

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 2009

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

Financial Highlights	For the Six Months Ended 30 June 2009		
	(HK\$'000)		
	2009	2008	Change (%)
<i>Continuing operation</i>			
Turnover	65,728	274,613	-76%
Gross Profit	34,319	131,175	-74%
Gross Profit Margin	52%	48%	+4%
<i>Discontinuing operation</i>			
Turnover	0	12,416	-100%
Gross Profit	0	7,291	-100%
Net Profit (Loss)	8,286	(465,239)	+102%
EBITA before Impairment	79,908	108,522	-
Earning (loss) per share - Diluted	0.12 cents	(7.72) cents	-

(Hong Kong, 11 September, 2009) – **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, 2009 (the “Period”).

During the Period, the Group recorded a consolidated revenue of HK\$65,728,000 (six months ended 30 June 2008: HK\$274,613,000), representing a decrease of 76% as compared to the corresponding period in 2008. 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 Period.

During the Period, net profit attributed to equity shareholders amounted to HK\$8,286,000 (six months ended 30 June 2008: loss of HK\$465,239,000). In particular, impairment losses on property, plant and equipment and prepaid lease payments of HK\$55,408,000 (attributable to equity shareholders of HK\$41,600,000) and impairment losses on intangible assets, exploration and evaluation assets of HK\$12,318,000 (attributable to equity shareholders of HK\$9,248,000) were made during the Period. The impaired assets had no significant contribution to the Group’s turnover for the six months ended 30 June 2009. On exclusion of the above impairment losses, the Group’s earnings before interest, tax, depreciation and amortization (“EBITA”) for the six months ended 30 June 2009 was HK\$79,908,000 (six months ended 30 June 2008: HK\$108,522,000).

Mr. You Xian Sheng, Chairman of China Mining, said: “With a view to better utilizing the cash resources and improving the profitability of the Group, China Mining has been actively looking for attractive merger and acquisition opportunities in various industries mining and other natural resources related business. The Acquisition of King Gold Group represents an opportunity for the Group to diversify its investments into other natural resources related industry to boarden the revenue of the Group”.

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\$36,501,000 (six months ended 30 June 2008: HK\$274,613,000) and HK\$97,337,000 (six months ended 30 June 2008: HK\$48,757,000) to the Group's turnover and loss respectively for the six months ended 30 June 2009. The loss for the period was primarily due to impairment losses in aggregate of HK\$67,726,000 (six months ended 30 June 2008: HK\$63,184,000) made for assets of Harbin Songjiang Group.

Turnover

Mining business revenue for the six months ended 30 June 2009 decreased by 87% to HK\$36,501,000 compared to corresponding period in 2008. The reduction is triggered by the plunge in selling price, as evidenced from a nearly 64% drop in unit average selling price of molybdenum in the first half of year 2009 in the market. The impact of price decrease was coupled with a reduction in sales volume. In the light of the decrease in market price, management of Harbin Songjiang Group strategically slackened its selling efforts until the market price recovering. Furthermore, as stated in the annual report of the Company for the financial year ended 31 December 2008 ("2008 Annual Report"), the management of Harbin Songjiang Group has suspended the production of molybdenum mine for maintenance and improvement from December 2008, and the maintenance and improvement were precautionary measures taken in relation to the subsidence of a small area of land discovered above the hollow section of the mine on 14 December 2008. The production was resumed in August 2009; however, the management of Harbin Songjiang Group expected the production capacity of the molybdenum mine would be decreased following the land reclamation and cavity refill activities.

Revenue generated from ferro molybdenum, copper and zinc and others were HK\$29,352,000, HK\$7,047,000 and HK\$102,000 (six months ended 30 June 2008: 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\$109,933 per tonne and HK\$36,780 per tonne (six months ended 30 June 2008: HK\$308,800 per tonne and HK\$53,162 per tonne), respectively.

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2009 was HK\$20,882,000 (six months ended 30 June 2008: HK\$143,438,000) and the gross profit margin was 43% (six months ended 30 June 2008: 48%). The decrease in gross profit margin was mainly caused by the sharp decrease in the selling price during the period.

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 are recognised in the PRC as premium tea products and widely distributed throughout the country.

The completion of the Acquisition during the period provided the Group with an immediate revenue stream and cash. During the post-acquisition period, King Gold Group contributed HK\$29,227,000 and HK\$13,731,000 to the Group's turnover and profit for the six months ended 30 June 2009 respectively.

Rutile Mining

The rutile mine owned by the Group covers an area of two square kilometers with an estimated exploitation potential of approximately 1,900,000 tonnes. Depending on the development of market conditions, the construction of the rutile mine as held by it would be temporarily suspended due to 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.

In this connection, it is difficult to predict whether the rutile mine will resume construction. A full impairment loss for the mining rights was already recognised in the consolidated income statement of the Group for the year ended 31 December 2008.

In addition, as stated in note 36 of the 2008 Annual Report of the Company, 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. Based on advice from the Company's PRC legal adviser, there will be no effect to the Group's ownership and operations of the mine. Moreover, the litigations have already brought obsession to shareholders and investors of the Company, therefore we will continue to explore options to best utilise our rutile assets.

Investments in Canada listed companies and other securities

The Group invested in several Canada listed companies which were held for long-term investments and for the purposes of capital gain and dividend income during the six months ended 30 June 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\$64,966,000 during the six months ended 30 June 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 ("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\$15,815,000 in August 2009.

Prospects

The past six months has seen challenging for the Group, as the production of molybdenum mine was suspended for maintenance and improvement and the output of copper and the iron mines decreased due to the aging of the mines. The Group has tackled the challenges of the past months squarely and effectively and the management has done their utmost to mitigate the downside impact on the business. The production of molybdenum mine was resumed since August 2009. Furthermore, during the first half of 2009, the Group completed the previously announced acquisitions of King Gold Group and the Convertible Notes. King Gold Group has contributed an immediate stream of revenue to the Group. In addition, the Group has realised a gain of approximately HK\$64,966,000 through investments in shares of listed companies in Canada.

Above all, the Group remains well-positioned and well-prepared to exploit the investment opportunities available to the Group across our various business streams. In conclusion, despite the macroeconomic uncertainty, we are confident in the Group's continuing ability to deliver results.

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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, 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.

Released by **China Mining Resources Group Limited**