

To: Business Editor (For immediate release)



中國礦業資源集團有限公司
China Mining Resources Group Limited

(Stock Code: 340)

ANNOUNCES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

TURNOVER UP 2,793.4% TO HK\$287,029,000
GROSS PROFIT UP 2,427.2% TO HK\$138,466,000

STRONG CASH BALANCE PROVIDES SOLID FOUNDATION FOR FUTURE GROWTH

<u>Financial Highlights</u>	For the Six Months Ended 30 June 2008 (HK\$'000)		
	2008	2007	Change (%)
Turnover	287,029	9,920	+2,793.4 %
Gross Profit	138,466	5,479	+2,427.2 %
Gross Profit Margin	48.2 %	55.2 %	-7.0 ppt
Loss from Operations	(824,794)	(3,972)	-
Net Loss	(465,239)	(2,598)	-
EBITA before Impairment	108,326	(3,208)*	-
Loss Per Share - Diluted	(7.71) cents	(0.05) cents	-

* EBITA for the year ended 30 December 2007

(Hong Kong, 29 September, 2008) – China Mining Resources Group Limited (“China Mining” or the “Group”) (Stock Code: 340), a leading player in mining and metal products processing industry in China, today announced its interim results for the six months ended 30 June, 2008 (the “Period”).

During the Period, the Group recorded a consolidated turnover of HK\$287,029,000 (1H2007: HK\$9,920,000), representing an increase of 2,793.4% as compared to the corresponding period last year. The increase was mainly attributable to the consolidation of the results of Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”) following the acquisition of a 75.08% equity interest in Harbin Songjiang in July 2007. Molybdenum represented approximately 75.6% of total turnover while copper and zinc represented approximately 17.8% of total turnover during the Period.

During the Period, gross profit of the Group amounted to HK\$138,466,000 (1H2007: HK\$5,479,000), representing an increase of 2,427.2% as compared to the corresponding period last year. Gross margin was 48.2% (1H2007: 55.2%). Revenue and profit contribution of the mining business was attributable to the Group from the second half year of 2007 only.

During the Period, loss from operations and net loss amounted to HK\$824,794,000 (1H2007: loss of HK\$3,972,000) and HK\$465,239,000 (1H2007: loss of HK\$2,598,000), respectively. The loss in profit was mainly due to a provision of a one-time, non-cash impairment on fixed assets and construction in progress of HK\$34,348,000 (attributable to equity shareholders of HK\$22,902,000) and on intangible assets of HK\$828,733,000 (attributable to equity shareholders of HK\$428,209,000) were made during the Period. The impaired assets had no significant contribution to the Group’s turnover during the Period. EBITA before the impairment for the Period was HK\$108,326,000 (2007: loss of HK\$3,208,000).

Mr. Cai Yuan, Chairman of China Mining, said, “We have successfully transitioned into a mining and resource company through the Harbin Songjiang acquisition in 2007. During the Period, the Group strived to enhance production capabilities while focusing on cost controls at the Harbin Songjiang mine. Leveraging on our existing mineral assets and the Group’s industry expertise, we are confident to further enhance our production capabilities and increase the Group’s profitability.”

Mr. Cai continued, “China has become one of the fourth top global consumers of molybdenum, with demand growing faster than in the European Union, the US and Japan. China’s major molybdenum products are roasted molybdenum concentrate and ferromolybdenum, with the primary demand coming from the steel industry. Moreover, in view of the Group’s strong cash position, we will prudently increase our natural resources assets to further bolster our position in the mining industry, creating maximized value for our shareholders.”

Review of Operations

Harbin Songjiang

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People’s Republic of China (“PRC”) and specializes in the mining and processing of molybdenum, copper and zinc of which molybdenum accounts for the majority of its production and earnings. Harbin Songjiang contributed HK\$274,613,000 and HK\$48,757,000 to the Group’s turnover and loss for the period respectively for the six months ended 30 June 2008. The loss for the Period was mainly due to the Group recognized a charge of HK\$63,184,000 for the impairment of Harbin Songjiang Group’s assets and HK\$51,126,000 in amortization expense for intangible assets as a result of recognizing the fair market value of mining rights from the Harbin Songjiang acquisition.

Please note that “Year ended 31 December 2007” in the following section — “Turnover” and “Cost of Sales and Gross Profit” representing the period from the Harbin Songjiang acquisition to 31 December 2007 unless otherwise stated.

Turnover

During the Period, revenue generated from ferro molybdenum, copper and zinc were HK\$216,892,000, HK\$51,164,000 and HK\$6,557,000 respectively.

The average selling prices for ferro molybdenum and copper were HK\$308,800 per tonne and HK\$53,162 per tonne (Year ended 31 December 2007: HK\$292,989 per tonne and HK\$46,600 per tonne) respectively. The production volume of ferro molybdenum during the Period was 1,067 tonnes as compared with 1,234 tonnes for the same period in 2007 before the Harbin Songjiang acquisition. The decrease in output of molybdenum was mainly due to lower in average grade in the sector exploited.

Cost of Sales and Gross Profit

During the Period, the cost of sales of Harbin Songjiang Group attributable to the Group was HK\$143,438,000 and the gross profit margin was 48.0% (Year ended 31 December 2007: 27.2%). The gross profit margin of Harbin Songjiang for the year ended 31 December 2007 was 59.3%, when excluding the one-off fair value adjustment on inventory of HK\$216,647,000. During the Period, the gross profit margin decreased from 59.3% for the year ended 31 December 2007 to 48.0% was mainly due to the increase in export tariff on ferro molybdenum from 10% to 20% which took effect from 1 January 2008.

Rutile Mining

The rutile mine owned by the Group covers an area of two square kilometers with an estimated exploitation potential of approximately 1.9 million tonnes. Depending on the development of the market conditions, the construction of the rutile mine as held by the Group will be temporarily suspended due to the increase in construction costs and land premium in respect to the premises on which the rutile mine plant is situated and the neighboring land area, and the decrease in market price of rutile related products.

In this respect, the directors of China Mining had decided to take a conservative view and make an impairment provision of HK\$799,897,000 for the Group’s investment in the rutile business.

Umbilical Cord Blood Storage

During the Period, the umbilical cord blood storage service business grew 25% as a result of increase in service fee and number of customers.

Prospects

The first half of 2008 has been a difficult period for the Group. For the Harbin Songjiang Group, the quality of mineral resources extracted from Nuoergai Copper Mine located in Inner Mongolia was not satisfactory and the exploration results in certain locations in Inner Mongolia were not proved to be commercially viable,

accordingly, impairment provisions have been made on the related assets. In addition, as announced on 17 September 2008, the operations of the copper and zinc mine of Harbin Songjiang Group have been suspended as the copper mine is an aged mine which requires more attention and care in terms of production safety. Harbin Songjiang Group is currently performing safety inspections on its operations and believes that the copper mine shall resume operation before the second half of next year. For the rutile mine located in Shanxi, the development is temporarily suspended due to unfavorable market conditions. The Group, however, will confront these difficulties positively as it actively looks for the best solutions to minimize the negative impact to the Group.

Notwithstanding the above difficulties, the directors of the Group have strong confidence in the Group's future. The Group will continually grow steadily taking into account the strong fundamentals and capabilities. The Group currently holds approximately HK\$1.1 billion cash on hand and has a low gearing ratio of 10.0%. The molybdenum mine of Harbin Songjiang Group is still an excellent cash generating asset to the Group. The directors of the Group believe that it is a good opportunity for mergers & acquisitions in this declining global commodity market. Therefore, the Group is actively look for attractive mergers and acquisitions opportunities which can best utilize the Group's cash and expertise in mining. The Group will continue its effort to become a leading player in the mining sector in Asia.

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About China Mining Resources Limited (Stock Code: 340)

China Mining is principally engaged in the business of exploration and mining of natural resources, including molybdenum, copper, zinc and natural rutile. The Group's core holding includes a 57% equity interest in Lead Sun Investment Limited, a company primarily engaged in the mining and processing of rutile and related products, and a 75.08% equity interest in Harbin Songjiang, a leading miner and processor of molybdenum, copper and zinc.

Released by **Elite Investor Relations** for and on behalf of **China Mining Resources Limited**.

For further information, please contact:

Investor Relations:

Ms. Joanna Rui
Tel.: (852) 3183 0229
Fax: (852) 2155 9165
Email: joanna.rui@elite-ir.com

Media Relations:

Mr. Bunny Lee
Tel.: (852) 3183 0282
Fax: (852) 2155 9165
Email: bunny.lee@elite-ir.com