



FINANCIAL REPORT
For the half-year ended 30 June 2015

CORPORATE DIRECTORY

<p>Board of Directors</p> <p>Zihua Yao (Chairman) Paul Williams (Managing Director) Zewen Yang (Executive Director)</p> <p>Company Secretary</p> <p>Paul Marshall</p> <p>ASX Code: CYU</p>	<p>Head Office</p> <p>Level 8 320 Adelaide Street Brisbane QLD 4000</p> <p>Telephone: 07 3211 9013 Facsimile: 07 3010 9001 Email: admin@cycal.com.au Website: www.cycal.com.au</p>
<p>Auditors</p> <p>Ernst & Young 111 Eagle Street Brisbane QLD 4000</p> <p>Telephone: 07 3011 3333 Fax: 07 3011 3100 Website: www.ey.com</p>	<p>Share Registry</p> <p>Link Market Services Limited Level 15 324 Queen Street Brisbane QLD 4000</p> <p>Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au</p>

DIRECTORS' REPORT

Your directors present their report on Chinalco Yunnan Copper Resources Limited for the half-year ended 30 June 2015.

DIRECTORS

The following persons were directors of Chinalco Yunnan Copper Resources Limited ('CYU' or 'the Company') during the whole of the half-year and up to the date of this report, unless stated:

Zihua Yao	<i>(Chairman)</i>
Paul Williams	<i>(Managing Director)</i>
Zewen (Robert) Yang	<i>(Executive Director)</i>

REVIEW OF OPERATIONS

For the half-year ended 30 June 2015 the Company and its Controlled Entities ("Controlled Entity") made a loss of \$808,874. Included in the loss are impairment charges totalling \$201,034 relating to the Millennium joint venture activities in north-west Queensland.

CYU is maintaining a twofold strategy of firstly assessing significant project acquisition opportunities (both locally and overseas) and secondly, exploration activities in the Mount Isa region of north-west Queensland.

Mount Isa Exploration

In early 2015 the Company appointed a new exploration manager (Mr David A-Izzeddin) and one of his first tasks was to review the existing Mount Isa tenure portfolio and develop a work program and budget designed to identify exploration targets. These targets were required by CYU to have the potential of hosting a resource base of at least one million tonnes of copper and/or copper equivalent minerals.

While other levels of exploration and review activities continued across the CYU tenure package, the primary exploration target for 2015 is the Native Companion prospect. This prospect falls within EPM 11611 (part of the Roseby South Joint Venture with Altona Mining) and comprises a 3.6km x 1.0km zone containing over 200 artisanal workings, elevated soil geochemistry and high grade copper and gold rock chip results.

In June 2015 CYU commenced an induced polarisation (IP) geophysical survey, with the intention of mapping the graphitic shales (which are seen to occur at surface with mineralisation) and also the occurrence of disseminated sulphides within the resistive calc-silicates. Results from the survey have been used to develop some highly prospective drill targets, which are the subject of a current exploration drilling program.

CYU has also been conducting various exploration activities across its Mount Isa tenement portfolio in order to define potential future target areas.

Acquisition Opportunities

The Company is continuing to pursue certain acquisition and project opportunities that are consistent with its objective of becoming a mid-tier copper producer. Due diligence reviews and ongoing (but as yet incomplete) negotiations are proceeding.

FUNDING ARRANGMENTS

The Company is reliant on future successful capital raisings to realise the benefits of the capitalised exploration costs. Based on the success of prior capital raisings and the progress with current projects, the Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due.

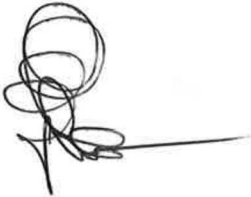
EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2015 that impact upon the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Director's report for the half-year ended 30 June 2015.


Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

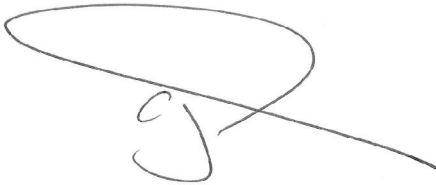
Paul Williams
Director
11 September 2015

Auditor's Independence Declaration to the Directors of Chinalco Yunnan Copper Resources Limited

In relation to our review of the financial report of Chinalco Yunnan Copper Resources Limited for the half year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct



Ernst & Young



Andrew Carrick
Partner
11 September 2015

**Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2015**

	Note	6 months ended June 2015 \$	6 months ended June 2014 \$
Finance income		35,351	2,416
Employment and consultancy expenses		(412,322)	(444,390)
Depreciation expense		(21,423)	(22,647)
Impairment of exploration expenditure	3	(201,034)	(4,439,148)
Project generation and other exploration costs expensed		(74,514)	(25,269)
Administration expenses		(287,285)	(362,442)
Gain recognized on deconsolidation of subsidiary	2	373,885	-
Loss before income tax		(587,342)	(5,291,480)
Income tax expense		-	-
Loss for the period – continuing operations		(587,342)	(5,291,480)
Loss after income tax – discontinued operations	6	(7,667)	(1,742,122)
Loss after income tax		(595,009)	(7,033,602)
Other comprehensive income/(loss)			
<u>Items that subsequently may be reclassified to profit or loss</u>			
Foreign currency translation differences for foreign operations		(213,437)	(551,633)
Income tax		-	-
Other comprehensive income/(loss) for the period, net of tax		(213,437)	(551,633)
Total comprehensive loss		(808,446)	(7,585,235)
Loss after income tax attributable to:			
Owners of the Parent Entity		(595,009)	(4,802,900)
Non-Controlling Interest		-	(2,230,702)
		(595,009)	(7,033,602)
Total comprehensive income attributable to:			
Owners of the Parent Entity		(808,446)	(5,196,344)
Non-Controlling Interest		-	(2,388,891)
		(808,446)	(7,585,235)
		Cents	Cents
Earnings per share			
Basic and diluted loss per share - continuing operations		(0.13)	(1.90)
Basic and diluted loss per share		(0.13)	(2.53)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet
As at 30 June 2015

	Note	June 2015 \$	December 2014 \$
CURRENT ASSETS			
Cash and cash equivalents		2,056,682	3,171,216
Trade and other receivables		60,861	243,806
Other current assets		9,742	32,150
TOTAL CURRENT ASSETS		2,127,285	3,447,172
NON-CURRENT ASSETS			
Other receivables		30,855	33,255
Plant and equipment		86,807	222,582
Exploration expenditure	3	11,352,240	10,898,096
TOTAL NON-CURRENT ASSETS		11,469,902	11,153,933
TOTAL ASSETS		13,597,187	14,601,105
CURRENT LIABILITIES			
Trade and other payables		678,775	1,027,803
Employee benefit provisions		50,552	51,060
TOTAL CURRENT LIABILITIES		729,327	1,078,863
TOTAL LIABILITIES		729,327	1,078,863
NET ASSETS		12,867,860	13,522,242
EQUITY			
Share capital	4	39,492,960	39,492,960
Reserves		389,457	602,894
Accumulated losses		(27,014,557)	(26,419,548)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT ENTITY		12,867,860	13,676,306
Non-controlling interest		-	(154,064)
TOTAL EQUITY		12,867,860	13,522,242

The Consolidated Balance Sheet should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Statement of Changes in Equity
For the six months ended 30 June 2015**

Consolidated Entity	Share Capital	Reserves	Accumulated Losses	Total Parent Equity	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2014	33,754,224	1,004,664	(20,655,195)	14,103,693	2,325,128	16,428,821
Transactions with owners in their capacity as owners						
Issue of share capital	-	-	-	-	-	-
Share issue costs	(5,779)	-	-	(5,779)	-	(5,779)
Comprehensive income						
Loss after income tax	-	-	(4,802,900)	(4,802,900)	(2,230,702)	(7,033,602)
Other comprehensive income	-	(393,444)	-	(393,444)	(158,189)	(551,633)
Balance at 30 June 2014	33,748,445	611,220	(25,458,095)	8,901,570	(63,763)	8,837,807
Balance at 1 January 2015	39,492,960	602,894	(26,419,548)	13,676,306	(154,064)	13,522,242
Transactions with owners in their capacity as owners						
Issue of share capital	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Comprehensive income						
Loss after income tax	-	-	(595,009)	(595,009)	-	(595,009)
Other comprehensive income	-	(213,437)	-	(213,437)	-	(213,437)
Deconsolidation of subsidiary						
De-recognition of Non-Controlling Interest	-	-	-	-	154,064	154,064
Balance at 30 June 2015	39,492,960	389,457	(27,014,557)	12,867,860	-	12,867,860

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Cash Flow Statement
For the six months ended 30 June 2015**

	Note	6 months ended June 2015 \$	6 months ended June 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(667,197)	(964,122)
Interest received		64,212	2,416
Operating cashflows from discontinued operations		(7,667)	(35,197)
Net cash used in operating activities		(610,652)	(996,903)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposit refunds/(payments)		(2,400)	-
Payments for property, plant & equipment		(38,296)	-
Payments for exploration and evaluation		(388,584)	(1,062,118)
Net outflow of cash on deconsolidation of subsidiary	2	(79,402)	-
Exploration expenditure amounts reimbursed by joint venture partners		-	90,909
Net cash used in investing activities		(503,882)	(971,209)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Capital raising costs paid		-	(36,376)
Advance/(repayment) related party loan		-	1,000,000
Net cash provided by financing activities		-	963,624
Net increase/(decrease) in cash and cash equivalents		(1,114,534)	(1,004,488)
Net foreign exchange differences		-	(12,498)
Cash and cash equivalents at the beginning of the period		3,171,216	1,416,557
Cash and cash equivalents at the end of the period		2,056,682	399,571

The Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Chinalco Yunnan Copper Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2015 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

b) Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 December 2014.

This consolidated interim financial report was approved by the Board of Directors on 11 September 2015.

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 31 December 2014.

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect the recognition or measurement of the results or financial position of the Consolidated Entity.

c) Going Concern

As at 30 June 2015 the Consolidated Entity had cash reserves of \$2,056,682, net current assets of \$1,397,958 and net assets of \$12,867,860.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

Based on the success of previous capital raisings combined with the ongoing support of its largest shareholder, the potential to attract a farm-in partners for projects and the potential sale of the current portfolio of exploration assets held, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors are confident of securing funds as and when necessary to meet the Consolidated Entity's obligations as and when they fall due.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

NOTE 2 BUSINESS COMBINATIONS – DECONSOLIDATION OF SANMU

On 1 January 2015, CYU relinquished all and any control of Yunnan Copper San Mu Mining Industry Co Ltd (Sanmu) to Yunnan Copper Industry (Group) Co Ltd (YCI).

All of the representative directors of CYU that were appointed to the Board of Sanmu were removed as directors earlier this year and, since 1 January 2015, YCI has controlled all activities and the direction of Sanmu, and its Laos subsidiaries at both an operational and corporate level.

CYU is not under any future obligation to contribute additional funds towards Sanmu as part of the dissolution process or for any other purpose.

Based on the above, CYU was deemed to have lost control of on 1 January 2015, and the Company's investment was reclassified to an *Investment accounted for using the equity method* on that date.

Details of the net assets deconsolidated on loss of control

	1 January 2015 \$
<u>Fair value of Sanmu's net assets/(liabilities)</u>	
Cash and cash equivalents	79,402
Trade and other receivables	117,172
Plant and equipment	152,648
Trade and other payables	(663,639)
Sanmu's net (liabilities)	(314,417)
Less 49% non-controlling interests	154,064
Parent entity's interest in net liabilities deconsolidated	(160,353)
Foreign currency reserve transferred to income statement on deconsolidation	(213,532)
(Gain) recognized on deconsolidation of subsidiary to owners of the Parent Entity	(373,885)

Cashflow impact of deconsolidation

As a result of the deconsolidation of Sanmu, CYU derecognized \$79,402 in cash and cash equivalents in its Balance Sheet. This impact is shown as an outflow of cash in Cash Flow Statement under the category *Cash Flows from Investing Activities*.

Reclassification of investment

CYU's 51% equity interest Sanmu was reclassified to an *Investment accounted for using the equity method* on 1 January 2015.

Sanmu had a net asset deficiency of \$314,417 on that date. CYU's share of that deficiency was \$160,353. At the time of the loss of control and consistent with Sanmu's net asset deficiency, the fair value of the equity accounted investment was determined to be \$Nil. As CYU is not under any future obligation to contribute additional funds towards Sanmu, it has not recorded its interest in Sanmu's loss for the period ended 30 June 2015.

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June 2015 December 2014
\$ \$

NOTE 3 EXPLORATION EXPENDITURE

Exploration expenditure capitalised

Opening balance	10,898,096	9,969,708
Net current period expenditure	655,178	928,388
Impairment of exploration expenditure	(201,034)	-
	11,352,240	10,898,096

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

Impairment of exploration expenditure

During the period ended 30 June 2015, the Consolidated Entity decided to discontinue exploration activities on the following tenements due to low prospectivity:

EPM 18402	84,918	-
EPM 18773	29,433	-
EPM 19014	27,575	-
EPM 19036	31,028	-
EPM 18982	28,080	-
	201,034	-

NOTE 4 SHARE CAPITAL

Fully paid ordinary shares	39,492,960	39,492,960
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Ordinary Shares

	June 2015 \$	December 2014 \$	June 2015 Number	December 2014 Number
At the beginning of the period	39,492,960	33,748,445	473,027,475	278,532,524
Issued during the period ¹	-	5,834,849	-	194,494,951
Share issue expenses	-	(90,334)	-	-
At reporting date	39,492,960	39,492,960	473,027,475	473,027,475

⁽¹⁾ December 2014: A total of 194,494,951 shares were issued during the period through a rights issue at 3 cents per share.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 5 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

For the current period, management currently identifies the Consolidated Entity as having only one reportable segment, being exploration for minerals in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. All assets are located in Australia.

In the prior period, management identified the Consolidated Entity as having three reportable segments, being exploration for minerals in:

- Chile
- Laos
- Australia

Segment Revenues and Results (prior period)

Half-Year Ended 30 June 2014	Laos \$	Chile \$	Australia \$	Consolidated \$
Revenue:				
Revenue from outside the Consolidated Entity	-	-	2,416	2,416
Segment result	(4,552,454)	(1,742,123)	(739,025)	(7,033,602)
Income tax	-	-	-	-
Net Loss	(4,552,454)	(1,742,123)	(739,025)	(7,033,602)
Assets:				
Segment assets	315,675	80,882	10,515,753	10,912,310
Unallocated corporate assets				-
Consolidated Total Assets				10,912,310

NOTE 6 DISCONTINUED OPERATIONS

The loss from discontinued operations relates to CYU's Chilean operations. CYU has withdrawn from its exploration portfolio in Chile and is in the process of winding up its Chilean subsidiary, China Yunnan Copper Australia Chile Limitada.

NOTE 7 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2015 (2014: Nil).

NOTE 8 EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2015 that impact upon the financial report.

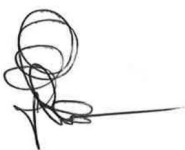
DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

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

Paul Williams
Director

11 September 2015

Independent review report to members of Chinalco Yunnan Copper Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Chinalco Yunnan Copper Resources Limited, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Chinalco Yunnan Copper Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report

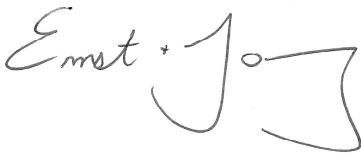
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Chinalco Yunnan Copper Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1(c) in the half-year financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.



Ernst & Young



Andrew Carrick
Partner
Brisbane
11 September 2015