



1 November 2012

Non-Renounceable Rights Issue

Offer Document Dispatched

Chinalco Yunnan Copper Australia Limited advises that the Offer Document for the underwritten (to 80%) non-renounceable entitlement offer announced to the ASX on 22 October was today dispatched to all eligible shareholders, together with personalised entitlement and acceptance forms.

A letter to ineligible shareholders was also dispatched today.

As previously advised the closing date for acceptances is 16 November.

Paul Marshall
Company Secretary
Chinalco Yunnan Copper Australia Limited

For further information please contact:
Paul Marshall,
Company Secretary
+61 7 3212 9212
paul@cycal.com.au



Prospectus

Chinalco Yunnan Copper Resources Ltd ACN 070 859 522

A non-renounceable entitlement offer to Eligible Shareholders of 1 New Share at \$0.10 each for every 2 Shares held to raise approximately \$8,667,915.40 before costs of the Offer

The Offer is underwritten up to \$6,934,332.30, representing 80% of the total Offer, by China Yunnan Copper (Australia) Investment and Development Co. Ltd

This is an important document and requires your immediate attention.

The New Shares offered by this document should be considered speculative.

This document should be read in its entirety. If after reading this document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional adviser.

Your application payment must be received by the Share Registry no later than 5:00pm (AEDT) on 16 November 2012. Please refer to the timetable set out in this Prospectus for the important dates.

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Offer statistics

| | |
|-----------------------------------|------------|
| Number of New Shares to be issued | 86,679,154 |
| Offer Price | \$0.10 |

Timetable for important dates

| | |
|--------------------------------------------------------------------------------------------------|--------------------------------|
| Announcement of the Offer | 22 October 2012 |
| Prospectus lodged with ASIC and ASX | 22 October 2012 |
| Notice sent to Eligible Shareholders with information on the Offer | 23 October 2012 |
| Shares commence trading on an "ex" basis ("ex" date) | 24 October 2012 |
| Record Date to determine Entitlements under the Offer | 30 October 2012 (7:00pm AEDT) |
| Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders | 1 November 2012 |
| Opening Date of Offer | 1 November 2012 (9:00am AEDT) |
| Closing Date of Offer | 16 November 2012 (5:00pm AEDT) |
| New Shares quoted on a deferred settlement basis | 19 November 2012 |
| Expected date of allotment of New Shares applied for under the Offer and any Shortfall | 23 November 2012 |
| Deferred settlement trading ends | 23 November 2012 |
| Expected date of dispatch of transaction confirmation statements | 26 November 2012 |
| Expected date for commencement of normal trading of New Shares issued under the Offer on the ASX | 26 November 2012 |

These dates are indicative only and subject to change. Chinalco Yunnan reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. If the Offer is withdrawn, Application Monies will be returned without interest.

Important notices

This Prospectus is dated 22 October 2012 and was lodged with ASIC on the same date. Neither ASIC nor ASX takes any responsibility as to the contents of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Chinalco Yunnan in connection with the Offer. Neither Chinalco Yunnan nor any other person warrants the future performance of Chinalco Yunnan or any return on any investment made under this Prospectus, except as required by law and then, only to the extent so required.

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Foreign Shareholders

The Offer is made only to those Eligible Shareholders with registered addresses in Australia and New Zealand and only those Eligible Shareholders will be offered New Shares. In making this Offer to Eligible Shareholders in New Zealand, the Company is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand), by virtue of which this Prospectus is not required to be registered in New Zealand.

The Company has not investigated the regulatory requirements that may prevail in any country in which the Company's Shareholders may reside outside of Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

Chinalco Yunnan has decided that it is unreasonable to make an Offer to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

How to accept Entitlement to New Shares

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Prospectus in accordance with the instructions set out in this Prospectus and in the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the Internet at www.cycal.com.au. If you wish to obtain a free copy of this Prospectus, please contact the Company on +61 7 3212 9212.

Competent Persons' Statement

The information in this Prospectus that relates to the Inferred Mineral Resource at the Elaine Project is based on information compiled by Steven Ristorcelli, who is a Certified Professional Geologist with the American Institute of Professional Geologists, a "Recognised Overseas Professional Organisation". Mr Ristorcelli is Principal Geologist with Mine Development Associates of Reno, Nevada, USA. Mr Ristorcelli has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results and Mineral Resources". Mr Ristorcelli consents to the inclusion in the Prospectus of the matters based on his information related to the Inferred resource in the form and context in which it appears.

The information in this Prospectus regarding the Exploration Activities on the Elaine Project (EPM14022) is based on information compiled by Mr Richard Hatcher, who is a Member of the Australian Institute of Geologists and is the Exploration Manager of Chinalco Yunnan Copper Resources Ltd. Mr Hatcher has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results and Mineral Resources". Mr Hatcher consents to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears.

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Forward looking statements

Certain statements in this Prospectus constitute forward looking statements. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. These risks, variables and factors include, but are not limited to, the matters described in Section 7. The Company gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

Warning

No person named in this Prospectus, nor any other person, guarantees the performance of Chinalco Yunnan, the repayment of capital or the payment of a return on the New Shares. Please read this document carefully before you make a decision to invest. An investment in the Company has specific risks which you should consider before making a decision to invest.

The information in this Prospectus does not constitute a securities recommendation or financial product advice. In preparing this Prospectus, Chinalco Yunnan has not taken into account the investment objectives, financial situation or particular needs of any particular person. Accordingly, before acting on this Prospectus, you should assess whether a further investment in Chinalco Yunnan would be appropriate in light of your own circumstances.

Privacy

The privacy obligations and policy relating to this Prospectus are contained in the privacy disclosure statement in Section 8.

Contact details

If you have any queries or questions about the Offer, you may contact Chinalco Yunnan's Company Secretary, Paul Marshall, on +61 7 3212 9212 or Chinalco Yunnan's Share Registry on 1800 262 299 (within Australia) or +61 2 8280 7789 (outside Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday.

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Letter from the Joint Chairmen

22 October 2012

Dear Chinalco Yunnan Shareholder

On behalf of the Directors of Chinalco Yunnan, we are pleased to invite all Eligible Shareholders to participate in a 1 for 2 non-renounceable entitlement offer, as described in this Prospectus.

Each Eligible Shareholder is being offered the right to acquire additional fully paid ordinary shares in the Company (**New Shares**) at \$0.10 per New Share to raise approximately \$8,667,915.40 before costs (**Offer**). The number of New Shares to which you are entitled is specified in the enclosed Entitlement and Acceptance Form. In addition to the Entitlement, Shareholders are also able to apply for additional New Shares if they wish to do so.

Chinalco Yunnan has an impressive number of quality copper exploration ventures in Australia, Chile and Laos. In **Australia**, exploration success includes the Elaine discovery of 27.7 Mt @ 0.53% Cu Eq including high grade > 3g/t gold which occurs in narrow high-grade veins within the larger and broad copper mineralization. The Elaine Inferred Mineral Resource was discovered by a drilling program based on a review of historical records. Chinalco Yunnan is currently working on a resource extension drilling program in order to attempt to at least double the resource tonnage within the next year.

In **Chile**, Chinalco Yunnan has a program of exploration aimed at discovering billion tonne porphyry copper systems. The Company has secured five projects, two of which are JVs with Rio Tinto at Candelabro and Caramasa that have been drill tested in recent months, with positive visual results at Candelabro. Other JVs with Rio Tinto at Palmani, with Xstrata at Humito and with Codelco at Sulfatos remain on the planned work program for early 2013. In **Laos**, drilling of the Juizhai and Xinzhai targets has generally been disappointing to date with the projects now subject to review. Chinalco Yunnan's Chinese vehicle, Sanmu, is currently reviewing other opportunities in the area of Laos and Southern China.

Chinalco Yunnan has investigated a number of alternative sources in relation to capital raising, but has deemed it fairest to offer existing Shareholders the opportunity to continue to invest in the business, particularly in light of the recent Share price performance. The Offer Price of \$0.10 is at a slight discount (of 2.9%) to the 30-day volume weighted average price (of \$0.103) prior to announcing the Offer.

The Shareholders of Chinalco Yunnan who may participate in the Offer are those who have a registered address in Australia or New Zealand and who hold Shares in Chinalco Yunnan at 7:00pm (AEDT) on 30 October 2012. Under the Offer, Chinalco Yunnan aims to raise approximately \$8,667,915.40 from the issue of approximately 86,679,154 New Shares. Once all of the expenses associated with the Offer have been met, Chinalco Yunnan intends to use the balance of the money raised for working capital and exploration purposes. Further details are set out in Section 1.5 of this Prospectus.

The Offer is underwritten up to \$6,934,332.30, representing 80% of the Offer and a total of 69,343,323 New Shares, by the Company's largest Shareholder, China Yunnan Copper (Australia) Investment and Development Co. Ltd (**CYCAID**). The underwriting means that the receipt of at least 80% of the funds sought under the Offer can be guaranteed and the Company will be able to implement its planned activities. The Company will pay CYCAID a nominal fee of \$1.00 in relation to the underwriting provided.

If there is a Shortfall in the applications received from Eligible Shareholders, Eligible Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for additional New Shares in the Shortfall at the same price of \$0.10 each. There is no guarantee of the number of New Shares issued under a Shortfall (if any) that will be available to Eligible Shareholders and the

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allocation of those New Shares amongst applicants will be at the discretion of the Board of Directors of Chinalco Yunnan in accordance with the policy described in Section 3.4 of this Prospectus.

To participate in the Offer, you will need to complete the Entitlement and Acceptance Form and return it with the required Application Monies, or make an application via BPAY®, so that it is received by Chinalco Yunnan's Share Registry by 5:00pm (AEDT) on 16 November 2012 and otherwise in accordance with the instructions contained on the form. Further details of how you may accept the Offer are also set out in Section 3 of this Prospectus.

Investing in New Shares in Chinalco Yunnan involves risk. There are a number of factors, both specific to Chinalco Yunnan and of a general nature, which may affect the future operating and financial performance of Chinalco Yunnan and the value of your investment in Chinalco Yunnan. You should carefully read Section 7 of this Prospectus, which sets out in more detail some of the risks associated with an investment in New Shares. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, or financial or other professional adviser.

The Directors of Chinalco Yunnan who are, or whose controlled entities are, Shareholders have indicated that they intend to take up part of their Entitlements under the Offer.

Further information about the Offer and your Entitlement to participate in the Offer is set out in this Prospectus, which you should read in its entirety before deciding whether to participate in the Offer.

On behalf of the Directors, we thank you for your continued support of Chinalco Yunnan and encourage you to carefully consider this investment opportunity.

Yours faithfully



Norman Zillman
Joint Chairman



Zihua Yao
Joint Chairman

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1. Investment overview

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

1.1 The Offer

This Prospectus is for the non-renounceable entitlement offer of 1 New Share at \$0.10 each for every 2 Shares held by Eligible Shareholders at 7:00pm (AEDT) on the Record Date of 30 October 2012 (**Offer**).

Only those Eligible Shareholders with registered addresses in Australia or New Zealand are entitled to participate in the Offer and, accordingly, only those Shareholders will be entitled to subscribe for New Shares.

On the same date as announcing the Offer, the Company applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Official Quotation of the New Shares is expected to occur on or about 26 November 2012.

The Directors may at any time decide to withdraw this Prospectus and the Offer of New Shares made under this Prospectus, in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of such withdrawal.

1.2 New Share terms

Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights and liabilities attaching to the New Shares is set out in Section 8.4.

1.3 How Eligible Shareholders can apply under the Offer

The number of New Shares to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder would have to pay if they choose to take up all of their rights to subscribe for New Shares is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions set out below and in the Entitlement and Acceptance Form, or by making an application payment via BPAY®.

Application Monies for the New Shares must be received by the Company at its Share Registry by 5:00pm on the Closing Date of 16 November 2012. Please refer to the timetable for the important dates of the Offer. For further details of how to take up your Entitlement and apply under the Offer, please refer to Section 3.

1.4 Additional New Shares

New Shares that are not acquired by Eligible Shareholders under the Offer will be placed in a pool of shares referred to as Additional New Shares. Eligible Shareholders who have accepted their Entitlement in full may apply for Additional New Shares, in addition to their Entitlement, at the Offer Price. Directors of Chinalco Yunnan (and any other related parties of Chinalco Yunnan) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an underwriter as disclosed in this Prospectus.

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In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 19.99% of all of the Shares in Chinalco Yunnan after completion of the Offer (except as contemplated by the Underwriting Agreement).

Applications for Additional New Shares can be made by completing the Additional New Shares section of the Entitlement and Acceptance Form, in accordance with the instructions on the form, and including the consideration for these Additional New Shares with the payment for your Entitlement.

There is no guarantee that Eligible Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. The Company may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares. For further details regarding Additional New Shares and the Company's allocation policy for any Shortfall, please refer to Sections 2.4 and 3.4.

1.5 Purpose of the Offer and use of funds

The funds raised under the Offer (after payment of expenses in connection with the Offer) will be used to continue to develop Chinalco Yunnan's business and meet its strategic goals. More particularly, funds raised under the Offer have been earmarked for exploration activities in Chile, Australia and Laos where Chinalco Yunnan's current projects are held and working capital purposes:

| Proposed use of funds | \$ (m) |
|-------------------------------|---------------|
| Exploration - Chile | 3.5 |
| Exploration - Australia | 2.5 |
| Exploration - Laos | 1.0 |
| Corporate and working capital | 1.5 |
| Costs of the Offer | 0.1 |
| Total | 8.6 |

Chile: The Caramasa project is currently being drilled while at Palmani road access is being completed to allow drilling prior to November. The initial drill program at the Candelabro project has been completed to date discovering a mineralised porphyry of low tenor grade and with assays still pending from three holes. Once all the assay results are received a project review will be completed to plan the next steps. The Sulfatos and Humito projects are proposed to be drilled in the first half of 2013. Chinalco Yunnan will retain only the properties from these five that produce economic discoveries so as is the normal exploration process, some project rationalisation may occur mid to late 2013. In summary, most of the expenditure in Chile is for drilling programs and associated road construction required for safe access to the projects.

Australia: Chinalco Yunnan has progressed the Elaine project from initial discovery to an Inferred Mineral Resource, with JV partner Goldsearch Ltd, of 27.7Mt @ 0.53% copper and 0.08 g/t gold. Chinalco Yunnan in the next year will complete drill programs along the 8 kilometres of known strike length of the newly acquired prospective Mary Kathleen shear.

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Laos: A review of the two projects on which initial drilling programs have been completed, Xinzhai and Juizhai, will take place for remaining prospectivity and to identify any additional targets, before any further drilling takes place.

However, in the event that circumstances change, business opportunities vary from expected, or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

If the full amount sought under the Offer is not obtained, it is expected that funds raised will be applied in a manner that will allow Chinalco Yunnan to maximise the value which it is anticipated will arise from the abovementioned exploration activities. If insufficient funds are raised to pursue the above strategy, and if other capital raising initiatives are not successful, then Chinalco Yunnan would evaluate alternative strategies, including mergers, joint venture or sale of projects and operational efficiencies across the business.

1.6 Directors' intentions in respect of Entitlements

As at the date of this Prospectus, the Directors of Chinalco Yunnan have either a direct or indirect interest in Shares. Set out below is a table summarising the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlements.

| Director | Shares | Entitlement | Intentions |
|-------------------|-------------------------|-------------------------|------------------------------|
| Mr Norman Zillman | 12,647,195 | 6,323,598 | Take up 2,000,000 New Shares |
| Mr Zhihua Yao | 36,839,852 ¹ | 18,419,926 ¹ | Refer to Section 1.7 |
| Mr Jason Beckton | 645,160 | 322,580 | Take up 150,000 New Shares |
| Mr Zewen Yang | 36,839,852 ¹ | 18,419,926 ¹ | Refer to Section 1.7 |

Note 1: Mr Yao and Mr Yang are executives within Chinalco Yunnan Copper Industry (Group) Co. Ltd, which is the ultimate parent company of China Yunnan Copper (Australia) Investment and Development Co. Ltd (**CYCAID**). CYCAID holds the 36,839,852 Shares – please refer to Section 1.7 below for further details regarding CYCAID's shareholding and intentions with respect to its Entitlement under the Offer.

1.7 Underwriting and potential effects on control

The Offer is underwritten up to \$6,934,332.30, representing 80% of the Offer and a total of 69,343,323 New Shares, by CYCAID. Details of the Underwriting Agreement are contained in Section 8.10 of this Prospectus. CYCAID currently has an interest in 36,839,852 Shares on issue (representing a 21.25% interest) and an Entitlement to 18,419,926 New Shares under the Offer. CYCAID only intends to subscribe for its Entitlement under the Offer (or part thereof) if Eligible Shareholders take up their Entitlements under the Offer such that CYCAID's subscription would cause it to maintain its existing interest in the Company. CYCAID will otherwise subscribe for New Shares in accordance with the Underwriting Agreement.

If CYCAID was required to subscribe for all of the New Shares it has agreed to underwrite, upon completion of the Offer (assuming that none of the existing Options on issue are exercised prior to the Record Date), CYCAID would have an interest in 106,183,175 Shares, representing 43.75% of the Shares on issue in the Company after completion of the Offer.

For further information regarding the potential effect of the Offer on control of Chinalco Yunnan, please refer to Section 6.

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1.8 FIRB approval

CYCAID has received correspondence from the Foreign Investment Review Board stating that there are no objections to the proposal for CYCAID to acquire up to 43.75% of Chinalco Yunnan in terms of the government's foreign investment policy. The statement of no objections stands until 15 October 2013.

1.9 Investment highlights

A brief summary of project positions and planned activity is as follows:

AUSTRALIA

GOLDSEARCH MARY KATHLEEN JV & XSTRATA COPPER MOUNT FROSTY JV

- 27.7Mt Inferred Mineral Resource recently upgraded at the Elaine copper gold REE prospect. A 800m to 1km vertical metallurgical drillhole is underway which may double dimension. The project has developed from discovery to Inferred Mineral Resource in 1 year. Further drilling will be undertaken in the coming months.
- Scout drilling to be undertaken at Elaine 2 prospects along strike from Elaine copper-gold prospect.
- Exploration on new Mount Frosty JV with Xstrata Copper is to commence at the Jubilee Gold Copper Prospect.

CHILE - JVs WITH RIO TINTO, XSTRATA AND CODELCO TO ADVANCE IN 2013

- Caramasa: Drilling complete, results awaited. Alteration and some veins intercepted.
- Palmani: Drill access planned for Q4 2012.
- Humitos: Drill program to be developed for early 2013.
- Sulfatos: New JV with Codelco subsidiary to commence access and geophysics Q4 2012.

LAOS - DRILLING COMPLETED — SUBJECT TO REVIEW

- Xinzhai: Minor copper silver mineralisation subject to review.
- Juizhai: Elevated zones of silver-lead-zinc zones warranted further geological sampling along strike.

Please refer to Section 4 for further details.

1.10 Risk factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations (further details are contained in Section 7):

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| Risk | Details |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regulatory risk and government policy | <p>The availability and rights to explore, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of Chinalco Yunnan.</p> <p>The relevant government departments in the countries in which Chinalco Yunnan has interests do conduct reviews from time to time of policies in connection with the granting and administration of mining tenements. At present Chinalco Yunnan is not aware of any proposed changes to policy that would affect its tenements.</p> |
| Operational risks and costs | <p>Prosperity for Chinalco Yunnan and its subsidiaries will depend largely upon an efficient and successful implementation of all the aspects of exploration, developments, business activities and management of commercial factors. Exploration has been and will continue to be hampered on occasions by unforeseen weather events, accidents, unforeseen cost changes, environmental considerations, natural events and other incidents beyond the control of Chinalco Yunnan.</p> |
| Business risks | <p>There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of Chinalco Yunnan's operations.</p> |
| Contractual and joint venture risk | <p>Chinalco Yunnan's ability to efficiently conduct its operations in a number of respects depends upon a third party product and service providers and contracts have, in some circumstances, been entered into by Chinalco Yunnan and its subsidiaries in this regard. As in any contractual relationship the ability for Chinalco Yunnan to ultimately receive benefits from these contracts are dependent upon the relevant third party complying with its contractual obligations.</p> <p>To the extent that such third parties default in their obligations, it may be necessary for Chinalco Yunnan to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by Chinalco Yunnan that a legal remedy will ultimately be granted on appropriate terms.</p> <p>The Company may wish to develop its projects or future projects through joint venture arrangements, while a number of the Company's projects are already the subject of joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to the Company, could be affected by the failure or default of any of the joint venture participants.</p> |
| Tenements | <p>A failure to adhere to the requirements to exceed certain levels of expenditure on concessions and tenements held by Chinalco Yunnan (or its subsidiaries) in various jurisdictions may make certain concessions and tenements subject to possible forfeiture. All granted concessions and tenements are currently in good standing and, in</p> |

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| Risk | Details |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>accordance with normal industry practice. Chinalco Yunnan surrenders some or all un-prospective parts of its concessions and tenements at the appropriate time so as to manage its minimum expenditure obligations and to retain the capacity to apply for additional prospective areas. Applications for new concessions and tenements are never certain to be granted but Chinalco Yunnan knows of no reason why any of its concession and tenement applications should not be granted in due course.</p> |
| Feasibility and development risks | <p>Given the early stage of the Company's projects, there will be a complex, multidisciplinary process to be undertaken to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected. There is also a risk that even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.</p> |
| Additional requirements for capital | <p>Depending on the outcome of the Company's exploration programs, the Company may require further financing in addition to amounts raised under this Prospectus. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs. In addition, the Company's ability to continue as a going concern may be diminished.</p> <p>There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and such circumstances will adversely affect the Company.</p> |
| Foreign jurisdiction risk | <p>The Company has operations, interests and assets located in foreign jurisdictions (Chile and Laos). As a result, the Company is subject to political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency exchange rate fluctuation, royalty and tax increases and other risks arising out of foreign government sovereignty over the areas in which the Company's operations are conducted.</p> <p>Changes in laws and regulations in foreign jurisdictions may have a significant effect on the Company's exploration operations, especially changes to environmental, mining, grant or renewal of concessions and taxation.</p> <p>The political conditions under which the Company currently operates are stable compared to many areas of the world, but arguably not as stable as Australia. Potential risk to the Company's activities may arise if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's foreign interests. This may also include changes in exchange control regulations, expropriation of mining rights, changes</p> |

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| Risk | Details |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | in government and in legislative and regulatory regimes. |
| Contractors | The Company is dependent on contractors and suppliers to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the Company. |
| Reliance on key personnel | <p>In formulating its exploration programs, the Company relies to a significant extent upon the experience and expertise of the Directors and management. Although information concerning the Company's tenements has been chronicled, the loss of one or more of these key personnel may adversely affect the Company's prospects of pursuing its exploration programmes within the timeframes and within the cost structure currently envisaged.</p> <p>Although the key personnel have a considerable amount of experience and have previously been successful in their pursuits of important prospecting discoveries, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Company.</p> |
| Employees | The ability of the Company to achieve its objectives depends on being able to retain certain key employees, skilled operators and tradespeople. Whilst the Company has entered into employment contracts with key employees, the retention of their services cannot be guaranteed. The loss of key employees or skilled operators and tradespeople could significantly affect the performance of the Company's operations. |
| Native Title risk | The <i>Native Title Act 1993</i> (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and in future, mining activities, or obtain exploration or mining licences in Australia. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation. |
| Investment speculative | Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares. |

In addition, there are a number of general risks that are common to all investments in shares and are not specific to the business model and operations of the Company. Further details regarding risks which may affect the Company in the future are set out in Section 7.

The New Shares offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

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2. Details of the Offer

2.1 Offer to Eligible Shareholders

The Directors of Chinalco Yunnan have approved a non-renounceable entitlement offer of approximately 86,679,154 New Shares at \$0.10 per New Share to raise approximately \$8,667,915.40 (before costs of the Offer). Eligible Shareholders of Chinalco Yunnan are entitled to subscribe for 1 New Share for every 2 Shares held. Only those Eligible Shareholders shown on the share register at 7:00pm (AEDT) on the Record Date of 30 October 2012 will be entitled to participate in the Offer.

Chinalco Yunnan has applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Official Quotation of the New Shares is expected to occur on or about 26 November 2012. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until Official Quotation is granted.

2.2 Eligible Shareholders

The Offer is open to Eligible Shareholders, that is Shareholders who are registered as at 7:00pm (AEDT) on the Record Date of 30 October 2012 with addresses in Australia and New Zealand.

Eligible Shareholders do not include Shareholders with registered addresses outside Australia and New Zealand.

2.3 Entitlement

As an Eligible Shareholder, your Entitlement will be based on a pro-rata ratio of 1 New Share for every 2 Shares held as at the Record Date. In total, up to 86,679,154 New Shares will be issued pursuant to the Offer (unless Options are exercised, as described in Section 2.14). In calculating the Entitlement, fractional entitlements to New Shares determined in respect of each holding will be rounded up to the nearest whole number of New Shares. The Offer Price for New Shares will be \$0.10 per New Share.

Shareholders who take up their Entitlements in full will not have their percentage shareholding in Chinalco Yunnan diluted as a result of the Offer. The percentage shareholding in Chinalco Yunnan of Shareholders who do not take up all of their Entitlements and of Shareholders with registered addresses outside Australia and New Zealand will be diluted.

Your Entitlement is non-renounceable, which means it cannot be sold. For further details of how to take up your Entitlement and apply under the Offer, please refer to Section 3.

2.4 Additional New Shares

New Shares that are not acquired by Eligible Shareholders under the Offer will be placed in a pool of shares referred to as Additional New Shares.

Eligible Shareholders who have accepted their Entitlement in full may apply for Additional New Shares, in addition to their Entitlement, at the Offer Price. Directors of Chinalco Yunnan (and any other related parties of Chinalco Yunnan) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an underwriter as disclosed in this Prospectus.

In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised.

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They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 19.99% of all of the Shares in Chinalco Yunnan after completion of the Offer (except as contemplated by the Underwriting Agreement).

Applications for Additional New Shares can be made by completing the Additional New Shares section of the Entitlement and Acceptance Form, in accordance with the instructions on the form, and including the consideration for these Additional New Shares with the payment for your Entitlement.

There is no guarantee that Eligible Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. The Company may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares.

For further details regarding Additional New Shares and the Company's allocation policy for any Shortfall, please refer to Section 3.4.

2.5 Closing Date of the Offer

Applications under the Offer must be received at the Company's Share Registry by no later than 5:00pm (AEDT) on the Closing Date of 16 November 2012.

Chinalco Yunnan reserves the right, subject to the Corporations Act, the Listing Rules and any requirements of the ASX, to accept late applications or, without notice, extend the Closing Date for the Offer. If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless Chinalco Yunnan decides to accept late applications or extend the Closing Date for the Offer, applications received after 5:00pm (AEDT) on the Closing Date will be rejected and Application Monies will be refunded without interest.

2.6 Underwriting

The Offer is underwritten up to \$6,934,332.30, representing 80% of the Offer and a total of 69,343,323 New Shares, by China Yunnan Copper (Australia) Investment and Development Co. Ltd (**CYCAID**). Details of the Underwriting Agreement are contained in Section 8.10 of this Prospectus.

2.7 Minimum application

All applications must be for a whole number of New Shares. There is no minimum application under the Offer for Eligible Shareholders.

2.8 Allotment and allocation

Chinalco Yunnan will proceed to allocate New Shares to all Eligible Shareholders under the Offer as soon as possible after the Closing Date and receiving ASX permission for Official Quotation of the New Shares.

Allotment of New Shares under the Offer is expected to occur on 23 November 2012. From this date, applicants may call the Company's Share Registry to seek confirmation of this allocation.

In respect of Additional New Shares, the allocation policy is set out in Sections 2.4 and 3.4.

Successful applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

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It is the responsibility of applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

2.9 ASX listing

Chinalco Yunnan has applied for the listing and quotation of the New Shares on the ASX. If granted, Official Quotation of the New Shares is expected to commence on or about 26 November 2012.

Should the New Shares under the Offer not be granted Official Quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares under this Prospectus will be issued and all Application Monies will be refunded without interest to applicants within the time prescribed by the Corporations Act.

2.10 Transaction confirmation statements

Each successful applicant under the Offer will be provided with a transaction confirmation statement which sets out the number of New Shares issued to that applicant under the Offer, and other information required by the Corporations Act.

Transaction confirmation statements for the New Shares issued under the Offer are expected to be dispatched on 26 November 2012. It is the responsibility of applicants to be sure of their respective holdings of New Shares prior to trading in them. Applicants who sell Shares before they receive their transaction confirmation statements will do so at their own risk.

2.11 Important dates

| | |
|--------------------------------------------------------------------------------------------------|--------------------------------|
| Announcement of the Offer | 22 October 2012 |
| Prospectus lodged with ASIC and ASX | 22 October 2012 |
| Notice sent to Eligible Shareholders with information on the Offer | 23 October 2012 |
| Shares commence trading on an "ex" basis ("ex" date) | 24 October 2012 |
| Record Date to determine Entitlements under the Offer | 30 October 2012 (7:00pm AEDT) |
| Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders | 1 November 2012 |
| Opening Date of Offer | 1 November 2012 (9:00am AEDT) |
| Closing Date of Offer | 16 November 2012 (5:00pm AEDT) |
| New Shares quoted on a deferred settlement basis | 19 November 2012 |
| Expected date of allotment of New Shares applied for under the Offer and any Shortfall | 23 November 2012 |
| Deferred settlement trading ends | 23 November 2012 |
| Expected date of dispatch of transaction confirmation statements | 26 November 2012 |
| Expected date for commencement of normal trading of New Shares issued under the Offer on the ASX | 26 November 2012 |

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These dates are indicative only and subject to change. Chinalco Yunnan reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. If the Offer is withdrawn, Application Monies will be returned without interest.

2.12 No rights trading

Entitlements pursuant to the Offer are non-renounceable and accordingly will not be traded on the ASX.

2.13 CHESS

Chinalco Yunnan will apply to the ASX Settlement Corporation Pty Ltd (**ASC**) for the New Shares to participate in the Clearing House Electronic Subregister System (**CHESS**). After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number. Further statements will be provided to holders which reflect any changes in their holding in Chinalco Yunnan during a particular month.

2.14 Options

The Company currently has 15,200,000 unlisted Options on issue, each of which entitles the holder to subscribe for 1 Share in Chinalco Yunnan. The lowest exercise price of the Options is \$0.30 and the highest is \$0.40.

The terms of the Options do not permit the holders to participate in the Offer, except by exercise of the Options and thereby acquiring the underlying Shares in Chinalco Yunnan before the Record Date for the Offer. While the Company has not received any information as to whether or not, or to what extent, if any, existing Optionholders intend to convert their Options into Shares prior to the Record Date, the Directors consider that it is unlikely as the exercise price of each Option is materially higher than the price at which Shares in Chinalco Yunnan have been trading on ASX in recent times.

If all entitled existing Optionholders elect to exercise all their Options prior to the Record Date and participate in the Offer, a further 7,600,000 New Shares may be issued under this Prospectus (**Option Exercise Shares**). The Entitlements accruing in respect of Option Exercise Shares are not underwritten.

The terms of some of the Options provide for an adjustment in their exercise price according to a formula based on the formula in rule 6.22.2 of the Listing Rules.

The exercise price adjustment takes effect upon issue of the New Shares offered under the Offer and is, in part, dependent on the difference between the price under the Offer and the volume weighted average closing price of Chinalco Yunnan Shares sold on ASX for the 5 trading days ending on the day before the "ex-date" for the Offer. Accordingly, that market price will be determined after the "ex-date" and if there is any change to the exercise price of any Options in consequence, Chinalco Yunnan will notify ASX of the change in accordance with rule 3.1.2 of the Listing Rules.

Please refer to Section 6.2 for further details of existing Options on issue.

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2.15 Foreign Shareholders

Chinalco Yunnan has not made investigations as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which Chinalco Yunnan's Shareholders reside.

Chinalco Yunnan has decided that it is unreasonable to make offers under this Offer Statement to Shareholders with registered addresses outside Australia and New Zealand having regard to the small number of these Shareholders, the small number and value of the New Shares these Shareholders would be offered and the cost of complying with the legal and regulatory requirements in the relevant overseas jurisdictions. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

This Prospectus does not constitute an offer of New Shares in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. Where the Prospectus has been dispatched to Shareholders domiciled in a place outside Australia and New Zealand, the Prospectus is provided for information purposes only. No Entitlement and Acceptance Forms will be sent to these foreign Shareholders. The distribution of this Prospectus and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus and the accompanying Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

In particular, this Prospectus does not constitute an offer for sale of New Shares or any rights to a security into the United States or to U.S. persons (as defined for the purposes of the U.S. Securities Act 1933). The New Shares and rights have not been, and will not be, registered under the U.S. Securities Act 1933 and must not be offered or sold within the United States or to U.S. persons unless they are registered under the US Securities Act 1933 or exemption from the registration required under the U.S. Securities Act 1933 is available.

By lodging a completed Entitlement and Acceptance Form, the applicant is taken to have warranted to and for the benefit of Chinalco Yunnan that it is able to participate in the Offer without breaching any law or regulation in the applicant's jurisdiction.

In making this Offer to Eligible Shareholders in New Zealand, the Company is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand), by virtue of which this Prospectus is not required to be registered in New Zealand.

2.16 FIRB approval

CYCAID has received correspondence from the Foreign Investment Review Board stating that there are no objections to the proposal for CYCAID to acquire up to 43.75% of Chinalco Yunnan in terms of the government's foreign investment policy. The statement of no objections stands until 15 October 2013.

2.17 Electronic Prospectus

An electronic version of this Prospectus is available online at www.cycal.com.au.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. Chinalco Yunnan will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

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While Chinalco Yunnan believes it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, Chinalco Yunnan cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Chinalco Yunnan or the Share Registry.

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3. How Eligible Shareholders can apply under the Offer

This section does not apply to Shareholders with registered addresses outside Australia and New Zealand.

3.1 How to apply under the Offer

The number of New Shares which you are entitled to subscribe for under the Offer is shown on the accompanying Entitlement and Acceptance Form. You may:

- (a) take up all of your Entitlement and subscribe for all of the New Shares to which you are entitled;
- (b) take up all of your Entitlement and subscribe for all of the New Shares to which you are entitled, and apply for Additional New Shares in the Shortfall, if there is one;
- (c) take up some of your Entitlement and allow the balance to lapse; or
- (d) not take up any of your Entitlement and allow it to lapse.

3.2 Taking up some or all of your Entitlement

Pay by cheque

If you wish to take up some or all of your Entitlement and pay for the New Shares by cheque, you should complete the accompanying Entitlement and Acceptance Form (for all of the New Shares offered to you or such lesser number you wish to accept) in accordance with the instructions set out on the form.

Completed forms should be forwarded, together with your cheque for the amount due in respect of the number of New Shares you have accepted (being that number multiplied by \$0.10), in the enclosed reply paid envelope (New Zealand Shareholders will need to affix the appropriate postage) so that it is received by Chinalco Yunnan's Share Registry no later than 5:00pm (AEDT) on the Closing Date of 16 November 2012 by posting the form and payment to:

Chinalco Yunnan Copper Resources Ltd
C/- Link Market Services Limited
Locked Bag 3415
Brisbane QLD 4001
Australia

Cheques must be for payment in Australian currency and drawn on an Australian financial institution or an Australian branch of a foreign financial institution. Cheques should be made payable to "Chinalco Yunnan Copper Resources Ltd" and crossed "Not Negotiable". Do not send cash. Receipts for payment will not be forwarded to Shareholders who subscribe for New Shares.

Your completed Entitlement and Acceptance Form, once sent to Chinalco Yunnan's Share Registry, cannot be withdrawn.

Entitlement and Acceptance Forms will **not** be accepted at Chinalco Yunnan's registered office.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. Payment by BPAY® should be made in accordance with the instructions set out on the Entitlement and Acceptance

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Form using the reference number shown on the form and must be received by 5:00pm (AEDT) on the Closing Date of 16 November 2012. The reference number is used to identify your holding.

If you have multiple holdings, you will also have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately.

If you make your payment by BPAY® you do not need to complete and return the Entitlement and Acceptance Form. Your BPAY® payment cannot be withdrawn.

3.3 Applying for Additional New Shares from any Shortfall

Pay by cheque

If you wish to take up all of your Entitlement and apply for any New Shares remaining upon any Shortfall, you should complete the accompanying Entitlement and Acceptance Form for all of the New Shares offered to you in accordance with the instructions set out on the form, and also fill in the number of Additional New Shares you wish to apply for in the space provided on the form.

Completed forms should be forwarded, together with your cheque for the amount due in respect of the number of New Shares you have accepted and applied for (being that number multiplied by \$0.10) in accordance with the instructions on the form. Your completed Entitlement and Acceptance Form, once sent to Chinalco Yunnan's Share Registry, cannot be withdrawn.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. In that case follow the instructions for payment by BPAY® set out on the Entitlement and Acceptance Form as noted in Section 3.2 above.

If you make your payment by BPAY® you do not need to complete and return the Entitlement and Acceptance Form. Your BPAY® payment cannot be withdrawn.

3.4 Additional New Shares and allocation policy for Shortfall

New Shares from any Shortfall will only be allocated and issued if all Eligible Shareholders do not apply for their full Entitlements and the Offer is consequently undersubscribed. New Shares that are not acquired by Eligible Shareholders under the Offer will be placed in a pool of shares referred to as Additional New Shares.

Allocation of any Additional New Shares will be at the discretion of the Board of Directors of Chinalco Yunnan (or their delegate for this purpose) in accordance with the following policy:

- (a) The Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion (which may include to subscribers for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 19.99% of all of the Shares in Chinalco Yunnan after completion of the Offer (except as contemplated by the Underwriting Agreement).
- (b) If Chinalco Yunnan receives applications from Eligible Shareholders for Additional New Shares that would not result in the Offer being oversubscribed, Chinalco Yunnan will,

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subject to the other terms of this policy, allocate those Additional New Shares to the Eligible Shareholders who applied for them.

- (c) If Chinalco Yunnan receives applications for Additional New Shares that would result in the Offer being oversubscribed, Chinalco Yunnan will not accept such oversubscriptions and will reject or scale back applications in a manner that the Board determines will result in the Eligible Shareholders who applied for the Additional New Shares being allocated the number of Additional New Shares that best approximates a pro rata allocation of the Additional New Shares by reference to their respective Shareholdings on the Record Date, provided that any such allocation will be in the ultimate discretion of the Board and provided that no Eligible Shareholders are to be allocated more Additional New Shares than they applied for.
- (d) Additional New Shares will be issued at the same time as all other New Shares are issued under the Offer.
- (e) Chinalco Yunnan will not allocate or issue any additional New Shares from a Shortfall where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Additional New Shares must consider whether the issue of the Additional New Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.
- (f) Directors of Chinalco Yunnan (and any other related parties of Chinalco Yunnan) are not permitted to apply for Additional New Shares but may take up their Entitlement, if any, and/or participate as an underwriter as disclosed in this Prospectus.
- (g) If Chinalco Yunnan does not receive applications for all of the Additional New Shares on any Shortfall, the Directors of Chinalco Yunnan (or their delegate for this purpose) reserve the right if there are still Additional New Shares that have not been applied for to place or otherwise issue them at their discretion (but at not less than the price under the Offer).

There is no guarantee that Eligible Shareholders will be successful in being allotted any of the Additional New Shares that they may apply for. The Company may reject any application for Additional New Shares or allocate fewer New Shares than applied for by subscribers for Additional New Shares.

3.5 Return of surplus Application Monies

Application Monies received but not applied towards subscriptions for Additional New Shares on a Shortfall will be refunded by cheque as soon as reasonably practicable following the allocation of the Additional New Shares. No interest will be paid on Application Monies held and returned.

3.6 Acceptance

Receipt of your payment will constitute acceptance in accordance with, and your agreement to, the terms of the Offer, including those set out in this Prospectus.

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by Chinalco Yunnan on behalf of the applicants. Any interest earned on the Application Monies will be retained by Chinalco Yunnan irrespective of whether allotment takes place.

You should note that Chinalco Yunnan is not required to issue any New Shares to a person accepting the Offer under this Prospectus unless:

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- (a) the Share Registry receives a completed Entitlement and Acceptance Form and a cheque for the full amount due in respect of the New Shares by 5:00pm (AEDT) on the Closing Date of 16 November 2012, and there are sufficient funds in the account on which the cheque is drawn so that the cheque clears in favour of Chinalco Yunnan when it is first presented for payment; or
- (b) payment is received via the BPAY® facility for the relevant number of New Shares by 5:00pm (AEDT) on the Closing Date of 16 November 2012.

3.7 **Allow Entitlement to lapse**

The Entitlement to which you are entitled may be valuable. If you decide not to take up some or all of your Entitlement, the Entitlement not taken up will lapse.

If you do not wish to exercise any of your Entitlement, you are not required to do anything. In that case, your Entitlement will lapse without any benefit to you.

3.8 **Additional information**

Payment will only be accepted in Australian currency and cheques and BPAY® payments must be drawn on an Australian bank, credit union or building society.

No stamp duty, brokerage or handling fees are payable by the applicant for New Shares offered by this Prospectus.

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4. Company overview

4.1 Update

Chinalco Yunnan continues to advance its **Australian** projects in Northwest Queensland with the release of an Inferred Mineral Resource of 27.7 Million tonnes 27.7 Mt @ 0.53% Cu Eq with a contained metal content of 147,000 tonnes of copper and 75,000 ounces of gold at its Elaine copper-cobalt-gold prospect. Work in the next year is focused on increasing resources in the Mary Kathleen fold belt.

Additional regional field programs have commenced. These programs target the Mary Kathleen shear zone, including a recently completed drillhole at "Copper Gossan" 1km SE of Elaine in the Elaine 2 area. Drill target generation is underway with drilling of the targets expected to commence in Q4 2012.

In **Chile** drilling has been completed at the Candelabro and Caramasa prospects with results pending for Caramasa. Palmani, Humito and Sulfatos are all being prepared for drill activity in sequence during 2013. The economic target required for a significant Chilean project is 1 billion tonnes @ > 0.5% Copper and this is what CYU is aiming for with its project portfolio

Laos results have not been significant in terms of drilling some old workings at Juizhai and Xinzhai and the Chinalco Yunnan Board is reviewing this at present. The style of mineralisation is thought to be sediment hosted copper silver as per Botswana style deposits. These have not been evaluated in a bulk scale previously with only minor veins or cross cutting faults having been exploited by previous French colonial miners.

4.2 Directors and management

Members of the Board of Directors have significant public company experience in resource companies, and a track-record of identifying exploration opportunities, creating new corporations and raising capital.

The management team has extensive collective experience and expertise in the exploration, evaluation, feasibility studies, financing, development and operation of mineral projects.

Mr Norman Zillman

Non-Executive Co-Chairman, BSc, BSc(Hons), MAusIMM, MPESA

Mr Zillman is a professional geologist with over 40 years experience in exploration and production in the petroleum, coal and mineral industries in Australia and internationally. His initial training was as a petroleum geologist with international companies Aquitaine Petroleum in Papua New Guinea and Union Oil Company of California (UNOCAL) in Indonesia and Australia. Mr Zillman has held the positions of Exploration Manager and subsequently Deputy General Manager of Crusader Limited, General Manager Exploration and Production with Claremont Petroleum NL and Beach Petroleum NL. From 1994 to early 1998, Mr Zillman was Regional Manager of Northern Queensland for the Queensland Department of Mines and Energy, based in Charters Towers, where he supervised all aspects of mineral exploration and mining activities in that region including among others, the Ravenswood, Pajingo, Mt Leyshon and Thalanga mines.

More recently Mr Zillman has filled the positions of Managing Director responsible for the initial public offering and listing of Queensland Gas Company Limited on the ASX, Chairman of Great Artesian Oil and Gas Limited and a Director of Planet Gas Limited. Mr Zillman holds a Bachelor of Science degree in Geology and a Bachelor of Science (with Honours) in Botany from the University of Queensland and is a Member of the Australasian Institute of Mining and Metallurgy and the Petroleum Exploration Society of Australia.

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Mr Zillman is also currently a director of Burleson Energy Ltd. Mr Zillman has indicated to the Board his desire to retire as a Director of Chinalco Yunnan once the Offer is completed and the next stage of the Company's development plan is in place.

Mr Zhihua Yao

Non-Executive Co-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 CYCI.

Mr Yao has over 28 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 CYCI. 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, he was assigned to the post of Deputy General Manager of CYCI.

Mr Yao has a Bachelor of Science with specialisation in Mining Engineering and Post Graduate Diploma in Mining Management from Kunming University of Science and Technology, China. He is currently undertaking his PhD study in mining engineering at China South University. His responsibilities include the financial control and investment activities of CYCI.

Mr Jason Beckton

Managing Director, BSc(Hons), MSc, MAIG, MAICD, MSEG

Mr Beckton is a professional geologist with over 20 years experience in exploration, project development, production and management both in Australia and internationally.

Mr Beckton commenced his career with Pancontinental and Goldfields Ltd throughout Australia from the early 1990s before moving to a senior role with Gympie Gold in 2001. Subsequently Mr Beckton was Project Manager for the Palmarejo silver gold project in Mexico and managed the program that grew the resource base from zero to 3.1 million ounces gold equivalent during 2004. More recently Mr Beckton was Manager – Chile for Exeter Resource Corporation, and led the team in 2007 that was responsible for the commercial discovery at the Caspiche Porphyry prospect in the Maricunga Gold Copper Belt of Chile. Ongoing drilling has resulted in an inferred estimate by Exeter of 41.7 million gold equivalent ounces.

Mr Beckton holds a Bachelor of Science (Honours) in Geology from Melbourne University, and a Masters in Economic Geology from the ARC Centre of Excellence in Ore Deposits at the University of Tasmania. He is a member of the Australasian Institute of Mining and Metallurgy, Society of Economic Geologists and Australian Institute of Geoscientists, a Competent Person for resource estimates for ASX-JORC codes and Qualified Person under Canadian Securities Administrators National Instrument 43-101. Mr Beckton is also on the Board of the Economic Geology Research Unit (EGRU), James Cook University.

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Mr Zewen Yang

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

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

Mr Paul Marshall

Company Secretary and Chief Financial Officer, LLB, ACA

Paul Marshall is a Chartered Accountant. He holds a Bachelor of Laws 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 10 years, and subsequently 15 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.

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5. Effect of Offer on the Company

5.1 Financial position

To illustrate the effect of the Offer on the Company, the pro-forma consolidated balance sheet has been prepared based on the audited balance sheet as at 30 June 2012. The pro-forma assumes that the Offer is fully subscribed.

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial statements for the year ended 30 June 2012.

The significant effects of the Offer (assuming the Offer is fully subscribed) will be to:

- (a) increase cash reserves by approximately \$8.6 million (after cash expenses of the Offer which are estimated to be \$50,000).
- (b) increase the number of Shares by 86,679,154 to 260,037,462, assuming a \$0.10 per New Share subscription price.

If an Eligible Shareholder does not take up their Entitlement in full it will result in their percentage holding in the Company being diluted by the Offer.

The financial information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all financial information in the Prospectus.

The historical and pro-forma financial information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the Company's significant accounting policies. The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

5.2 Historical financial information

The historical financial information for the Company set out below comprises the audited Statement of Financial Position as at 30 June 2012.

The historical financial information has been extracted from the audited financial statements of Chinalco Yunnan for the 12 month period ended 30 June 2012. The Company is an exploration company, exploring for copper, gold and uranium in Australia, Laos and Chile. During the period from incorporation to 30 June 2012, the Company has not earned any revenue from operations and therefore presentation of the Statement of Comprehensive Income and Statement of Cash Flows is not considered relevant.

5.3 Pro-forma financial information

The pro-forma financial information for the Company set out below comprises the unaudited Pro-Forma Statement of Financial Position as at 30 June 2012.

The unaudited Pro-Forma Statement of Financial Position has been derived from the audited Statement of Financial Position as at 30 June 2012 adjusted for the following transactions as if they had occurred at 30 June 2012 (pro-forma transactions):

- (a) the issue of 86,679,154 ordinary Shares pursuant to a rights issue at an issue price of \$0.10 per Share to raise approximately \$8,667,915.40 before costs; and

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- (b) total costs expected to be incurred in connection with the preparation of the Prospectus of approximately \$50,000.

All New Shares issued pursuant to this Prospectus will be issued as fully paid.

5.4 Chinalco Yunnan's historical and pro-forma financial information

| Statement of Financial Position | Audited Historical Financial Information 30 June 2012 \$ | Pro-Forma Financial Information 30 June 2012 \$ |
|-----------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------|
| Current assets | | |
| Cash and cash equivalents | 2,061,499 | 10,679,414 |
| Trade and other receivables | 541,972 | 541,972 |
| Financial assets | 1,091 | 1,091 |
| Other current assets | 36,718 | 36,718 |
| Total current assets | 2,641,280 | 11,259,195 |
| Non-current assets | | |
| Trade and other receivables | 61,052 | 61,052 |
| Property, plant and equipment | 261,628 | 261,628 |
| Exploration and evaluation assets | 12,193,250 | 12,193,250 |
| Investment in equity accounted investee | 2,105,560 | 2,105,560 |
| Total non-current assets | 14,261,490 | 14,261,490 |
| Total assets | 17,262,770 | 25,880,685 |
| Current liabilities | | |
| Trade and other payables | 1,001,749 | 1,001,749 |
| Interest bearing liabilities | 7,345 | 7,345 |
| Provisions | 55,236 | 55,236 |
| Total current liabilities | 1,064,330 | 1,064,330 |
| Total liabilities | 1,064,330 | 1,064,330 |
| Net assets | 16,198,440 | 24,816,355 |
| Equity | | |
| Issued capital | 25,206,229 | 33,824,144 |
| Reserves | 444,072 | 444,072 |
| Accumulated losses | (9,451,861) | (9,451,861) |
| Total equity | 16,198,440 | 24,816,355 |

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6. Control issues arising from the Offer

6.1 Present position

As at the date of this Prospectus, the Directors are of the view that there is no one entity that “controls” the Company within the meaning of the Corporations Act. The largest Shareholder is China Yunnan Copper (Australia) Investment and Development Co. Ltd (**CYCAID**), which currently holds 36,839,852 Shares, representing 21.25% of the Shares on issue prior to the date of this Prospectus.

6.2 Capital structure

Assuming full subscription under the Offer, the share capital structure of Chinalco Yunnan immediately following the Offer (assuming the Offer is fully subscribed and no New Shares are issued on the basis of the exercise of Options prior to the Record Date) will be as follows:

| | Shares |
|----------------------------------------------------------------|-------------|
| Shares on issue at the date of the Prospectus | 173,358,308 |
| Maximum number of New Shares to be issued under the Prospectus | 86,679,154 |
| Total | 260,037,462 |

As at the date of this Prospectus, the Company has the following Options on issue:

| Number of Options | Exercise price | Vesting date | Expiry date |
|-------------------|----------------|------------------|------------------|
| 3,750,000 | \$0.40 | 20 December 2009 | 20 December 2012 |
| 3,750,000 | \$0.40 | 20 December 2010 | 20 December 2012 |
| 3,500,000 | \$0.40 | 20 December 2011 | 20 December 2012 |
| 1,000,000 | \$0.40 | 20 December 2010 | 20 December 2012 |
| 1,600,000 | \$0.30 | 12 August 2011 | 12 August 2014 |
| 1,600,000 | \$0.30 | 12 August 2012 | 12 August 2014 |

6.3 Potential effect of the Offer on control

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Optionholders exercise their existing options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of Chinalco Yunnan.

However, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted as those Shareholders are not entitled to participate in the Offer. Additionally, if an Eligible Shareholder does not take up their Entitlement in full, there may be a dilutionary effect on that Shareholder’s proportional shareholdings.

The Offer is underwritten to \$6,934,332.30, representing 80% of the Offer and a total of 69,343,323 New Shares, by CYCAID. CYCAID currently holds 36,839,852 Shares, representing 21.25% of the Shares on issue prior to the date of this Prospectus. CYCAID only intends to subscribe for its Entitlement under the Offer (or part thereof) if Eligible Shareholders take up their Entitlements under the Offer such that CYCAID’s subscription would cause it to

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maintain its existing interest in the Company. CYCAID will otherwise subscribe for New Shares in accordance with the Underwriting Agreement.

Depending on the take up of the Offer by existing Shareholders, the shareholding of CYCAID may increase to 106,183,175 Shares as a result of the underwriting. As a result, the voting power of CYCAID could increase from the present 21.25% to as high as 43.75%.

The following tables set out the voting power in the Company's Shares for CYCAID under various scenarios of take-up (assuming that no Options are exercised prior to the Record Date).

Scenario 1 – 100% take up

Under Scenario 1, all Eligible Shareholders take up their Entitlements under the Offer and the Offer is fully subscribed. In this case, CYCAID would maintain its existing interest in the Company.

| Scenario 1 – Offer fully subscribed (and no New Shares issued) | Total for Company | CYCAID holding – CYCAID acquires its Entitlement | |
|----------------------------------------------------------------|-------------------|--------------------------------------------------|--------------|
| | Number of Shares | Number of Shares | Voting power |
| Shares on issue pre-Offer | 173,358,308 | 36,839,852 | 21.25% |
| New Shares issued pursuant to the Offer | 86,679,154 | 18,419,926 | |
| Total post-Offer | 260,037,462 | 55,259,778 | 21.25% |

Scenario 2 – 20% take up

Under Scenario 2, subscriptions from Eligible Shareholders (not including China Yunnan Copper (Australia) Investment and Development Co. Ltd) total 20% of the Offer and as a result China Yunnan Copper (Australia) Investment and Development Co. Ltd is required to subscribe for the remaining 80% of the Offer in accordance with the Underwriting Agreement.

| Scenario 2 – Subscriptions (other than from CYCAID) total 20% of the Offer | Total for Company | CYCAID holding – CYCAID acquires 80% of New Shares pursuant to Underwriting Agreement | |
|----------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------|--------------|
| | Number of Shares | Number of Shares | Voting power |
| Shares on issue pre-Offer | 173,358,308 | 36,839,852 | 21.25% |
| New Shares issued pursuant to the Offer | 86,679,154 | 69,343,323 | |
| Total post-Offer | 260,037,462 | 106,183,175 | 40.83% |

Scenario 3 – 0% take up

Under Scenario 3, no subscriptions are received from Eligible Shareholders and as a result China Yunnan Copper (Australia) Investment and Development Co. Ltd is required to subscribe for 80% of the Offer in accordance with the Underwriting Agreement.

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| Scenario 3 – No subscriptions received for Offer (ie 80% of New Shares issued to CYCAID) | Total for Company | CYCAID holding – CYCAID acquires 80% of New Shares pursuant to Underwriting Agreement | |
|------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------|--------------|
| | Number of Shares | Number of Shares | Voting power |
| Shares on issue pre-Offer | 173,358,308 | 36,839,852 | 21.25% |
| New Shares issued pursuant to the Offer | 69,343,323 | 69,343,323 | |
| Total post-Offer | 242,701,631 | 106,183,175 | 43.75% |

The Directors understand that, should CYCAID obtain “control” of the Company upon completion of the Offer, its present intentions are to procure that the Company will:

- (a) generally continue the business of the Company;
- (b) not make any material changes to the business of the Company; and
- (c) continue the employment of the Company’s present employees.

In addition, the Directors understand that CYCAID may in the future seek additional Board representation should its shareholding in the Company increase, in accordance with both the needs of Chinalco Yunnan at the time and the best interests of all Chinalco Yunnan Shareholders. Where appropriate, CYCAID may also assist in the search for and appointment of independent skilled people to join the Board of Chinalco Yunnan. In any case, the appointment of a Director to the Board will require the ratification by Chinalco Yunnan Shareholders and such appointments are yet to be determined.

The Directors do not expect that the potential effects on control outlined above will result in any material change to the Company’s current objectives and proposed actions.

6.4 Takeovers provisions

The Company understands that CYCAID intends to rely on the “underwriting of fundraising” exception to Section 606 of the Corporations Act (which prohibits certain acquisitions of relevant interests in a company’s voting shares) in the event that its voting power in the Company increases as outlined above.

There is another exception to the rule in Section 606 for acquisitions made under a rights issue. However, the Company understands that CYCAID does not intend to rely on the “rights issues” exception.

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7. Risk factors

7.1 Introduction

There are risks which may impact on the operating and financial performance of the Company and, therefore, on the value of the New Shares offered under this Prospectus. Some of these risks can be mitigated by the Company's systems and internal controls, but many are outside of the control of the Company and the Board. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in a business with limited operating history, such as Chinalco Yunnan, is considered highly speculative and an investor could lose most or all of any investment. There are also general risks associated with any investment in shares.

More specifically, the risks are that:

- (a) the price at which the applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the applicant is unable to sell the New Shares;
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- (d) the Company fails to generate sufficient profit in order to pay dividends.

In the event of insolvency, the holders of fully paid ordinary Shares would not normally be liable to pay money to any person. An exception could occur where a distribution, such as a dividend, has been made to Shareholders in circumstances where the Company was unable at that time to meet the solvency test set out in the Corporations Act. In that case, a liquidator may call for a return of such distributions.

Potential investors should therefore carefully consider all associated risks before applying for New Shares under this Prospectus and should consider their personal circumstances (including financial and taxation issues) and seek advice from their stockbroker, accountant, solicitor or other professional advisers before deciding whether to invest.

A number of material risk factors which may adversely affect the Company and the value of the New Shares offered under this Prospectus are set out in this Section. This is not an exhaustive list and there may be other factors which have an adverse effect on the Company and the value of the Shares offered under this Prospectus.

7.2 Key risks specific to an investment in the Company

(a) Regulatory risk and government policy

The availability and rights to explore, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of Chinalco Yunnan.

The relevant government departments in the countries in which Chinalco Yunnan has interests do conduct reviews from time to time of policies in connection with the granting and administration of mining tenements. At present Chinalco Yunnan is not aware of any proposed changes to policy that would affect its tenements.

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(b) **Operational risks and costs**

Prosperity for Chinalco Yunnan and its subsidiaries will depend largely upon an efficient and successful implementation of all the aspects of exploration, developments, business activities and management of commercial factors.

Exploration has been and will continue to be hampered on occasions by unforeseen weather events, accidents, unforeseen cost changes, environmental considerations, natural events and other incidents beyond the control of Chinalco Yunnan.

By its nature, the business of exploration is a highly speculative endeavour and involves significant risks. The Company's performance depends on the successful exploration and/or acquisition of Resources or Reserves, competent operational management and efficient financial management. Further, the nature of exploration can sometimes result in industrial accidents and other incidents beyond the control of the Company.

There can be no assurances that the Company's exploration programs described in this Prospectus or those relating to any projects or tenements that the Company may acquire in the future, will result in the discovery of a significant mineral target. Even if a significant target is identified, there is no guarantee that it will be viable for economic exploitation.

Ultimate success depends on the discovery and delineation of economically recoverable mineral Resources, establishment of efficient exploration operations, obtaining necessary titles and access to projects, as well as government and other regulatory approvals.

The exploration and mining activities of the Company may be affected by a number of factors, including but not limited to geological conditions, seasonal weather patterns, technical difficulties and failures, continued availability of the necessary technical equipment, plant and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of funding.

(c) **Business risks**

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of Chinalco Yunnan's operations.

(d) **Contractual and joint venture risk**

Chinalco Yunnan's ability to efficiently conduct its operations in a number of respects depends upon a third party product and service providers and contracts have, in some circumstances, been entered into by Chinalco Yunnan and its subsidiaries in this regard. As in any contractual relationship the ability for Chinalco Yunnan to ultimately receive benefits from these contracts are dependent upon the relevant third party complying with its contractual obligations.

To the extent that such third parties default in their obligations, it may be necessary for Chinalco Yunnan to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by Chinalco Yunnan that a legal remedy will ultimately be granted on appropriate terms.

The Company may wish to develop its projects or future projects through joint venture arrangements, while a number of the Company's projects are already the subject of

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joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to the Company, could be affected by the failure or default of any of the joint venture participants.

(e) **Tenements**

A failure to adhere to the requirements to exceed certain levels of expenditure on concessions and tenements held by Chinalco Yunnan (or its subsidiaries) in various jurisdictions may make certain concessions and tenements subject to possible forfeiture. All granted concessions and tenements are currently in good standing and, in accordance with normal industry practice. Chinalco Yunnan surrenders some or all un-prospective parts of its concessions and tenements at the appropriate time so as to manage its minimum expenditure obligations and to retain the capacity to apply for additional prospective areas.

Applications for new concessions and tenements are never certain to be granted but Chinalco Yunnan knows of no reason why any of its concession and tenement applications should not be granted in due course.

(f) **Feasibility and development risks**

Given the early stage of the Company's projects, there will be a complex, multidisciplinary process to be undertaken to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected. There is also a risk that even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.

(g) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the outcome of the Company's exploration programs, the Company may require further financing in addition to amounts raised under this Prospectus. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs. In addition, the Company's ability to continue as a going concern may be diminished.

There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and such circumstances will adversely affect the Company.

(h) **Foreign jurisdiction risk**

The Company has operations, interests and assets located in foreign jurisdictions (Chile and Laos). As a result, the Company is subject to political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency exchange rate fluctuation, royalty and tax increases and other risks arising out of foreign government sovereignty over the areas in which the Company's operations are conducted.

Changes in laws and regulations in foreign jurisdictions may have a significant effect on the Company's exploration operations, especially changes to environmental, mining, grant or renewal of concessions and taxation.

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The Company's projects in Laos and Chile are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety or labour regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Any future material adverse changes in government policies, conditions or legislation in Laos or Chile or other countries in which the Company operates that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company. The legal systems operating in Laos or Chile or other countries in which the Company operates may be less developed than more established countries, which may result in risks such as:

- (1) difficulties in obtaining effective legal redress in the courts, whether in respect of a breach of law or regulation, or in an ownership dispute;
- (2) a higher degree of discretion on the part of governmental agencies;
- (3) the lack of political or administrative guidance on implementing applicable rules and regulations including, particularly in relation to local taxation and property rights;
- (4) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and
- (5) the relative inexperience of the judiciary and courts in resolving a disputed matter.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and legal contacts. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, options, tenement acquisition agreements, licences, licence applications or other legal arrangements will not be adversely affected by the actions of the government authorities, officials or others and the effectiveness of and enforcement of such arrangements cannot be assured.

The political conditions under which the Company currently operates are stable compared to many areas of the world, but arguably not as stable as Australia. Potential risk to the Company's activities may arise if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's foreign interests. This may also include changes in exchange control regulations, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

(i) **Contractors**

The Company is dependent on contractors and suppliers to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the Company.

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(j) **Reliance on key personnel**

In formulating its exploration programs, the Company relies to a significant extent upon the experience and expertise of the Directors and management.

These persons possess knowledge of many of the Company's tenements through extensive personal experience of prospecting in those areas.

Although information concerning the Company's tenements has been chronicled, the loss of one or more of these key personnel may adversely affect the Company's prospects of pursuing its exploration programmes within the timeframes and within the cost structure currently envisaged.

Although the key personnel have a considerable amount of experience and have previously been successful in their pursuits of important prospecting discoveries, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Company.

(k) **Employees**

The ability of the Company to achieve its objectives depends on being able to retain certain key employees, skilled operators and tradespeople. Whilst the Company has entered into employment contracts with key employees, the retention of their services cannot be guaranteed. The loss of key employees or skilled operators and tradespeople could significantly affect the performance of the Company's operations.

(l) **Native Title risk**

The *Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and in future, mining activities, or obtain exploration or mining licences in Australia. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation.

In carrying out exploration and/or mining operations, the Company must observe Native Title legislation (where applicable), Aboriginal heritage legislation and heritage legislation which protects sites and objects of significance and these may delay or impact adversely on the Company's operations in Australia.

7.3 **General risks**

(a) **Share market investments**

The New Shares are to be quoted on the ASX, where their price may rise or fall in relation to the Offer Price. The New Shares carry no guarantee in respect of profitability, dividends or return of capital, or the price at which they may trade on the ASX. The value of the Shares will be subject to the ASX market and hence a range of factors outside of the control of the Company and the Directors and officers of the Company. Such factors include the demand for and availability of Shares, movements in domestic and international interest rates and inflation rates, economic conditions and general economic outlook, exchange rates, fluctuations in the Australian and international share markets, taxation, government and monetary policies and demand and supply for capital. Returns from an investment in the New Shares offered under this Prospectus may also depend on general share market conditions, as well as the performance of the Company. Investors who decide to sell their New Shares may not receive the entire amount of their original investment. There can be no guarantee that an active market in the Shares will develop or that the price of the New Shares will increase.

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(b) **General economic conditions**

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- (1) general economic conditions in Australia and its trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- (2) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- (3) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (4) industrial disputes.

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.

(c) **Industrial risk**

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(d) **Management actions**

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

(e) **Government policy and legislative changes**

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company and which may materially adversely affect the Company and the value of its securities.

(f) **Taxation**

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Minerals Resource Rent Tax

The Federal Government has introduced a Minerals Resource Rent Tax (**MRRT**) on coal, iron ore and some gas projects in Australia, which will broadly tax MRRT assessable profits at a rate of 30%.

The Minerals Resource Rent Tax Bill 2011 passed through the House of Representatives on 22 November 2011 and applies from 1 July 2012.

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Clean Energy Act 2011 (Cth)

In addition, the Australian Federal Government has introduced the *Clean Energy Act 2011 (Cth)* (**CEA**), which is designed to implement a carbon tax. The broad intent of the CEA is to impose a form of carbon tax on the major carbon emitters in Australia, who will be required to pay for their emissions. It is expected that the CEA will also indirectly lead to increased costs for other companies in the resource and exploration industry. At this preliminary stage of the implementation of the CEA, it is difficult to ascertain whether the scheme will negatively impact the operations of the Company.

It is possible that both the introduction of the MRRT and implementation of the CEA may adversely impact on the Company in the event that the Company commences commercial mining operations in Australia.

It is also possible future policy and legislative changes will adversely affect the mining industry and participants in it, including the Company.

(g) **Commodity price risks**

The Company's prospects and Share price will be influenced by the price obtained from time to time for the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse effect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

(h) **Foreign exchange**

Foreign exchange rates fluctuate over time. Fluctuating exchange rates have a direct effect on the Company's operating costs and cash flows expressed in Australian dollars. The Company does not currently have any formal currency hedging in place, which means that adverse changes to foreign exchange rates may have an adverse effect on the Company and its business.

(i) **Environmental risks**

The Company's projects are subject to laws and regulations in relation to environmental matters. As a result, there is the risk that the Company may incur liability under these laws and regulations. The Company proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment.

7.4 **Speculative nature of investment**

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by Shareholders in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus.

Accordingly, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns, returns of capital or market value at any time. Shareholders should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

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8. Additional information

8.1 Transaction specific Prospectus

Chinalco Yunnan is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, Chinalco Yunnan is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Prospectus is issued under Section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the three months before the date of the Prospectus or options to acquire such securities. Apart from formal matters, this Prospectus needs only to contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by Chinalco Yunnan with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) the annual financial report for the Company for the year ended 30 June 2012; and
- (b) any other financial statements lodged in relation to Chinalco Yunnan with ASIC and any continuous disclosure notices given by Chinalco Yunnan to ASX, in the period starting immediately after lodgement of the annual financial report for the Company for the year ended 30 June 2012 and ending on the date of lodgement of this Prospectus with ASIC.

8.2 ASX announcements

The ASX announcements that the Company has made since 26 September 2012 (being the date of lodgement of the annual financial report for the Company for the year ended 30 June 2012) are set out below:

| Date | Announcement |
|------------|---------------------------------|
| 04/10/2012 | Elaine Project Update |
| 18/10/2012 | Elaine Project Resource Upgrade |

8.3 Share prices

The highest and lowest prices of Shares in the Company on the ASX during the six month period before the date of this Prospectus are set out below:

| | Price | Dates |
|---------|---------|-----------------------------|
| Highest | \$0.175 | 20 and 23 April 2012 |
| Lowest | \$0.09 | 13,14 and 26 September 2012 |

The last market price of Shares as at 19 October 2012 was \$0.105.

The Offer Price of \$0.10 represents a discount of 4.76% to the last market price of Shares on 19 October 2012, being the last trading day before lodgement of this Prospectus.

Prospectus

8.4 Rights and liabilities attaching to New Shares

There is only one class of Share on issue in the Company, being fully paid ordinary Shares. The rights and liabilities attaching to Shares are:

- (a) set out in the Constitution of the Company; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules (formerly the SCH Business Rules) and the general law.

The following is a broad summary of the rights and liabilities attaching to all Shares including New Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

Dividends

The Shares will rank equally with all other issued Shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

Winding up

Upon paying the application monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

Transfer of securities

Generally, the Shares and Options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX.

The Directors may decline to register any transfer of Shares but only where permitted to do so under its Constitution or the Listing Rules.

Sale of non-marketable holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

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8.5 Corporate governance

The Company reports on its compliance with the recommendations made by the Corporate Governance Principles and Recommendations in its annual report. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, the Company is working towards compliance, however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company's operations.

8.6 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the company in connection with:
 - (1) its formation or promotion; or
 - (2) the Offer; or
- (c) the Offer

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a director in connection with:
 - (1) the formation or promotion of the Company; or
 - (2) the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Offer.

| Director | Number of Shares | Number of Options |
|-------------------|-------------------------|-------------------|
| Mr Norman Zillman | 12,647,195 | 950,000 |
| Mr Zhihua Yao | 36,839,852 ¹ | Nil |
| Mr Jason Beckton | 645,160 | 4,700,000 |
| Mr Zewen Yang | 36,839,852 ¹ | 3,200,000 |

Note 1: Mr Yao and Mr Yang are executives within Chinalco Yunnan Copper Industry (Group) Co. Ltd, which is the ultimate parent company of CYCAID. CYCAID holds the 36,839,852 Shares.

Prospectus

8.7 Directors' fees

Set out below is the remuneration paid to the current Directors of the Company and their associated entities for the past two years.

1 July 2010 – 30 June 2011

| Director | Salary/fees | Options | Superannuation | Total |
|-------------------|-------------|----------|----------------|-----------|
| Mr Norman Zillman | \$36,000 | \$6,786 | Nil | \$42,786 |
| Mr Zhihua Yao | \$18,641 | Nil | Nil | \$18,641 |
| Mr Jason Beckton | \$239,796 | \$41,499 | Nil | \$281,295 |
| Mr Zewen Yang | \$155,520 | \$27,927 | Nil | \$183,447 |

1 July 2011 – 30 June 2012

| Director | Salary/fees | Options | Superannuation | Total |
|-------------------|-------------|----------|----------------|-----------|
| Mr Norman Zillman | \$36,000 | \$7,147 | Nil | \$43,147 |
| Mr Zhihua Yao | \$36,000 | \$5,475 | Nil | \$41,475 |
| Mr Jason Beckton | \$239,796 | \$15,509 | Nil | \$255,305 |
| Mr Zewen Yang | \$155,520 | \$12,164 | Nil | \$167,684 |

8.8 Substantial holders

The following are details of those Shareholders who held more than 5% of the Shares on issue prior to the date of this Prospectus:

| Substantial holder | Number of Shares | % | Number of Options |
|--------------------------------------------------------------------|------------------|--------|-------------------|
| China Yunnan Copper (Australia) Investment and Development Co. Ltd | 36,839,852 | 21.25% | Nil |

Please refer to Section 6 for further details of the effect of the Offer on the control of the Company. As at the date of this Prospectus, there are no other Shareholders who hold more than 5% of the Shares on issue.

8.9 Related party transactions

From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements; and
- (b) payment of Directors' fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such

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transactions which transactions will have either proceeded on an “arm’s length” basis, reasonable remuneration basis or been approved by Shareholders in general meeting.

The Company discloses the following transactions with related parties which have either proceeded on an “arm’s length” or reasonable remuneration basis. The transactions are:

- (a) proposed capital issues to Directors or interests associated with Directors;
- (b) employment agreements with related parties; and
- (c) payment of Directors’ fees to Non-executive Directors.

8.10 Underwriting Agreement

The Company has entered into the Underwriting Agreement with CYCAID. Pursuant to the Underwriting Agreement, CYCAID has agreed to underwrite the Offer up to 69,343,323 New Shares, representing \$6,934,332.30 or 80% of the Offer.

The Company will pay CYCAID a nominal fee of \$1.00 in connection with CYCAID’s agreement to underwrite the Offer. CYCAID is not entitled to terminate the Underwriting Agreement for any reason.

8.11 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Shares under this Prospectus.

HopgoodGanim is acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, HopgoodGanim has placed reasonable reliance upon information provided to them by the Company. HopgoodGanim does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$30,000 (excluding disbursements and GST) to HopgoodGanim. Further amounts may be paid to HopgoodGanim in accordance with its normal time based charges.

Link Market Services Limited is acting as Share Registry to the Offer and has performed work in relation to the Prospectus. In doing so, Link Market Services Limited has placed reasonable reliance upon information provided to it by the Company. Link Market Services Limited does not make any statement in this Prospectus. In respect of this work, the Company estimates

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that it will pay approximately \$20,000 (excluding disbursements and GST) to Link Market Services Limited.

8.12 Limitation on foreign ownership

The only limitations under Australian law on the rights of non-Australian residents to hold or vote the Shares of an Australian company are in the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**). The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares.

The FATA prohibits:

- (a) any natural person not ordinarily resident in Australia; or
- (b) any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA) holds a controlling interest; or
- (c) two or more such persons or corporations,

from acquiring or entering into an agreement to acquire an interests in an existing Australian corporation if after the acquisition such person or corporation would hold a substantial interest in a corporation, or where two or more persons or corporations would hold an aggregate substantial interest (defined below), without first applying in the prescribed form for approval by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

Acquisitions of interests may include the acquisition of shares, options or any other instrument which may be converted to shares, as well as any other type of arrangement which results in control of the corporation.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 15% of the voting power in the corporation or holds interests in not less than 15% of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40% of the voting power in that corporation or hold not less than 40% of the issued Shares in that corporation. The Constitution of the Company contains no limitations on a non resident's right to hold or vote the Company's Shares.

The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

CYCAID has received correspondence from the Foreign Investment Review Board stating that there are no objections to the proposal for CYCAID to acquire up to 43.75% of Chinalco Yunnan in terms of the government's foreign investment policy. The statement of no objections stands until 15 October 2013.

8.13 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

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8.14 Taxation

It is the responsibility of all applicants to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Shares. Taxation consequences will depend on particular circumstances.

Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the New Shares in the Company or dealing with an Entitlement under the Offer.

8.15 Litigation

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

8.16 Privacy

By submitting an Entitlement and Acceptance Form for New Shares you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Link Market Services Limited, an external service provider. The Company requires Link Market Services Limited to comply with the National Privacy Principles with performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the Chinalco Yunnan group of companies;
- (e) to your broker; or
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Link Market Services Limited, except in limited circumstances. If you wish to access, update or correct your personal information held by Link Market Services Limited or by the Company please contact our respective offices.

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If you have any questions concerning how the Company handles your personal information, please contact the Company.

8.17 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$50,000.

8.18 Consents and disclaimers

Link Market Services Limited has given and has not withdrawn its consent to be named in this Prospectus as the Share Registry of the Company in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than the references to its name.

China Yunnan Copper (Australia) Investment and Development Co. Ltd has given and has not withdrawn its consent to be named in this Prospectus as the Underwriter to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

HopgoodGanim has given and has not withdrawn its consent to be named in this Prospectus as solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

8.19 Directors' statement

This Prospectus is issued by Chinalco Yunnan Copper Resources Ltd. Each Director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Chinalco Yunnan Copper Resources Ltd by



Jason Beckton
Managing Director

Prospectus

9. Definitions and glossary

Terms and abbreviations used in this Prospectus have the following meanings:

| | |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Additional New Shares | Those New Shares which Eligible Shareholders may apply for under this Prospectus in excess of their Entitlement, in the event that there is a Shortfall |
| AEDT | Australian Eastern Daylight Time |
| Application Monies | The Offer Price multiplied by the number of New Shares applied for |
| ASIC | Australian Securities and Investments Commission |
| ASX | ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange (as applicable) |
| ASX Settlement Operating Rules | The official settlement operating rules of the ASX |
| Board | The Board of Directors of the Company |
| Business Day | A day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane |
| Closing Date | The date by which valid acceptances must be received by the Share Registry being 5:00pm (AEDT) on 16 November 2012 or such other date determined by the Board |
| Company or Chinalco Yunnan | Chinalco Yunnan Copper Resources Ltd ACN 070 859 522 |
| Constitution | The Constitution of the Company |
| Corporate Governance Principles and Recommendations | Corporate Governance Principles and Recommendations 2 nd Edition released by the ASX Corporate Governance Council in August 2007 (as amended) |
| Corporations Act | <i>Corporations Act 2001</i> (Cth) |
| CYCAID or Underwriter | China Yunnan Copper (Australia) Investment and Development Co. Ltd ACN 110 345 750 |
| Directors | The Directors of the Company from time to time |
| Eligible Shareholder | A Shareholder of the Company who holds Shares in the Company on the Record Date and has been determined by the Company to be eligible to participate in the Offer. For on-market trades, only those Shareholders who hold Shares on the Record Date that acquired Shares prior to the "ex date" will be considered Eligible Shareholders. |
| Entitlement and Acceptance Form or Form | An entitlement and acceptance form in the form accompanying this Prospectus |
| Entitlement | The entitlement to accept New Shares under this Prospectus |
| Listing Rules | The official listing rules of the ASX |
| New Shares | The Shares offered under this Prospectus |
| Offer | The offer and issue of New Shares in accordance with this Prospectus |
| Offer Price | \$0.10 for each New Share applied for |

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| | |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Official List | The official list of entities that ASX has admitted and not removed |
| Official Quotation | Quotation on the Official List |
| Opening Date | 9:00am (AEDT) on 1 November 2012 |
| Options | Options to acquire Shares |
| Optionholders | The holders of Options from time to time |
| Prospectus | This Prospectus as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus |
| Record Date | 7:00pm (AEDT) on 30 October 2012 |
| SCH | Means a securities clearing house approved by ASIC |
| SCH Business Rules | The business rules of the SCH |
| Share Registry | Link Market Services Limited ACN 083 214 537 |
| Shares | The ordinary shares on issue in the Company from time to time |
| Shareholders | The holders of Shares from time to time |
| Shortfall | Those New Shares for which the Entitlement lapses |
| Underwriting Agreement | The underwriting agreement between the Company and CYCAID, summarised in Section 8.10 |

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Corporate Directory

| Directors and Company Secretary | Solicitors to the Offer |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr Zhihua Yao (Joint Chairman) Mr Norman Zillman (Joint Chairman) Mr Jason Beckton (Managing Director) Mr Robert Yang (Executive Director) Mr Paul Marshall (Company Secretary) | HopgoodGanim Level 8, Waterfront Place 1 Eagle Street Brisbane QLD 4000 Tel: +61 7 3024 0000 Fax: +61 7 3024 0300 www.hopgoodganim.com.au |
| Administration and Registered Office | Share Registry |
| Chinalco Yunnan Copper Resources Ltd Level 5, 10 Market Street Brisbane QLD 4000 Tel: +61 7 3108 3550 Fax: +61 7 3108 3501 www.cycal.com.au | Link Market Services Limited Level 15, 324 Queen Street Brisbane QLD 4000 Tel: 1300 554 474 www.linkmarketservices.com.au |
| Underwriter | |
| China Yunnan Copper (Australia) Investment and Development Co. Ltd Suite 1, Level 8 234-242 George Street Sydney NSW 2000 Tel: +61 2 9251 6767 Fax: +61 2 9252 5037 | |

Chinalco Yunnan Copper Resources Limited

ACN 070 859 522

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 554 474
From outside Australia: +61 2 8280 7454
ASX Code: CYU
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as
at the Record Date, 7:00pm (AEDT)
on 30 October 2012:

Entitlement to New Shares
(on a 1 New Share for 2 basis):

Amount payable on full acceptance
at A\$0.10 per Share:

| | |
|----------------------------------------|-------------------------|
| Offer Closes 5:00pm (AEDT): | 16 November 2012 |
|----------------------------------------|-------------------------|

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 2 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.10 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Prospectus dated 22 October 2012. The Prospectus contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus.

If you do not have a paper copy of the Prospectus, you can obtain a paper copy at no charge, by calling the Chinalco Yunnan Copper Resources Limited Offer Information Line on 1800 262 299 (within Australia) or +61 2 8280 7789 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEDT) on 16 November 2012. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEDT) on 16 November 2012.



Billers Code: 136705

Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Chinalco Yunnan Copper Resources Limited

ACN 070 859 522

Please detach and enclose with payment



SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)

B Number of additional New Shares

C Total number of New Shares accepted (add Boxes A and B)

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Chinalco Yunnan Copper Resources Limited” and crossed “Not Negotiable”.

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

E CONTACT DETAILS – Telephone Number

Telephone Number – After Hours

Contact Name

CHINALCO YUNNAN COPPER RESOURCES LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Chinalco Yunnan Copper Resources Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.10.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Chinalco Yunnan Copper Resources Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Chinalco Yunnan Copper Resources Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Chinalco Yunnan Copper Resources Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Prospectus electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Chinalco Yunnan Copper Resources Limited
C/- Link Market Services Limited
Locked Bag 3415
Brisbane QLD 4001

Hand Delivery

Chinalco Yunnan Copper Resources Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEDT) on 16 November 2012. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Chinalco Yunnan Copper Resources Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Chinalco Yunnan Copper Resources Limited Offer Information Line on 1800 262 299 (within Australia) or +61 2 8280 7789 (from outside Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday.