



ABN 27 099 098 192

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:

473,027,475
Ordinary shares

4,000,000
Performance shares

Directors:

Zihua Yao
Chairman
Paul Williams
Managing Director
Zewen (Robert) Yang
Executive Director

Company Secretary:

Paul Marshall

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LTD**

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NEXT PHASE OF EXPLORATION AT NATIVE COMPANION COMMENCES

1 June 2015

Summary

- The Native Companion prospect, northwest of Cloncurry in northwestern Queensland, is CYU's primary exploration target for 2015.
- Native Companion has strong potential to host economic mineralisation due to:
 - Location within the 50km Roseby Corridor
 - The Roseby Corridor hosts Altona Mining's Cloncurry Project (286.6Mt @ 0.57% Cu and 0.04g/t Au for 1,647,000t Cu and 409,000oz Au)
 - A significant strike length (> 3km) of historically worked copper mineralisation at surface
 - The existence of an extensive geochemical anomaly which coincides with previously identified geophysical anomalies and historic workings
- Exploration at Native Companion dates back to the 1950's, but previous focus has been on shallow mineralisation and gold was generally not analysed – **Native Companion is a highly prospective area that remains largely untested**
- CYU will carry out a geophysical survey of 20 lines of dipole-dipole IP totalling 67 line-km. This survey proposes to locate sulphide mineralisation and constrain the known geochemical anomalies
- CYU's geophysical survey has now commenced and preliminary results are expected to be available within the next 3-4 weeks. Depending on the outcome of this survey, CYU will commence drilling at Native Companion shortly afterwards

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 exploration focus in the Mount Isa region and the ongoing pursuit of project acquisition opportunities currently under review and negotiation – both locally and overseas.

2015 Mount Isa Exploration Program

CYU's Board has recently approved a \$1.8M budget for its 2015 Mount Isa exploration activities, after completion of a detailed project review by its exploration team. A key criterion underpinning the project review is to identify exploration targets with the potential to host a resource base of at least one (1) million tonnes of copper and/or copper equivalent minerals.

There are a number of mineralised systems in the Eastern Succession of the Mount Isa Inlier that host over 1Mt of copper. These include Glencore's Ernest Henry mine that has an established resource of 1.8Mt copper and Altona Mining's Cloncurry Project that hosts 1.6Mt copper. CYU has a number of prospects with similar characteristics to both the Ernest Henry and Cloncurry projects and these deposits are considered by CYU to be an appropriate benchmark to apply for its exploration activities in the Mount Isa/Cloncurry region of northwest Queensland.

The CYU Mount Isa exploration portfolio covers approximately 850km², centred in an area 75km northeast of Mount Isa and 40km west to northwest of Cloncurry, in northwestern Queensland (See Annexure A).

The primary exploration target within CYU's exploration portfolio area for 2015 is Native Companion, situated within the Roseby Trend.

The Roseby Trend – Native Companion

This regionally significant north-south trending belt of copper mineralisation extends over 50km. The northern half of this belt hosts Altona Mining's Cloncurry Project which has a current JORC resource of 286.6Mt @ 0.57% Cu and 0.04 g/t Au for 1,647,000 tonnes of copper and 409,000 oz of gold (*Source: Altona Mining Quarterly Report March 2015 ASX – 21 April, 2015*). CYU holds tenure over the southern 25km extent of this belt. Even though the Native Companion area hosts very similar geology to the Cloncurry Project, it remains largely untested by modern exploration methods.

The Roseby Trend extends across four (4) CYU exploration tenements – with the Native Companion prospect falling within EPM 11611 (part of the Roseby South Joint Venture with Altona Mining). (See Annexure B for location map of the Native Companion prospect). The copper mineralisation is typically associated with sulphides from shallow depths and, in contrast to the Cloncurry Project mineralisation, only minor native copper has been noted and the copper mineralisation is often associated with significant gold mineralisation.

Native Companion – General

The Native Companion prospect comprises a 3.6km zone of historic workings, elevated soil geochemistry and rock chip results and was the subject of an initial drilling program by CYU in late 2014. Four of the CYU drill holes in late 2014 reported intersections including:

- Q034: 26m @ 0.68% Cu & 0.25 g/t Au (63-89m depth) including 15m @ 1.15% Cu and 0.41 g/t Au

In addition, several copper-gold rock chip sample results (from historic programs) have reported substantial copper-gold-other minerals results including:

- **26.9% Cu, 2.86g/t Au, 7.2g/t Ag and 883ppm Mo**

The Native Companion prospect is partially overlain by transported alluvial cover with only sporadic outcropping exposure. The existence of this cover material limits the current understanding of the subsurface geological and structural understanding.

Native Companion – Proposed IP Survey

The first stage of exploration at Native Companion is the conduct of an induced polarisation (IP) geophysical survey. This survey technique involves the passing of electric current into the subsurface between two electrodes, to measure an induced potential field in the ground to calculate the chargeability and resistivity of the subsurface. In doing so, this technique may detect and map economic mineral deposits, in particular those associated with disseminated sulphides and massive sulphide mineralisation. One of the major strengths of IP is that the technique is sensitive enough to detect disseminated sulphides which are often not measurable with electro-magnetic systems.

It is intended that the IP survey at Native Companion will enable mapping of the subsurface extent of the graphitic shale (a strong electrical conductor) and the occurrence of disseminated sulphides within the resistive calc-silicate marbles that lie in contact with the shale.

The IP survey at Native Companion will comprise 20 lines totalling 67 line-km of 50m dipole-dipole surveying (see diagram in Annexure C) and will extend to the Brolga/Camel Rock prospects to the south. Line clearing for the survey has been completed in co-operation with the local landowner. The survey has now commenced and is expected to take 2-3 weeks to complete at a budgeted cost of \$250,000. CYU is taking preliminary steps to follow up this IP survey with an immediate drilling program, with drill targets to be refined with reference to the IP survey data.

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CYU Managing Director, Paul Williams, said the focus on exploration at CYU's Native Companion prospect is an important activity for the company. "While CYU has identified a number of high-quality exploration targets within its tenure portfolio, Native Companion presents us with our best chance of identifying an economic deposit in the near-term. The CYU Board is really looking forward to the exploration results from Native Companion over the coming weeks."

On behalf of the Board

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About CYU

Chinalco Yunnan Copper Resources Ltd (CYU) is a resource exploration and development company with project interests in the Mount Isa region of north Queensland.

CYU's largest shareholder is China Yunnan Copper (Australia) Investment and Development Co Ltd ("CYC"), owning 63.4% 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, and Mt Isa. The Company is listed on the ASX under the symbol "CYU".

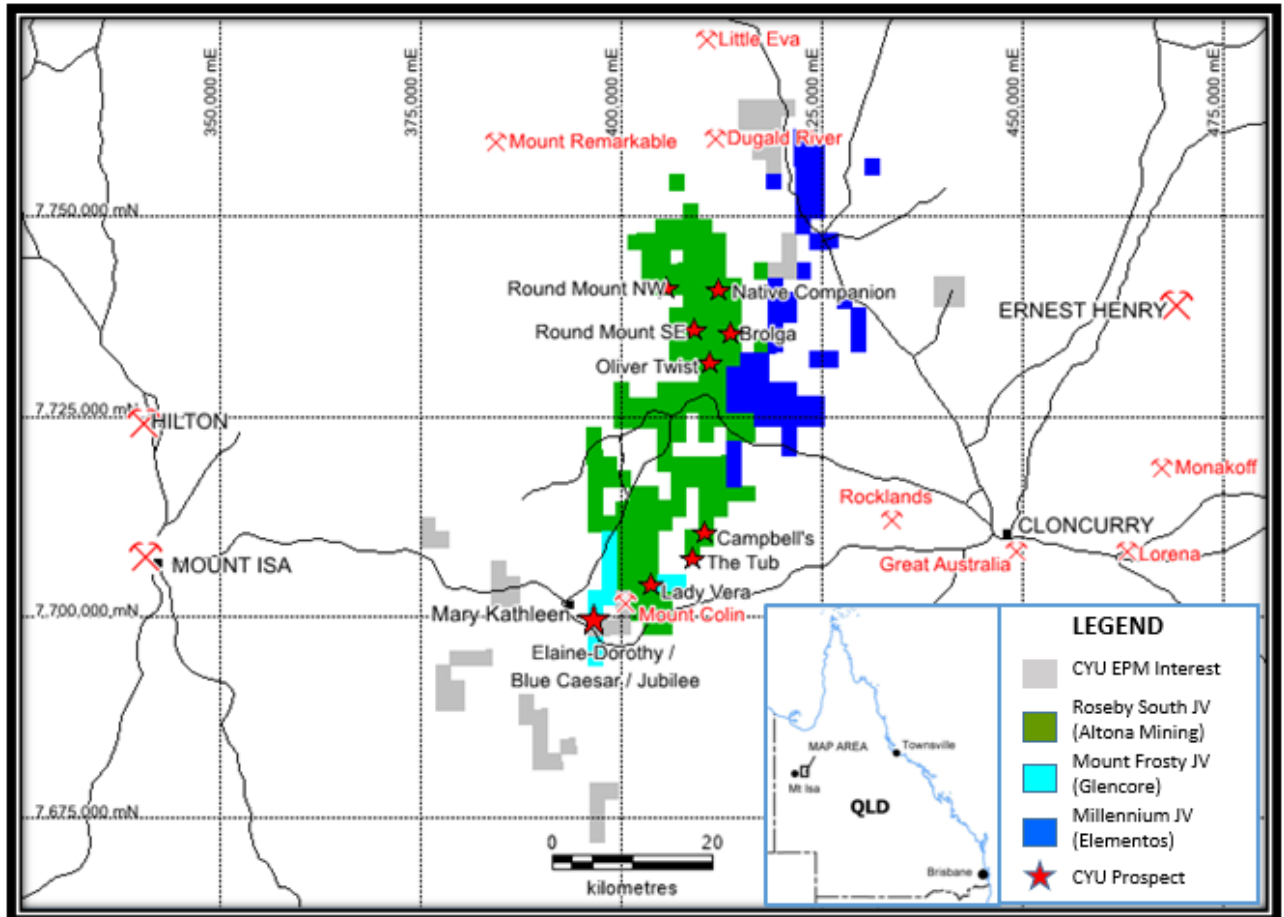
Competent Person's Statement

The information regarding exploration activities and information set out in this ASX Release is based on information compiled by Mr David A-Izzeddin, a Competent Person, who is CYU's Exploration Manager and a Member of the Australian Institute of Geoscientists. Mr A-Izzeddin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr A-Izzeddin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information relating to exploration results at Native Companion as outlined above is extracted from previous ASX announcements as follows:

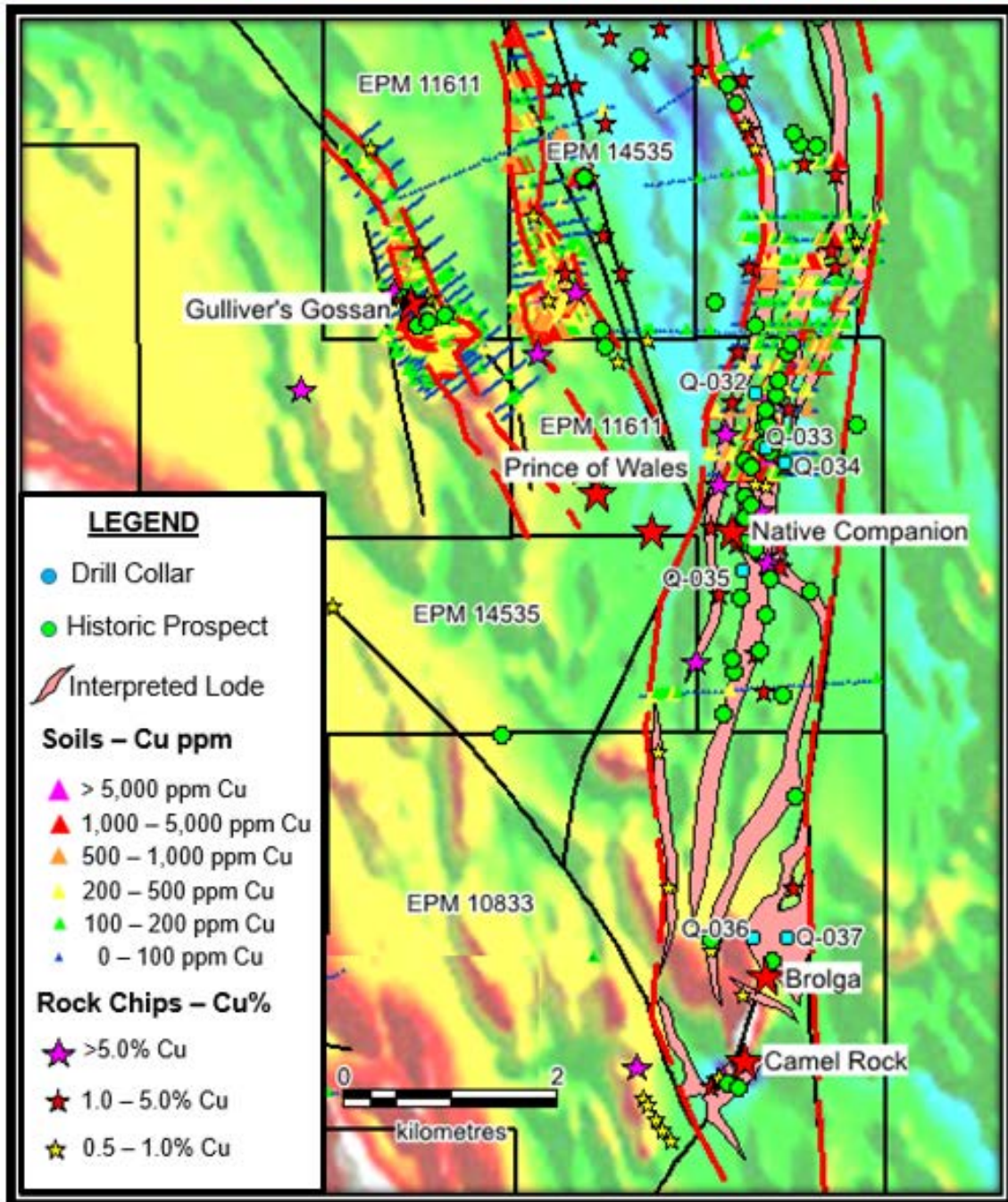
- *ASX announcement titled "Successful Completion of Initial Drilling at Native Companion, Mount Isa" dated 3 December 2014; and*
- *ASX announcement titled "2015 Mount Isa Exploration Activities – Priority on Large-Scale Targets" dated 23 April 2015.*

ANNEXURE A
(CYU's Mt Isa Tenement Location)



ANNEXURE B

(Native Companion-Brolga area with historic prospects and workings, rock chip and soil geochemistry, and interpreted mineralised lode structures overlain on TMI magnetic image)



ANNEXURE C

(Planned IP dipole-dipole survey lines for Native Companion prospect)

