associated entities). If no positive result can be achieved by end of July, CYU will advise Rio Tinto of its intention to withdraw from the two projects;

- the Company has been conducting geophysics and geochemical studies at Humitos and is close to identifying drill hole targets for the proposed drill program in Q2 2013. Similar study work is about to be conducted at Sulfato, prior to a proposed drilling program there later in the year;
- Palmani is likely to remain as the Company's only Rio Tinto farm-in project in Chile. Now that site access has been finalised, geophysics and mapping studies will be conducted during the year.

### **San Mu**

Yunnan Copper San Mu Mining Co. Ltd (San Mu), a Chinese incorporated entity, is now 51% owned by CYU, with the other 49% owned by Yunnan Copper Industry (Group) (YCI). The recommended future activities of San Mu are:

- the Company's existing Laos-based projects are to be disposed of, as they do not meet CYU's requirements for a commercial copper deposit due to these projects comprising mostly copper oxide mineralisation;
- San Mu will commence a review of newly identified project opportunities in Cambodia; and
- San Mu will, with the assistance of YCI, also seek out production or near-production project opportunities in mainland China.

CYU's Managing Director, Paul Williams, said that the Project Review was a valuable exercise, "from a personal perspective the Review enabled me to quickly get up to speed with the CYU projects and has enabled the Board to adopt a more focused approach to its future exploration priorities especially considering the level of cash reserves."

Mr. Williams added that by adopting a strategic aim of being a producer within three years CYU intends to take an aggressive approach to new acquisition opportunities – across a range of geographical regions and across a range of mineral resources. "With many resource companies struggling to secure project development funding and the major companies embarking on asset sale programs, the next few months could be an interesting period for CYU which is in a good position as a bridge between these projects and Chinese funds."

On behalf of the Board

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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 43% 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 Aluminum Corporation of China (Chinalco) which is the largest producer of aluminum product in China and the second largest worldwide.

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