



## JUNE 2016 QUARTERLY ACTIVITIES REPORT

25 July 2016

CYU is a resource exploration and development company with a primary focus on project interests in the Mount Isa region of northwest Queensland.

### Issued Capital:

591,276,475  
Ordinary shares

2,000,000  
Performance shares

### Directors:

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

### Company Secretary:

Paul Marshall

### CHINALCO YUNNAN COPPER RESOURCES LTD

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### Activities during the three months to 30 June 2016 included:

- Ongoing assessment of copper, gold and other base metal project opportunities in Australia, the Democratic Republic of Congo (DRC) and other regions.
- Agreement with Elementos Ltd and Hammer Metals Ltd to formalise the termination of CYU's interests in the Millennium Joint Venture.
- Limited exploration activity across the Mount Isa tenure portfolio as CYU continues to review its future activities in that region.

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

The activities of CYU during the 3 months to 30 June 2016 were as follows:

### **Termination of Millennium Joint Venture**

On 4 May 2016 CYU announced that an agreement had been entered into whereby Hammer Metals Ltd (ASX Code – HMX) acquired all the issued shares in Element Minerals Australia Pty Ltd (EMA) from its parent company, Elementos Limited (ASX Code – ELT).

The only assets held by EMA comprised the five mining leases that formed the basis of CYU's "Millennium Joint Venture" with ELT. As part of the sale of EMA to HMX, both CYU and ELT agreed to terminate the Millennium Joint Venture with no party having any further right or claim against the other in relation to that JV. CYU was issued 500,000 ordinary shares in HMX in exchange for surrendering its rights at Millennium.

It should be noted that under the terms of the Joint Venture agreement that CYU entered into in September 2013 with ELT, CYU still had approximately \$400,000 of exploration expenditure to be committed to these mining lease areas (by September this year) in order to earn an initial 51% interest in the leases.

As previously reported to the ASX, CYU's exploration team has carried out exploration drilling and modelling of the mineralisation within these ELT mining leases over the past 2 years. The current view is that while the mineralisation may extend along the strike zone and at depth, there remains significant uncertainty that a resource of the size of CYU's stated exploration target (1 million tonnes of copper or copper equivalent) can be established. Furthermore follow-up drilling would be deep (+300m) and at significant additional cost. In these circumstances, the CYU's Board believed that retirement from the Millennium Joint Venture was a prudent approach as the Company continues with its focus on other project opportunities.

### **Mount Isa Exploration Activities**

During the Quarter, CYU management was focussed almost entirely on the assessment of project opportunities in DRC and elsewhere. As a consequence, very limited exploration activities were conducted for the three months to 30 June 2016 as CYU continues to explore its options in the Mount Isa region.

### **Exploration Expenditure for June 2016 Quarter**

Across CYU's various exploration projects, a total of \$12,000 of expenditure was incurred for the June 2016 Quarter, a summary of which is as follows:

- **Mary Kathleen JV** - \$6,000 on geological consulting and tenure admin fees;
- **Mt Frosty JV** – \$5,000 on geological consulting and tenure admin fees;
- **Cloncurry North (EPM 12205)** – \$1,000 on tenure admin fees.

## **Corporate Update**

### **Proposed Acquisition Activities**

The CYU Board is working closely with JCHX Group in the ongoing assessment and acquisition of new project opportunities – not just limited to copper projects but also gold and other base metals. The CYU Board continues to hold a view that the current difficult resources market conditions are ideal for business development and acquisition activities. Further news about these activities will be made available to the market as soon as possible.

### **Annual General Meeting**

CYU held its Annual General Meeting on 25 May 2016 and all resolutions on the agenda were approved by overwhelming majority.

### **Board Composition**

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

### **Financial Position**

As at 30 June 2016, CYU had cash reserves of \$0.965M. This is more than sufficient funding to enable CYU to carry out project assessment review activities for the foreseeable future. In the event of CYU securing a project opportunity, additional funding will likely be required. Details of these requirements will be provided to shareholders and the market at the first available opportunity.

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

### **Share Information – June 2016 Quarter**

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

Quarter high traded price of \$0.01 (17 May 2016) and low of \$0.004 (23, 24, 27 & 29 June 2016).

Market capitalization – high \$5.913M, low \$2.365M.

Average daily volume of shares traded – 87,775 shares (\$576 average daily volume value).

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

Rank	Name	Number of Shares	%
1	China Yunnan Copper (Australia) Investment and Development Co Ltd <sup>#</sup>	299,922,326	50.72
2	Bienitial International Industrial Co., Ltd <sup>#</sup>	118,249,000	19.99
3	Elliott Nominees Pty Ltd (Elliott Exploration Co S/F)	7,150,000	1.21
4	Mr Norman Zillman	6,980,343	1.18
5	Kimbriki Nominees Pty Ltd (Kimbriki Hamilton SF A/C)	5,376,918	0.91
6	Citicorp Nominees Pty Limited	4,663,080	0.79
7	Mr Ianaki Semerdziev	4,341,495	0.73
8	Premar Capital Nominees Pty Ltd	3,633,333	0.61
9	Mr Lawrence Chi-Yun Lee	3,069,988	0.52
10	HSBC Custody Nominees (Australia) Limited	3,028,514	0.51
<b>TOTAL</b>		<b>456,414,997</b>	<b>77.19</b>

# - Substantial Shareholder

**Other Details:**

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On behalf of the Board

Paul Williams

Managing Director

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

Project/Location	Tenement Reference	CYU % Interest	Comment
<b>AUSTRALIA</b>			
Cloncurry North	EPM 12205	90	Refer Note 1
Pentland	ML 1631	100	
Mary Kathleen JV	EPMs 14019, 14022	100	Refer Note 2
Mt Frosty	EPM 14467	51	Refer Note 3
Millennium	MLs 2512, 2761, 2762, 7506,7507	Nil	Refer Note 4

**Notes:**

1. *The other 10% is held by Yunnan Copper Mineral Resources Exploration & Development Co., Ltd (YEX). An application was made to renew this EPM during the Quarter.*
2. *Pursuant to the variation deed of 26 February 2016, CYU has secured a 100% interest in these tenements, subject to a 1.75% net smelter royalty held by GSE. EPM 14022 was also renewed for a further 5 years during the Quarter.*
3. *CYU farming-in up to a 75% interest from Mount Isa Mines Limited subject to Mount Isa Mines having a buy back right so as to retain a 51% interest, under agreement dated 3 February 2012. CYU completed earning the first stage 51% interest in Mt Frosty during the December 2014 Quarter. The Goldsearch net smelter royalty also applies in respect of any interest of CYU in this tenement.*
4. *CYU no longer has any interest in these mining leases, by virtue of the agreement with Elementos Ltd and Hammer Metals Limited, which effectively terminated the Millennium Joint Venture.*

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

