

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 2010

**CONTINUE TO UTILIZE EXPERTISE AND RESOURCES IN EXPLORING NEW OPPORTUNITIES IN THE
NATURAL RESOURCES INDUSTRY**

Financial Highlights	For the Six Months Ended 30 June 2010		
	(HK\$'000)		
	2010	2009	Change (%)
Revenue	90,678	65,728	38%
Gross Profit	14,866	34,319	-57%
Gross Profit Margin	16%	52%	-36 ppt
Net Loss	(516,147)	(15,938)	+3138%
(LBITDA)/EBITDA before Impairment	(20,447)	79,908	-
(Loss) earning per share - Diluted	(7.74) cents	0.13 cent	-

(Hong Kong, 25 August, 2010) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today announced its interim results for the six months ended 30 June, 2010 (the “Period”).

During the Period, the Group recorded a consolidated revenue of HK\$90,678,000 (six months ended 30 June 2009: HK\$65,728,000), an increase of 38% over the corresponding period in 2009. The higher first half 2010 revenue were primarily due to a full six month results from the tea business revenue which generated from King Gold Investments Limited (“King Gold”) and its subsidiaries (“King Gold Group”) as the Group has commenced its tea business since 30 April 2009 after the acquisition of 80% interest in King Gold Group.

During the Period, net loss attributable to owners of the Company amounted to HK\$495,055,000 (six months ended 30 June 2009: profit of HK\$8,286,000). In particular, the loss was mainly attributable to the impairment losses of HK\$444,218,000 on goodwill and the impairment losses of HK\$44,091,000 on brand name (attributable to owners of the Company of which HK\$35,273,000) in respect of the tea business. On exclusion

of the above impairment losses, the Group's loss before interest, taxes, depreciation and amortisation ("LBITDA") was HK\$20,447,000 for the six months ended 30 June 2010 as compared to earning before interest, tax, depreciation and amortization ("EBITDA") of approximately HK\$79,908,000 for the corresponding period in the previous financial year.

Mr. Chen Shou Wu, CEO of China Mining, said: "Looking forward, the Group will continue to capture any opportunities to expand its business in the mining and tea business sectors, by way of strategic layout optimizations. Meanwhile, the Group will actively look for attractive merger and acquisition opportunities domestically and internationally and strive to extend our business reach and enhance the profitability to maximize our shareholders' value".

Review of Operations

Harbin Songjiang

Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang") is based in Harbin, Heilongjiang Province, the People's Republic of China (the "PRC") and specialises in the mining and processing of molybdenum, copper and zinc, of which molybdenum accounts for the majority of its production and earnings.

Harbin Songjiang and its subsidiaries ("Harbin Songjiang Group") contributed HK\$43,941,000 (six months ended 30 June 2009: HK\$36,501,000) and HK\$12,129,000 (six months ended 30 June 2009: HK\$81,239,000) to the Group's turnover and loss respectively for the six months ended 30 June 2010.

Revenue

Mining business revenue for the six months ended 30 June 2010 increased by 20% to HK\$43,941,000 compared to corresponding period in the previous financial year. The increase was mainly attributable to the moderate recovery of the silicon market in PRC in the first half of 2010, the average selling price of silicon for the first half of 2010 was HK\$11,369 per tonne, up by 17% compared with the first half of 2009. In view of the recovery of the silicon market, the directors of the Company determined to sell out the silicon inventories to realise profit in the current period. As a result, the silicon turnover increased by HK\$9,747,000 to HK\$9,849,000 for the first half of 2010.

Revenue generated from ferro molybdenum, copper and zinc and others which included silicon, iron and rutile were HK\$29,968,000, HK\$4,124,000 and HK\$9,849,000 (six months ended 30 June 2009: HK\$29,352,000, HK\$7,047,000 and HK\$102,000), respectively. The average selling prices for ferro molybdenum was HK\$172,230 per tonne (six months ended 30 June 2009: HK\$109,933 per tonne).

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2010 was HK\$40,075,000 (six months ended 30 June 2009: HK\$20,882,000) and the gross profit margin was 9% (six months ended 30 June 2009: 43%). The decrease in gross profit margin was primarily due to the relatively higher unit cost of production of ferro molybdenum and silicon which sold during the period.

King Gold Group

The Group commenced its tea business in 30 April 2009 after the acquisition of 80% interest in King Gold by the Group. King Gold Group is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products are widely distributed throughout the country under the brand names of “武夷” and “武夷星”, which are well-recognised in the PRC as premium tea products.

King Gold Group contributed HK\$46,737,000 and HK\$482,614,000 to the Group's turnover and loss for the six months ended 30 June 2010 respectively. During the post acquisition period of first half 2009, King Gold group contributed approximately HK\$29,227,000 and HK\$18,700,000 to the Group's turnover and profit respectively. The loss in the first half 2010 was mainly due to the unexpected natural disasters of ice frozen and flood which took place in the period in the Group's Wuyishan (“武夷山”) production sites. As a result of the unexpected natural disasters, there was a significant increase in the cost of raw materials (being the tea leaves) of the tea products, which had led to significant decrease in gross profit margin and sales volume for the six months ended 30 June 2010 when compared with the full 6 months results of first half of 2009. In addition, impairment losses of approximately HK\$444,218,000 and HK\$44,091,000 were recognised in the consolidated statement of comprehensive income for the goodwill and brand name respectively during the period.

Revenue

For the six months ended 30 June 2010, King Gold Group generated a revenue of HK\$46,737,000. This represented an increase of HK\$17,510,000 or 60% in revenue when compared with the HK\$29,227,000 revenue which generated in the post acquisition period of first half 2009. The increase was mainly attributable to the first half of 2010 result representing six months operations while the first half of 2009 result only representing post acquisition period of two months.

Cost of Sales and Gross Profit

The cost of sales of King Gold Group increased from HK\$10,527,000 for the post acquisition period in the first half 2009 to HK\$35,737,000 for the six months ended 30 June 2010. The average gross profit margin for current period was 24%, compared to 64% in the same period last year. The decrease in gross profit margin was mainly caused by the sharp increase in the purchase price of the raw materials being the tea leaves due to natural disasters as mentioned in above.

Impairment losses on goodwill and brand name

Goodwill and brand name are allocated to the Group's tea business cash-generating unit and they are arising from the acquisition of King Gold Group in 2009. In view of the deterioration of the Group's tea business for the six months ended 30 June 2010 caused by the aforementioned unexpected natural disasters, the directors of the Company determine that there is impairment indication of the goodwill and brand name of King Gold Group. A valuation was performed on a cash flow projection basis. Accordingly, impairment losses in respect of the goodwill and brand name of HK\$444,218,000 and HK\$44,091,000, respectively, were recognised in the consolidated statement of comprehensive income during the six period ended 30 June 2010.

Prospects

After facing grim conditions of the suspension of the production of molybdenum mine in the first eight months of 2009, the mining business has been recovered in the first half 2010. The Group has maintained a stable mining production scale and steady sales for the past six months. The group strategically continues to increase its natural resources assets and production capabilities to enhance our position in mining industry.

However the tea business has encountered unprecedented enormity natural disasters in the first half of 2010. The unexpected ice frozen and flood which took place in the Company's Wuyishan production site, has seriously affected the tea business performance in the first half of 2010. Moreover, we anticipate the competition in China's tea market will still be fierce. As one of the key national agricultural industrialized tea producers in China we believe the only way to inspire confidence in consumers is by providing them high-quality tea products that are reliable and safe. Through brand-building and further developing retail market in China, we will be able to enlarge our market share and enhance our competitive strengths.

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About China Mining Resources Group Limited (Stock Code: 340)

China Mining is principally engaged in the business of exploration and mining of natural resources, including molybdenum, copper and zinc and cultivating and sales of tea products. The Group's core holding a 75.08% equity interest in Harbin Songjiang, a leading miner and processor of molybdenum, copper and zinc, and a 80% equity interest in King Gold Group, which is principally engaged in cultivation, research, production, and sale of Chinese tea products.

Released by China Mining Resources Group Limited