

20 September 2016

Shareholder Letter re partially underwritten non-renounceable entitlement offer to raise approximately \$1.77 million.

Attached is a copy of a letter to be sent to all shareholders in relation to the entitlement offer announced to the market earlier today.

The proposed timetable for the Offer is set out below:

Announcement of the Offer	Prior to commencement of trading on 20 September 2016
Prospectus lodged with ASIC and ASX together with the Appendix 3B	20 September 2016
Notice sent to Eligible Shareholders with information on the Offer	21 September 2016
Shares commence trading on an "ex" basis ("ex" date)	23 September 2016
Record Date to determine Entitlements under the Offer	26 September 2016 (7:00pm Sydney time)
Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders and announced to the market	29 September 2016
Opening Date of Offer	29 September 2016 (9:00am Sydney time)
Closing Date of Offer	14 October 2016 (5:00pm Sydney time)
New Shares quoted on a deferred settlement basis	17 October 2016
Notification of undersubscriptions to ASX	19 October 2016
Expected date of issue of New Shares applied for under the Offer and any Shortfall	21 October 2016
Deferred settlement trading ends	21 October 2016
Expected date of dispatch of transaction confirmation statements	25 October 2016

These dates are indicative only and subject to change. The Company 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.

Further information

For further information in relation to the offer, please contact Paul Williams, Managing Director on 0419 762 487 or by email at paul.williams@cycal.com.au.



20 September 2016

Dear Shareholder

Partially underwritten non-renounceable entitlement offer to raise approximately \$1.77 million before costs of the offer.

On 20 September 2016, Chinalco Yunnan Copper Resources Ltd (ASX:CYU) (**Company**) announced a pro-rata, non-renounceable rights issue to eligible shareholders, on the basis of 1 new fully paid ordinary share (**New Shares**) for every 2 shares held, at an issue price of \$0.006 per New Share, to raise approximately \$1.77 million before costs (**Offer**). The Offer will be available to all eligible shareholders who hold shares as at 7:00pm (Sydney time) on the record date of 26 September 2016. Following quotation, the New Shares will rank equally in all respects from the date of allotment with existing quoted shares on issue.

The Offer is underwritten up to approximately \$1.385 million (230,769,230 New Shares), representing approximately 78% of the total Offer, by the Company's second-largest Shareholder, Bienitial International Industrial Co., Ltd (**BIC**). The Offer is also partially underwritten up to \$100,000 (16,666,667 New Shares), representing approximately 5.6% of the total Offer, by the Company's Managing Director, Paul Williams. Williams has further undertaken, on a best endeavours basis, to identify recipients for the balance of any Offer shortfall. These underwriting arrangements mean that most of the funds sought under the Offer can be guaranteed and the Company will be able to implement its planned activities. A nominal \$1 fee is being charged in relation to the underwriting provided.

The Offer is being undertaken pursuant to a prospectus issued under section 713 of the Corporations Act (**Prospectus**), which was lodged with ASIC and ASX on 20 September 2016. Full details of the Offer are set out in the Prospectus. It is available on the ASX website and also on the Company's website, www.cycal.com.au. The Prospectus, along with an Entitlement and Acceptance Form, will be dispatched to eligible shareholders on 29 September 2016. Potential investors should consider the Prospectus in full in deciding whether to acquire the securities offered. Anyone who wants to acquire the securities offered will need to follow the instructions on the Entitlement and Acceptance Form that will accompany the Prospectus.

The Company has determined that only those shareholders with registered addresses in Australia or New Zealand will be eligible to participate in the Offer.

The funds raised under the Offer (after payment of costs) will be used to continue to develop the Company's business and meet its strategic goals as identified in Section 4.1 of the Prospectus. These funds are intended to be utilised primarily towards costs such as: due diligence in respect of opportunities CYU is looking to pursue and related expenses; project-related acquisition costs and fees that may be payable upon securing an opportunity, depending on the nature of the acquisition terms that are negotiated; administration costs; and general working capital.

A proposed timetable for the Offer is set out below:

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Further information

The Company anticipates that up to 295,638,237 New Shares will be issued under the Offer. The New Shares will be issued for \$0.006 each. Upon completion of the Offer, the issued capital of the Company will comprise approximately 886,914,712 shares.

Entitlements to New Shares pursuant to the Offer are non-renounceable and accordingly will not be traded on the ASX. Following quotation, the New Shares will rank equally in all respects from the date of allotment with existing quoted shares on issue. Fractional entitlements under the Offer will be rounded up to the nearest whole number.

Trading in the New Shares on the ASX is expected to commence on or about 24 October 2016. An Appendix 3B applying for quotation of the New Shares has been lodged with ASX. The Company encourages all eligible shareholders to participate in the Offer.

For further information, please contact Paul Williams, Managing Director on 0419 762 487 or by email at paul.williams@cycal.com.au.

Yours sincerely,



Paul Williams
Managing Director
Chinalco Yunnan Copper Resources Ltd