

ASX Release

17 September 2013

Chinalco Yunnan Copper Resources Ltd (ASX: CYU)

MILLENIUM PROJECT JOINT VENTURE AGREEMENT

- **Further expansion in Cloncurry/Mt Isa that complements the Altona Mining Roseby South JV in the same region.**
- **Targeting copper, cobalt and gold.**

Chinalco Yunnan Copper Resources Limited (CYU) has entered into a binding term sheet to create a joint venture with Elementos Limited (ELT) to explore for copper, cobalt and gold and ultimately earn a majority interest in the Millenium Project.

Millenium, situated near Cloncurry in the world-class Mt Isa Inlier in north-west Queensland, includes the following tenements:

- Mining Leases totalling 134 hectares;
- Exploration Permits totalling 254 km²; and
- Exploration Permit applications (including areas that involve contested applications) totalling 74 km².

Set out in Annexure A is a diagram that shows the location of the Millenium tenures, as they relate to CYU's other project interests in the region. As can be seen, the Millenium project is highly complementary to the Roseby South project area, which is the subject of the earn-in agreement with Altona Mining Ltd, details of which CYU announced earlier today.

The terms of the earn-in joint venture between CYU and ELT are:

- CYU will make a payment of a \$100,000 cash option fee for the exclusive right to explore the properties subject to the joint venture;
- CYU will have the right to earn 51% of the project by investing \$1.2 million over 3 years; and
- CYU may increase its interest by a further 19% of the project, by investing an additional \$1.3 million over a further 2 years.

Once CYU earns its 70% interest, each party can either contribute or dilute according to an agreed formula and work program. If either party achieves a 90% interest in the project, the 10% interest immediately converts to a 1% net smelter royalty. The agreement is subject to finalisation of a full joint venture agreement and the transfer of the Millenium Mining Leases to ELT, which are currently the subject of an option to purchase agreement with Forte Energy NL.

Millenium is situated near Cloncurry in the world-class Mt Isa Inlier, a significant gold and base metal producing region and, host to major copper/gold and lead/silver/zinc deposits. The district has established mining, processing and transportation infrastructure in close proximity to the regional centres of Mt Isa and Cloncurry.

The Millenium project is in close proximity to major deposits including:

- Rocklands - copper-cobalt project 15 km to the south-east;
- Roseby - copper-cobalt project 10 km to the north-west;
- Dugald River - base metals project 10 km to the north; and
- Mary Kathleen – (historical uranium mine) 30 km to the south-west.

The Millenium Mining Leases host a number of historical copper mine workings and prospects that were operated around the start of the 20th century. The Federal mine exploited copper in bornite and chalcopyrite down to 135 metres, producing some 10,000 tonnes of ore at exceptionally high grade (25% copper – non-JORC). Other workings along a shear “lode” structure were less successful for copper mining, but the lodes were noted to be rich in cobalt.

The Millenium project is a cobalt-copper play with +10 metre intercepts of ore-grade mineralization within broad lower grade halos that may be up to 100m wide. These zones are generally intersected by single-tier holes. From the immediately available information the drilling has only tested to 100m depth. Recent surface sampling has identified two 1000m long copper in soil anomalies associated with anomalous cobalt, copper, gold and silver in rock-chips. The best individual drillhole intersection seen in the documentation is **10.7m @ 2.0%Cu and 0.23%Co (not assayed for gold)** at 95m depth.

Regionally, the Millenium project is underlain by Corella Formation and Mount Arthur Group metasediments. It has the same geophysical character as that of the Roseby South ground and protects a number of major shear zones including the Pilgrim/Fountain Range structure.

CYU Managing Director, Paul Williams, said that the Millenium joint venture is another important step in the Company’s focus on exploring and developing world class deposits in the Mt Isa region. “In addition to the Roseby South joint venture announced to the market, CYU has now secured access to a highly prospective and contiguous parcel of mining tenures. Our exploration team has identified a number of targets for immediate evaluation.”

On behalf of the Board

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About CYU

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

CYU’s largest shareholder is China Yunnan Copper (Australia) Investment and Development Co Ltd (“CYC”), owning 43% of the total issued shares in CYU. CYC is a wholly-owned subsidiary of Kunming-based Yunnan Copper Industry (Group) Co Ltd, which is the third largest producer of smelted copper product in China. In turn, Yunnan Copper Group is a subsidiary of Aluminium Corporation of China (Chinalco) which is the largest producer of aluminium product in China and the second largest world-wide.

CYU has offices in Brisbane, Mount Isa and in Santiago. The Company is listed on the ASX under the symbol “CYU”.

Competent Person’s Statement

The information regarding exploration activities and information set out in this ASX Release is based on information compiled by Mr Trevor Leahey, who is CYU’s Exploration Manager, a Chartered Professional Geologist and a Member of the Australasian Institute of Mining and Metallurgy. Mr Leahey has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity that is being undertaken 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. Leahey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Annexure A (Location of Millenium Tenure)

