

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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

Financial Highlights	For the Year Ended 31 December 2009		
	(HK\$'000)		
	2009	2008	Change (%)
<i>Continuing operation</i>			
Turnover	250,103	493,767	-49%
Gross Profit	120,631	47,079	156%
Gross Profit Margin	48%	10%	+38 ppt
<i>Discontinuing operation</i>			
Turnover	0	25,037	-
Gross Profit	0	16,033	-
Net Loss	(318,355)	(3,174,608)	-90%
EBITA before Impairment	236,138	135,008	-
loss per share - Diluted	(5.2) cents	(52.7) cents	-

(Hong Kong, 15 April, 2010) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today announced its annual results for the year ended 31 December, 2009 (the “Year”).

During the Year, the Group recorded a consolidated revenue of HK\$250,103,000 (2008: HK\$493,767,000) and gross profit of HK\$120,631,000 (2008: HK\$47,079,000) from continuing operations, representing a decrease of 49% and increase of 156% respectively as compared with last year. The decrease in revenue was mainly due to significant fall of mining business revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”), partially offset by new revenue contributed by the tea business as a result of the acquisition of 80% interest in King Gold Investments Limited (“King Gold”) (the “Acquisition”) and its subsidiaries (“King Gold Group”) during the year.

During the Year, the Group's loss attributable to owners of the Company amounted to HK\$318,355,000 (2008: loss HK\$3,174,608,000). In particular, the loss was mainly attributable to the impairment losses of HK\$452,766,000 on exploration and evaluation assets and other intangible assets (HK\$339,937,000 attributable to owners of the Company) and the impairment losses on property, plant and equipment and prepaid lease payments of HK\$149,463,000 (HK\$112,217,000 attributable to owners of the Company). On exclusion of the above impairment losses, the Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year was HK\$236,138,000 (2008: HK\$135,008,000).

Mr. Chen Shou Wu, CEO of China Mining, said: "In light of the gradual recovery of the global economy in 2010, in particular, the strong economic growth in PRC, the Group will seize this opportunity to further develop its mining and tea business operations in PRC, and enhance market competitiveness to improve the market shares. Moreover, 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 Group

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 Group contributed HK\$104,290,000 (2008: HK\$493,767,000) and HK\$547,021,000 (2008: HK\$1,991,094,000) to the Group's revenue and loss respectively for the year ended 31 December 2009. The loss for the year was mainly due to: (1) impairment losses in aggregate of HK\$452,766,000 was made for exploration and evaluation assets and other intangible assets (2008: HK\$2,493,981,000); (2) impairment losses in aggregate of HK\$149,463,000 (2008: HK\$648,483,000) was made for property, plant and equipment and prepaid lease payments.

Revenue

Mining business revenue for the year ended 31 December 2009 decreased by HK\$389,477,000 or 79% to HK\$104,290,000 in 2009 from HK\$493,767,000 in 2008. The reduction is triggered by the plunge in selling price, as evidence from a nearly 68% drop in unit average selling price of ferro molybdenum for the year 2009 as compared with last year. The impact of price decrease was coupled with a reduction in sales volume. In the view of the decrease in market price, the management of Harbin Songjiang Group strategically slackens its selling efforts until the market price recovering. Accordingly, the sales volume of ferro molybdenum decreased from 1,078 tonnes in 2008 to 527 tonnes in 2009. Furthermore as stated in the annual report of the Company for the financial year ended 31 December 2008 (the "2008 Annual Report"), the management of Harbin Songjiang Group has suspended the production of molybdenum mine for maintenance and improvement from December 2008, which were precautionary measures taken in relation to discovery of the subsidence of a small area of land above the hollow section of the molybdenum mine on 14 December 2008. The production of molybdenum mine was resumed in August 2009, however, its production capacity decreased following the land reclamation and cavity refill

activities carried out during maintenance and improvement. The production volume of ferro molybdenum for the year was 880 tonnes for four months in 2009 as compared to 4,121 tonnes in 2008, and the inventory balance of ferro molybdenum was 974 tonnes as at 31 December 2009 (2008: 621 tonnes).

Revenue generated from ferro molybdenum, copper and zinc and others were HK\$63,582,000 (2008: HK\$400,517,000), HK\$31,477,000 (2008: HK\$77,751,000) and HK\$9,231,000 (2008: HK\$15,499,000) respectively. The average selling prices for ferro molybdenum and copper in 2009 were HK\$120,649 per tonne and HK\$36,780 per tonne (2008: HK\$371,559 per tonne and HK\$60,917 per tonne), respectively.

The sales volume of copper and zinc have decreased by 476 tonnes and 838 tonnes, respectively (Copper: from 1,146 tonnes in 2008 to 670 tonnes in 2009; Zinc: from 838 tonnes in 2008 to nil in 2009) due to decrease in output as a result of aging of the copper and zinc mine (the "Copper Mine").

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group decreased from HK\$446,688,000 in 2008 to HK\$86,230,000 in 2009. The average gross profit margin was 17% in 2009 (2008: 10%). The increase in average gross profit margin was mainly due to the provision made for a one-off land reclamation and cavity refill costs in the amount of HK\$140,967,000 for the molybdenum mine in year 2008. Excluding this one-off adjustment, Harbin Songjiang Group's gross profit margin decreased from 38% in 2008 to 17% in 2009, which was primarily due to the significant decrease in the selling price of ferro molybdenum in year 2009.

King Gold Group

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

The completion of the acquisition during the year provided the Group with an immediate revenue stream and cash inflow. During the post-acquisition period, King Gold Group contributed HK\$145,813,000 and HK\$69,754,000 to the Group's revenue and profit for the year ended 31 December 2009 respectively.

Revenue

For the financial year ended 31 December 2009, King Gold Group generated a revenue of HK\$184,044,000 (2008: HK\$75,205,000). This represented an increase of HK\$108,839,000 or 145% in revenue when compared with last year. The increase was mainly attributable to (1) a significant growth in sales volume of tea products of 899 tonnes or 248% in 2009 (from 363 tonnes in 2008 to 1,262 tonnes in 2009). (2) increased sales of superior products of Da Hong Pao (大紅袍) in 2009. There are two major tea product lines in King Gold Group: (i) the superior products of Da Hong Pao, the profit margin of which ranging from 70% to 80%; and (ii) the normal tea products, the profit margin of which is relative lower ranging from approximately 40% to 45%. The revenue generated from the superior tea products of Da Hong Pao (大紅袍) accounted for 58% of the total tea product revenue for the year, representing an increase of 21% compared to last year (2008: 37%) as the superior products of Da Hong Pao had received good market recognition during the year.

Cost of Sales and Gross Profit

The cost of sales of King Gold Group increased from HK\$35,193,000 in 2008 to HK\$62,335,000 in 2009. The average gross profit margin was 66%, representing an increase of 13% as compared with 53% in the last year. The increase in gross profit margin was mainly attributable to the increased sales of high profit margin superior products of Da Hong Pao in 2009.

Rutile Mining

The rutile mine owned by Shanxi Shenli Aerospace Titanium Company Limited, a subsidiary of the Company, covers an area of two square kilometers with an estimated exploitation potential of approximately 1,900,000 tonnes.

As stated in the 2008 Annual Report, the increase in construction costs and land premium in respect of the premises on which the plant of the rutile mine is to be situated and the neighboring land area, as well as the decrease in market price of rutile related products, it is difficult to predict whether the rutile mine will become economic in coming future. Accordingly, the Company disposed of the mining right of the rutile mine, the related processing and production plant, the prepaid lease payments, and certain liabilities in December 2009.

In addition, as stated in the 2008 Annual Report, there are disputes between two former shareholders of Top Rank International Group Limited which owns 90% equity interest in Shanxi Shenli Aerospace Titanium Company Limited, the company which holds the rutile mine.

Investments in Canada listed mining companies and other securities

The Group invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income during the year ended 31 December 2009.

The Group has disposed through the market the shares of several Canada listed companies and other securities and has realised a net gain of approximately HK\$71,500,000 during the year ended 31 December 2009.

Acquisition and disposal of convertible notes of China Shen Zhou Mining and Resources, Inc.

The Group has acquired from Citadel Equity Fund Ltd. 6.75% senior convertible notes due 2012 in the principal amount of US\$28,000,000 (the "Convertible Notes") issued by China Shen Zhou Mining & Resources, Inc ("CSZ"), whose shares are listed on NYSE Amex, for a total consideration of US\$7,000,000 on 9 April 2009. The Group has subsequently disposed the Convertible Notes at the consideration of US\$9,000,000 and has realised a net gain of approximately HK\$15,378,000 in August 2009.

Prospects

2009 was a challenging year for the Group, as the production of molybdenum mine was suspended for maintenance and improvement in the first eight months of the year and the output of the Copper mine were decreasing as a result of aging of the mine.

The Group has tackled the challenges squarely and effectively last year and the management has done their utmost to mitigate various downside of the business. The operation of the molybdenum mine has been resumed at the end of August 2009. Furthermore, the Group completed the previously announced acquisition of King Gold Group and the Convertible Notes. King Gold Group has contributed an immediate stream of revenue of approximately HK\$145,813,000 and profit of HK\$69,754,000 to the Group's results for the period between the date of acquisition to 31 December.

On the other hand, the Group has dedicated to implement strict internal cost-saving controls during the year, to maintain sound operation status and healthy financial position. As at the end of year 2009, the Group still had sufficient financial resources which enabled the Group to operate smoothly and satisfy the liquidity need from production capacity expansion.

— End —

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, zinc and natural rutile and cultivating and sales of tea. The Group's core holding includes a 57% equity interest in Lead Sun Investments Limited, a company primarily engaged in the mining and processing of rutile and related products, 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. In prior year, the Group was also engaged in the provision of cord blood bank and relevant laboratory service which was discontinued on 21 November 2008.

Released by China Mining Resources Group Limited