



Chinalco Yunnan Copper Resources

action@proactiveinvestors.com.au
www.proactiveinvestors.com.au

Oct 22nd 2015

Chinalco Yunnan Copper in \$4.5M funding for African expansion drive

Chinalco Yunnan Copper Resources (ASX:CYU) has arranged for A\$4.5 million in funding from a major Chinese partner to support copper project acquisition and development in the Democratic Republic of Congo.

The funding will be via a share placement of A\$1 million and a convertible bond issue of A\$3.5 million.

The game changing agreement will likely transform CYU into a substantial mid-tier mining group, with a primary focus on acquiring and developing near-term copper production.

The deal will be part of a long-term strategic cooperation with private Beijing-based JCHX Group, which controls a Shanghai-listed operator, JCHX Mining Management (SHA:603979), valued at 9.13 billion yuan (A\$2.1 billion). It is one of China's largest mining services companies.

CYU flagged its intention in September to make acquisitions of copper mining projects in Africa with major shareholder Yunnan Copper Industry (Group) Co Ltd. This is the first fruit of the expansion.

JCHX has a long-established business relationship with Yunnan Copper industry Group, being the mining contractor at several exiting YCI copper mines.

The funding for DRC copper development operations and acquisition activity is scheduled to be completed by the end of the month. The funding is expected to be augmented over the course of the partnership for DRC project opportunities and mining construction services.

As part of the arrangement, JCHX chairman and founder Wang Xiancheng will join the CYU board as a non-executive director.

Game changer

It is believed the opportunity will centre on copper processing facilities in the DRC's prolific Katanga region, a major copperbelt which supports a number of large mining operations with dozens of economically important deposits.

Katanga is recognised as hosting some of the highest quality copper reserves globally, with large mining companies such as Freeport McMoran and Ivanhoe notably operation in the region.

Shareholders in this fundraiser are expected to benefit substantially from the appointment of Wang to the Chinalco board.

Wang is a well-known and highly regarded Chinese businessman, who offers Africa-focused experience with his tenure as Vice President of the Zambia and China Chamber of Commerce.

Analysis

The arrangement to fund CYU's expansion ambitions in the DRC establishes the company with an international platform and funding to fast track development projects with a major Asian financial partner.

Price: A\$0.015

Market Cap: A\$10.407M

1 Year Share Price Graph



Share Information

Code: CYU
Listing: ASX
Sector: General Mining
Website: www.cycal.com.au

Company Synopsis:

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

Author:
Proactive Investors +61 2 9299 5001

action@proactiveinvestors.com.au



That JCHX manages and services 33 mining projects throughout China, and other parts of the world, including 4 mining services projects in Zambia is significant.

As such, the JCHX deal offers considerable upside to CYU's share price; in fact it completely changes the valuation landscape of what is possible for CYU. We see further significant share price upside for CYU given today's partnership and access to deal flow.

This transition into a mid-tier mining group is expected to be punctuated in the near term with updates on acquisitions, project developments and copper production activities both locally and overseas.

As the third largest producers of refined copper product in China, YCI will be able to offer valuable guidance to CYU as the JCHX cooperation progresses. YCI is known to have dedicated significant time and resources to assessing opportunities in the DRC over the past 5 years.

As one of China's largest mining services companies, JCHX is an important partner for Chinalco and will be able to leverage its African mining experience to support the DRC development drive.

Participation by JCHX to the tune of A\$4.5 million is a strong endorsement of CYU and its future plans in the DRC.

The financial weight of a heavyweight like JCHX Mining Management bodes well for a concerted effort to close copper processing and mining agreements in the DRC.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX emerging companies with distribution in Australia, UK, North America and Hong Kong / China.

You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made.

However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The contributors make every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Proactive Investors does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested.

WARNING: No recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness, in light of their own objectives, financial situation and/or needs, before acting on the



advice.

DISCLOSURE: The Company, its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published.