



**Chinalco Yunnan Copper Resources Limited**

**ABN 29 070 859 522**

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2011**

## CORPORATE DIRECTORY

### Board of Directors

Norm Zillman (Co-Chairman)  
Mr Zhihua Yao (Co-Chairman)  
Jason Beckton (Managing Director)  
Zewen Yang (Executive Director)

### Company Secretary

Paul Marshall

<p><b>Registered Office</b></p> <p>Level 5 10 Market Street Brisbane QLD 4000</p> <p>Telephone: 07 3212 6204 Facsimile: 07 3212 6250 Email: admin@cycal.com.au Website: www.cycal.com.au</p>	<p><b>Solicitors</b></p> <p>Hopgood Ganim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Brisbane QLD 4000</p> <p>Telephone: (07) 3024 0000 Facsimile: (07) 3024 0300 Website: www.hopgoodganim.com.au</p>
<p><b>Auditors</b></p> <p>KPMG 10 Shelley Street Sydney NSW 2000</p> <p>Telephone: 02 9335 7000 Fax: 02 9335 7001 Website: www.kpmg.com.au</p>	<p><b>Share Registry</b></p> <p>Link Market Services Limited Level 19 324 Queen Street Brisbane QLD 4000</p> <p>Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au</p>

## CONTENTS

Directors' Report	4
Auditor's Independence Declaration	6
Consolidated Statement of Comprehensive Income	7
Consolidated Balance Sheet	8
Consolidated Statement of Changes in Equity	9
Consolidated Cash Flow Statement	10
Notes to the Consolidated Financial Statements	11-14
Directors' Declaration	15
Independent Auditor's Review Report	16-17

## DIRECTORS' REPORT

Your directors present their report on Chinalco Yunnan Copper Resources Limited for the half-year ended 31 December 2011.

### 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:

Norman Zillman	<i>(Co-Chairman)</i>
Zhihua Yao	<i>(Co-Chairman)</i>
Jason Beckton	<i>(Managing Director)</i>
Zewen (Robert) Yang	<i>(Executive Director)</i>

### REVIEW OF OPERATIONS

For the half-year ended 31 December 2011 the Company and its Controlled Entities ('Consolidated Entity') made a loss of \$807,689 (2010: \$1,008,868).

CYU has continued its two pronged strategy of project generation/acquisition and exploration of current projects that comprise high quality projects in the Mt Isa area in Queensland Australia, in Chile and in Northern Laos.

#### Australia

CYU has continued drilling during the period at the Elaine Prospect in the Mount Isa Region. CYU has previously completed an initial farm-in to earn a 70% interest in the project. Drilling focused on the new copper-gold-cobalt-light rare earth element zone with promising results to date. The company anticipates that it will be able to complete an initial JORC resource for the project in the first quarter of 2012.

In addition to the drilling at the Elaine project a small-scale diamond and reverse circulation drilling program was undertaken on the separate copper-cobalt-heavy rare earth element discovery at the Mount Dorothy project. Yunnan Copper Mineral Resources Exploration and Development Co. Ltd have during the period commenced work programs on the \$5million farm-in (to earn a 55% interest) at CYU's Cloncurry North copper project.

#### Chile

In the 2011 calendar year CYU entered into three joint ventures with Rio Tinto Exploration in Chile. In the reporting period drilling commenced, and is continuing, at the first of these the Candelabro project. Preparations are also underway at the Caramasa and Palmani porphyry properties with initial drilling programs to commence in 2012. A further CYU project in Chile is the Humitos Copper Porphyry in the Copiapo District of north Chile with tenure in a joint venture with Xstrata subsidiary Xstrata Copper Norte. Humitos comprises undrilled targets including an untested supergene horizon in the most prolific copper belt in the world, the Chilean Cordillera.

#### Laos

On 28 January 2011, the Company entered into an agreement with Yunnan Copper Industry (Group) Co Ltd (YCI) to acquire a 51% equity interest in Yunnan Copper San Mu Mining Industry Co Ltd (San Mu), a Chinese registered company with subsidiaries that own near-development copper silver projects in Northern Laos.

At a general meeting of the Company on 21 October 2011, shareholders approved this acquisition and CYU started the earn-in of the equity of San Mu by transferring the first tranche of share capital during the reporting period. The new San Mu management team has commenced extensive exploration programs at the projects in Northern Laos with drilling having commenced at the Jiuzhai project in December 2011 and at the Xinzhia subsequent to the end of the period.

### 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

On 7 February 2012, the Company signed a binding agreement with Xstrata Mount Isa Mines Limited (Xstrata Copper) to farm-in to the Mount Frosty project (EPM 14467) covering the Mary Kathleen shear zone, in far north west Queensland.

The key components of the agreement are:

- Total expenditures (over six years) of \$4.5 million to earn a 75% interest.
- Minimum expenditure commitment for the first year of \$250,000 and a minimum of 1,500m of drilling.
- CYU can earn up to 51% of the project by spending \$1.5 million within three years including 1,500m of drilling per annum.
- CYU can earn an additional 24% by spending a further \$3 million within three years.
- Xstrata Copper retains a right to buy back 26% of the project (to give Xstrata Copper 51% and CYU 49%) by paying 3 times the expenditure contributed by CYU in the stage two period.

There have been no other events since 31 December 2011 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 6 and forms part of the Director's report for the half-year ended 31 December 2011.

Signed in accordance with a resolution of the directors.



Jason Beckton  
Director  
2 March 2012



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Chinalco Yunnan Copper Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'M Epper'.

KPMG

A handwritten signature in black ink, appearing to read 'M Epper'.

Mark Epper  
*Partner*

Sydney  
2 March 2012

**Consolidated Statement of Comprehensive Income  
 For the half-year ended 31 December 2011**

	Note	Half-Year Ended 31 December 2011 \$	2010 \$
Revenue		198,243	139,089
Employment and consultancy expenses		(485,557)	(302,826)
Depreciation expense		(51,392)	(34,624)
Finance costs		(1,477)	(1,303)
Impairment of exploration expenditure		(192,044)	(544,220)
Project generation expenditure		(85,427)	(34,277)
Administration expenses		(614,439)	(230,707)
Share of equity accounted associate's profit	4	424,404	-
Loss before income tax		(807,689)	(1,008,868)
Income tax expense		-	-
Loss after income tax		(807,689)	(1,008,868)
<b>Other comprehensive loss</b>			
Foreign currency translation differences for foreign operations		31,113	(36,014)
Other comprehensive loss for the period, net of tax		31,113	(36,014)
<b>Total comprehensive loss for the period</b>		<b>(776,576)</b>	<b>(1,044,882)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>			
Basic loss per share		(0.47)	(0.92)
Diluted loss per share		(0.47)	(0.92)

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

**Consolidated Balance Sheet  
As at 31 December 2011**

	Note	31 December 2011 \$	30 June 2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,592,911	11,545,523
Trade and other receivables		544,393	207,502
Financial assets		1,091	1,091
Other current assets		144,733	54,731
<b>TOTAL CURRENT ASSETS</b>		<b>8,283,128</b>	<b>11,808,847</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables		64,400	29,635
Plant and equipment		273,263	275,455
Exploration expenditure		9,018,006	7,243,081
Investments in equity-accounted investee	4	1,343,626	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,699,295</b>	<b>7,548,171</b>
<b>TOTAL ASSETS</b>		<b>18,982,423</b>	<b>19,357,018</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		634,735	374,956
Interest bearing liabilities		21,358	27,459
Short-term provisions		110,836	56,603
<b>TOTAL CURRENT LIABILITIES</b>		<b>766,929</b>	<b>459,018</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities		-	4,922
		-	4,922
<b>TOTAL LIABILITIES</b>		<b>766,929</b>	<b>463,940</b>
<b>NET ASSETS</b>		<b>18,215,494</b>	<b>18,893,078</b>
<b>EQUITY</b>			
Share capital	2	25,206,229	25,169,630
Reserves		374,476	280,970
Accumulated losses		(7,365,211)	(6,557,522)
<b>TOTAL EQUITY</b>		<b>18,215,494</b>	<b>18,893,078</b>

*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 half-year ended 31 December 2011**

<b>Consolidated Entity</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	11,212,656	242,486	(4,527,815)	6,927,327
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	1,500,000	-	-	1,500,000
Share issue costs	(102,222)	-	-	(102,222)
Share-based payment expense	-	78,462	-	78,462
<b>Comprehensive income</b>				
Loss after income tax	-	-	(1,008,868)	(1,008,868)
Other comprehensive income	-	(36,014)	-	(36,014)
<b>Balance at 31 December 2010</b>	12,610,434	284,934	(5,536,683)	7,358,685
<b>Balance at 1 July 2011</b>	25,169,630	280,970	(6,557,522)	18,893,078
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	-	-	-	-
Recover of share issue costs*	36,599	-	-	36,599
Share-based payment expense	-	62,393	-	62,393
<b>Comprehensive income</b>				
Loss after income tax	-	-	(807,689)	(807,689)
Other comprehensive income	-	31,113	-	31,113
<b>Balance at 31 December 2011</b>	25,206,229	374,476	(7,365,211)	18,215,494

\* Represents GST recovered on capital raising costs incurred in the previous financial year.

**Consolidated Cash Flow Statement  
 For the half-year ended 31 December 2011**

	Note	Half-Year Ended 31 December 2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from government grants		-	117,956
Payments to suppliers and employees		<b>(1,180,758)</b>	(326,655)
Interest received		<b>186,986</b>	21,133
Interest paid		<b>(1,477)</b>	(1,303)
Net cash used in operating activities		<b>(995,249)</b>	(188,869)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security deposit refunds/(payments)		<b>(15,441)</b>	7,500
Payments for plant & equipment		<b>(103,788)</b>	(1,292)
Acquisition of an equity accounted investee		<b>(919,222)</b>	-
Payments for exploration and evaluation		<b>(2,828,054)</b>	(1,167,711)
Exploration expenditure amounts reimbursed by joint venture partners		<b>738,677</b>	-
Net cash used in investing activities		<b>(3,127,828)</b>	(1,161,503)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	1,500,000
Capital raising costs refunded/(paid)		<b>36,599</b>	(81,722)
Receipts from finance lease receivable		<b>8,405</b>	-
Payment of finance leases		<b>(11,023)</b>	(4,787)
Net cash provided by financing activities		<b>33,981</b>	1,413,491
Net increase/(decrease) in cash and cash equivalents		<b>(4,089,096)</b>	63,119
Net foreign exchange differences		<b>136,484</b>	(36,014)
Cash and cash equivalents at the beginning of the period		<b>11,545,523</b>	1,585,996
<b>Cash and cash equivalents at the end of the period</b>		<b>7,592,911</b>	1,613,101

*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

### Reporting Entity

The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2011, covers the Consolidated Entity of Chinalco Yunnan Copper Resources Limited ("the Company") and its controlled entities (together referred to as the "Consolidated Entity").

Chinalco Yunnan Copper Resources Limited is a listed public company, incorporated and domiciled in Australia.

### 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 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 30 June 2011.

This consolidated interim financial report was approved by the Board of Directors on 2 March 2012.

### Accounting Policies

The accounting policies 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 30 June 2011.

### Estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

### Going Concern

The financial report has been prepared on a going concern basis. The directors are of the opinion that the going concern assessment is appropriate for 12 months after the signing of the financial report based on:

- Existing cash reserves which are expected to be sufficient funding for CYU to meet minimum expenditure requirements for the tenements held and to meet the other company expenditure obligations as and when they fall due;
- The success of prior capital raisings; and
- The potential to farm-out interests in projects.

The Company will be reliant on future successful capital raisings to ultimately realise the benefits of the capitalised exploration costs. The directors are confident of securing funds as and when necessary to meet the Consolidated Entity's exploration and other obligations as and when they fall due.

December  
2011  
\$

June  
2011  
\$

## NOTE 2 SHARE CAPITAL

Fully paid ordinary shares	25,206,229	25,169,630
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### Ordinary Shares

	December 2011 \$	June 2011 \$	December 2011 Number	June 2011 Number
At the beginning of the period	25,169,630	11,212,656	173,358,308	108,662,533
Share purchase plan <sup>(1)</sup>	-	1,500,000	-	10,000,000
Share placement <sup>(2)</sup>	-	13,126,986	-	54,695,775
Share issue expenses recovered <sup>(3)</sup>	36,599	(670,012)	-	-
At reporting date	25,206,229	25,169,630	173,358,308	173,358,308

<sup>(1)</sup> A total of 10,000,000 shares were issued during the period through a share purchase plan at 15 cents per share.

<sup>(2)</sup> A total of 54,695,775 shares were issued during the period through a share placement at 24 cents per share.

<sup>(3)</sup> Represents GST recovered on capital raising costs incurred in the previous financial year.

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 3 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 31 December 2011.

## NOTE 4 INVESTMENTS IN EQUITY-ACCOUNTED investee

On 28 January 2011, the Company entered into an agreement with Yunnan Copper Industry (Group) Co Ltd (YCI) to acquire up to 51% equity interest in Yunnan Copper San Mu Mining Industry Co Ltd (San Mu), a Chinese registered company holding subsidiaries that own near-development copper silver projects in Northern Laos.

At a general meeting of the Company on 21 October 2011, shareholders approved this acquisition.

The acquisition will occur in three stages over a 12 month period. During the current period, the Company acquired an equity interest of 25.6% in San Mu for an initial investment of the AUD\$ equivalent of RMB5,907,471. The Company will acquire a further 15.4% interest after the second stage payment of the AUD\$ equivalent of RMB6,000,000 and the residual 10% interest will be acquired after the third stage payment of the AUD\$ equivalent of RMB5,920,229.

Final approvals were granted in December 2011 and the Company was allotted the first stage of shares on 23 December 2011 (acquisition date). The Company had a registered interest of 25.6% in San Mu at both the acquisition date and at 31 December 2011.

Details of the financial information of San Mu are as follows:

Associate	Activity	Ownership Interest %		Share of net profit	
		Dec 2011	Dec 2010	Dec 2011 \$	Dec 2010 \$
Yunnan Copper San Mu Mining Industry Co Ltd	Mineral Exploration	25.6	-	424,404*	-

\* This amount represents the excess of the Consolidated Entity's (CYU) share of the net fair value of San Mu's identifiable assets and liabilities over the cost of the investment. As required by accounting standards, this amount is included as income in the determination of the CYU's share of San Mu's profit or loss for the period under acquisition (from 23 December 2011 to 31 December 2011).

San Mu's actual profit for the period from 23 December 2011 to 31 December 2011 was \$Nil.

## NOTE 5 SEGMENT REPORTING

### Reportable Segments

The principal geographical areas of operation of the Consolidated Entity are as follows:

- Chile
- Laos
- Australia

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

### Segment Revenues and Results

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review.

Half-Year Ended 31 December 2011	Chile \$	Laos \$	Australia \$	Consolidated \$
<b>Revenue:</b>				
Revenue from outside the Consolidated Entity	-	-	198,243	198,243
Other unallocated revenue	-	-	-	-
<b>Total Revenue</b>				198,243
Segment result	(307,897)	-	(924,196)	(1,232,093)
Gain on acquisition of equity accounted investment	-	-	-	424,404
Income tax	-	-	-	-
<b>Net Loss</b>				(807,689)
<u>Non-cash items included in loss above:</u>				
Depreciation and amortisation	3,586	-	47,806	51,392
Share based payments	-	-	62,393	62,393
Impairment of exploration expenditure	-	-	192,044	192,044
<b>Assets:</b>				
Segment assets	1,892,927	1,343,626	15,745,870	18,982,423
Unallocated corporate assets				-
<b>Consolidated Total Assets</b>				18,982,423
<b>Liabilities:</b>				
Segment liabilities	29,354	-	737,575	766,929
Unallocated corporate liabilities				-
<b>Consolidated Total Liabilities</b>				766,929
<u>Segment acquisitions:</u>				
Acquisition of property, plant and equipment	49,242	-	54,546	103,788
Capitalised exploration expenditure	420,311	-	2,441,894	2,862,205
<u>Details on non-current assets:</u>				
Trade and other receivables	12,241	-	52,159	64,400
Plant and equipment	45,602	-	227,661	273,263
Exploration expenditure	1,156,800	-	7,861,206	9,018,006
Equity accounted investments	-	1,343,626	-	1,343,626

**NOTE 5 SEGMENT REPORTING (continued)**

<b>Half-Year Ended 31 December 2010</b>	<b>Chile</b> \$	<b>Laos</b> \$	<b>Australia</b> \$	<b>Consolidated</b> \$
<b>Revenue:</b>				
Revenue from outside the Consolidated Entity	-	-	139,089	139,089
Other unallocated revenue	-	-	-	-
<b>Total Revenue</b>				139,089
Segment result	(47,576)	-	(961,292)	(1,008,868)
Income tax	-	-	-	-
<b>Net Loss</b>				(1,008,868)
<u>Non-cash items included in loss above:</u>				
Depreciation and amortisation	-	-	(34,624)	(34,624)
Share based payments	-	-	(78,462)	(78,462)
Impairment of exploration expenditure	-	-	(544,220)	(544,220)
<b>Assets:</b>				
Segment assets	263,491	-	7,631,204	7,894,695
Unallocated corporate assets				-
<b>Consolidated Total Assets</b>				7,894,695
<b>Liabilities:</b>				
Segment liabilities	5,364	-	530,646	536,010
Unallocated corporate liabilities				-
<b>Consolidated Total Liabilities</b>				536,010
<u>Segment acquisitions:</u>				
Acquisition of property, plant and equipment	-	-	54,059	54,059
Capitalised exploration expenditure	162,724	-	1,097,733	1,260,456
<u>Details on non-current assets:</u>				
Trade and other receivables	-	-	36,695	36,695
Plant and equipment	-	-	240,487	240,487
Exploration expenditure	388,019	-	5,511,580	5,899,598

**NOTE 6 EVENTS AFTER BALANCE SHEET DATE**

On 7 February 2012, the Company signed a binding agreement with Xstrata Mount Isa Mines Limited (Xstrata Copper) to farm-in to the Mount Frosty project (EPM 14467) covering the Mary Kathleen shear zone, in far north west Queensland.

The key components of the agreement are:

- Total expenditures (over six years) of \$4.5 million to earn a 75% interest.
- Minimum expenditure commitment for the first year of \$250,000 and a minimum of 1,500m of drilling.
- CYU can earn up to 51% of the project by spending \$1.5 million within three years including 1,500m of drilling per annum.
- CYU can earn an additional 24% by spending a further \$3 million within three years.
- Xstrata Copper retains a right to buy back 26% of the project (to give Xstrata Copper 51% and CYU 49%) by paying 3 times the expenditure contributed by CYU in the stage two period.

There have been no other events since 31 December 2011 that impact upon the financial report.

## DIRECTORS' DECLARATION

In the Directors opinion:

- (a) the attached financial statements and notes as set out on pages 7 to 14 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Equivalents to International Reporting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Jason Beckton  
Director

2 March 2012



## **Independent auditor's review report to the members of Chinalco Yunnan Copper Resources Limited**

We have reviewed the accompanying half-year financial report of Chinalco Yunnan Copper Resources Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated balance sheet as at 31 December 2011, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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's 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 control as the directors determine is 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 half-year 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 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Chinalco Yunnan Copper Resources Limited, 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*.





*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 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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KPMG

A handwritten signature in black ink, appearing to be 'M'.

Mark Epper  
*Partner*

Sydney

2 March 2012