

Chinalco Yunnan Copper Resources Limited
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19 January 2016

Ms Shannon Hong
Senior Advisor, Listings Compliance
Australian Securities Exchange, Sydney

Dear Shannon

RE: UPDATE ON PLACEMENT OF SECURITIES TO JCHX GROUP

On 22 October 2015, CYU announced to the ASX details of a proposed strategic co-operation agreement with the Beijing-based JCHX Group ("JCHX"). As part of the proposed co-operation, JCHX was to provide a total of A\$4.5M of funding to CYU and in turn, be issued ordinary CYU shares and convertible bonds. Completion of the strategic co-operation agreement was conditional on approval from China Copper Corporation Limited, a subsidiary of Chinalco, CYU's ultimate largest shareholder (**Approval Condition**).

On 12 November 2015, CYU announced to the ASX that it was pursuing the fulfilment of the Approval Condition, but had no certainty on the timing of a decision from China Copper Corporation Limited.

CYU has now received confirmation from Yunnan Copper Group, a 58% subsidiary of China Copper Corporation Limited, that China Copper Corporation Limited will not approve CYU's proposed strategic alliance with JCHX Group. As a result, the Approval Condition cannot be satisfied and the proposed strategic co-operation agreement between JCHX and CYU will not proceed in its current form. Yunnan Copper Group also indicated to CYU that China Copper Corporation Limited will not provide continued financial support in the future to CYU.

CYU is continuing discussions with JCHX regarding alternative transactions. It is also considering other fundraising opportunities. CYU will tell the ASX as soon as further information is known. In the meantime, CYU is reviewing all aspects of its existing operations and activities so as to minimise demands on its available cash reserves.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Paul Williams', with a horizontal line extending to the right.

Paul Williams
Managing Director
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