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CHINA MINING RESOURCES GROUP LIMITED

中國礦業資源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 340)

CONTINUING CONNECTED TRANSACTIONS AND ADDITIONAL EXPLORATION RIGHTS

Reference is made to the Announcement in relation to the very substantial acquisition — acquisition of 75.08% equity interests in Harbin Songjiang.

CONTINUING CONNECTED TRANSACTIONS

During the course of due diligence, the Directors have identified certain exempted connected transaction and non-exempt continuing connected transactions with Harbin Songjiang Group which are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules that may arise after Completion.

The Shareholders are reminded that the exempted connected transaction and non-exempt continuing connected transactions will only arise upon Completion. Such exempted connected transaction and non-exempt continuing connected transactions may or may not arise, depending on Completion.

Provision of guarantee

Prior to the Acquisition, the Corporate Vendor executed a guarantee dated 27 January 2007 in favour of China Construction Bank, Acheng sub-branch with an amount of guarantee of up to an amount of RMB120,000,000 without charging for any guarantee fee or obtaining any counter-indemnity for loan and credit facilities provided by China Construction Bank, Acheng sub-branch to Harbin Songjiang.

As the Corporate Vendor owns a 40% equity interest in Chifeng Mining, it will become a connected person of the Company immediately following Completion and such guarantee will constitute financial assistance and connected transaction for the Company. However, upon Completion, the financial assistance will be provided by a connected person for the benefit of the Group on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance and it will therefore be exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

Supply of copper concentrates

Since 1992, members of Harbin Songjiang Group have been supplying copper concentrates to the Corporate Vendor under certain mining products purchase/sale contracts. Such mining products purchase/sale contracts have already expired in April 2007. Such supply of copper concentrates will continue after Completion and will be governed by the Master Supply Agreement entered into by Harbin Songjiang (for itself and on behalf of its subsidiaries) with the Corporate Vendor on 26 April 2007, under which (1) Harbin Songjiang Group has agreed to supply copper concentrates to the Corporate Vendor, (2) its term shall commence from the date of Completion to 31 December 2009, and (3) the purchase price will be determined based on arm's length negotiations between the Corporate Vendor and Harbin Songjiang with reference to the market value of copper, gold and silver contents in the copper concentrates, grades of metals and parameters reflecting the treatment and refining charges incurred to produce copper anodes from copper concentrates, and (4) the purchase price will be paid by the Corporate Vendor within 10 days after the end of each monthly in arrears.

As the Corporate Vendor owns a 40% equity interest in Chifeng Mining, it will become a connected person of the Company immediately following Completion and the transactions contemplated under the Master Supply Agreement will constitute non-exempt continuing connected transactions for the Company under Rule 14A.16(5) of the Listing Rules by virtue of the fact that each of the relevant percentage ratios (other than the profit ratio) in respect of the purchase price is more than 2.5% on an annual basis. The Master Supply Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements by way of poll under Chapter 14A of the Listing Rules.

A circular setting out details of the Master Supply Agreement, the annual caps and a letter from the independent financial adviser to the independent board committee of the Company, a letter from the independent board committee of the Company to the independent Shareholders and a notice to convene the SGM to approve, amongst other things, the Master Supply Agreement and the annual caps will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

ADDITIONAL EXPLORATION RIGHTS

Reference is made to the section "Information on Harbin Songjiang Group" in the Announcement. During the due diligence process, the Company has been advised by Harbin Songjiang that since the date of the Announcement and up to the date of this announcement, three additional exploration licences have been issued. Such additional exploration licences were applied for by Harbin Songjiang before the date of the Announcement, but were only issued after the publication of the Announcement.

Notwithstanding the issue of the additional exploration licences, the Consideration for the Sale Interests shall remain unchanged based on the arm's length negotiations between the Vendors and the Company, as no value has been assigned to the exploration rights held by the relevant members of Harbin Songjiang Group.

Reference is made to the announcement of the Company dated 11 March 2007 (the "**Announcement**") in relation to the very substantial acquisition — acquisition of 75.08% equity interests in Harbin Songjiang. Terms defined in the Announcement shall, unless the context otherwise requires, have the same meanings when used herein.

In the Announcement, the Company stated that it was in the process of conducting its due diligence on Harbin Songjiang Group pursuant to condition precedent (a) of the Sale and Purchase Agreement. If the Company identified any continuing connected transactions which are subject to disclosure and shareholders' approval requirements under Chapter 14A of the Listing Rules that may arise as a result

of the Acquisition, it will seek all relevant approvals required for any such transactions, and comply with all the announcement, reporting and shareholders' approval requirements, where applicable, under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the course of due diligence, the Directors have identified the following exempted connected transaction and non-exempt continuing connected transactions with Harbin Songjiang Group which are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules that may arise after Completion.

The Shareholders are reminded that the following exempted connected transaction and non-exempt continuing connected transactions will only arise upon Completion. Such exempted connected transaction and non-exempt continuing connected transactions may or may not arise, depending on Completion.

Exempted Connected Transaction

(A) *Provision of guarantee by the Corporate Vendor for the benefit of Harbin Songjiang*

Prior to the Acquisition, the Corporate Vendor executed a guarantee dated 27 January 2007 in favour of China Construction Bank, Acheng sub-branch with an amount of guarantee of up to an amount of RMB120,000,000 without charging for any guarantee fee or obtaining any counter-indemnity. Such guarantee was provided in connection with an underlying RMB loan contract up to an amount of RMB120,000,000 between China Construction Bank, Acheng sub-branch as lender and Harbin Songjiang as borrower. The maturity date of the guarantee would be two years after the deadline for performance in respect of the underlying RMB loan contract. The loan and credit facilities under the underlying RMB loan contract are necessary to support the business of Harbin Songjiang Group.

As the Corporate Vendor owns a 40% equity interest in 赤峰松江金劍礦業有限責任公司 (Chifeng Songjiang Jinjian Mining Limited Liability Company) (a company incorporated in the PRC with limited liability, which is owned as to 60% by Harbin Songjiang and as to 40% by the Corporate Vendor) ("**Chifeng Mining**"), it will become a connected person of the Company immediately following Completion and such guarantee will constitute financial assistance and connected transaction for the Company. However, upon Completion, the financial assistance will be provided by a connected person for the benefit of the Group on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance and it will therefore be exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

Non-exempt Continuing Connected Transactions

(B) *Supply of copper concentrates by Harbin Songjiang Group to the Corporate Vendor*

Since 1992, members of Harbin Songjiang Group have been supplying copper concentrates to the Corporate Vendor under certain mining products purchase/sale contracts. Such mining products purchase/sale contracts have already expired in April 2007.

Such supply of copper concentrates will continue after Completion and will be governed by a master supply agreement (the "**Master Supply Agreement**") entered into by Harbin Songjiang (for itself and on behalf of its subsidiaries) with the Corporate Vendor on 26 April 2007, under which:

- (1) Harbin Songjiang Group has agreed to supply copper concentrates to the Corporate Vendor;
- (2) its term shall commence from the date of Completion to 31 December 2009;

- (3) the purchase price will be determined based on arm's length negotiations between the Corporate Vendor and Harbin Songjiang Group with reference to the market value of copper, gold and silver contents in the copper concentrates, grades of metals and parameters reflecting the treatment and refining charges incurred to produce copper anodes from copper concentrates; and
- (4) the purchase price will be paid by the Corporate Vendor within 10 days after the end of each monthly in arrears.

The Master Supply Agreement is non-exclusive on the part of Harbin Songjiang Group and the Corporate Vendor.

The Corporate Vendor is principally engaged in the businesses of smelting of copper and production and sales of copper anode. Save for the Acquisition, there are and will be no prior transactions or relationship between the Corporate Vendor and the Group before Completion which require aggregation under 14A.25 of the Listing Rules.

The Master Supply Agreement will take effect upon fulfillment of the following conditions:

- (a) Completion; and
- (b) the approval of the Master Supply Agreement by the independent Shareholders by way of an ordinary resolution passed at the SGM having been obtained.

As the Corporate Vendor owns a 40% equity interest in Chifeng Mining, it will become a connected person of the Company immediately following Completion and the transactions contemplated under the Master Supply Agreement will constitute non-exempt continuing connected transactions for the Company under Rule 14A.16(5) of the Listing Rules by virtue of the fact that each of the relevant percentage ratios (other than the profit ratio) in respect of the purchase price is more than 2.5% on an annual basis. The Master Supply Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements by way of poll under Chapter 14A of the Listing Rules.

Historical transaction records

For (a) the period from 16 March 2005 to 31 December 2005, (b) the twelve months ended 31 December 2006 and (c) the period from 1 January 2007 to 30 April 2007, the aggregate purchase amount (VAT inclusive) by the Corporate Vendor to Harbin Songjiang Group for the supply of copper concentrates amounted to approximately RMB122.734 million, RMB243.521 million and RMB60.215 million respectively.

Annual caps

Based on the historical transaction values between the Corporate Vendor and Harbin Songjiang Group and the production and selling plans of Harbin Songjiang Group, the Directors project that the supply of copper concentrates (VAT inclusive) for the period from Completion (assuming that Completion would have taken place on around 30 June 2007) to 31 December 2007 and for the two years ending 31 December 2009 will reach approximately RMB139.151 million, RMB243.368 million and RMB243.368 million respectively.

Pursuant to condition precedent (m) of the Sale and Purchase Agreement, amongst other things, the disposal of Balinyouqi Nuoergai Copper Mining Co. Ltd. (巴林右旗諾爾蓋銅礦有限公司) ("**Balinyouqi**") (which is a wholly-owned subsidiary of Chifeng Mining and thus is indirectly owned as to 60% by Harbin Songjiang as at the date of this announcement) shall have been completed in accordance with the relevant PRC laws and regulations to the satisfaction of the Purchaser prior to Completion. However, the Company has been advised by the PRC legal advisers that, based on the present circumstances, as such disposal would involve lengthy PRC government approval process, this may not be completed before the date of Completion. In such case, the Company may consider granting a temporary waiver for this condition precedent such that the disposal of Balinyouqi shall be

completed on or before 31 December 2007. Therefore, it is contemplated that the annual caps in respect of the period from the date of Completion (assuming that Completion would have taken place on around 30 June 2007) to 31 December 2007 shall include the supply of copper concentrates by Balinyouqi to the Corporate Vendor, whilst the annual caps for the two years ending 31 December 2009 shall not include the purchase amount of copper concentrates to be so supplied by Balinyouqi to the Corporate Vendor.

Since Harbin Songjiang Group will sell most of its copper concentrates to the Corporate Vendor under the Master Supply Agreement, Harbin Songjiang Group will be heavily relying on the Corporate Vendor to sell its copper concentrates.

Reasons for the continuing connected transactions

Since 1992, Harbin Songjiang Group has been the supplier of copper concentrates to the Corporate Vendor. Given that the manufacturing plants of Harbin Songjiang Group are located in close proximity to the Corporate Vendor and the price offered by the Corporate Vendor to Harbin Songjiang Group has been the fair market price based on arm's length negotiations between the Corporate Vendor and Harbin Songjiang Group, it is considered to be reasonable for the Group to continue supplying copper concentrates to the Corporate Vendor after Completion.

The Directors are of the opinion that the terms of the Master Supply Agreement and the annual caps are fair and reasonable and that they are arrived at after arm's length negotiations, upon normal commercial terms and in the interests of the Shareholders as a whole. Subject to obtaining the independent Shareholders' approval on the Master Supply Agreement, the Master Supply Agreement will be subject to the annual review and the reporting requirements under Rules 14A.37 to 14A.41 and Rules 14A.45 and 14A.46 of the Listing Rules respectively.

An independent board committee comprising the independent non-executive Directors has been formed to advise the independent Shareholders on the terms of the Master Supply Agreement and VC Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent Shareholders on the terms of the Master Supply Agreement.

A circular setting out details of the Master Supply Agreement, the annual caps and a letter from the independent financial adviser to the independent board committee of the Company, a letter from the independent board committee of the Company to the independent Shareholders and a notice to convene the SGM to approve, amongst other things, the Master Supply Agreement and the annual caps will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

ADDITIONAL EXPLORATION RIGHTS

Reference is made to the section “Information on Harbin Songjiang Group” in the Announcement. During the due diligence process, the Company has been advised by Harbin Songjiang that since the date of the Announcement and up to the date of this announcement, three additional exploration licences have been issued. Such additional exploration licences were applied for by Harbin Songjiang before the date of the Announcement, but were only issued after the publication of the Announcement. The exploration rights of the relevant members of Harbin Songjiang Group in relation to such three additional exploration licences are as follows:

Target Mining Sites	Location	Area (km ²)	Term of the exploration rights	Holder of exploration rights
內蒙古自治區翁牛特旗小朝陽溝銅礦普查項目 (General Investigation Project on Inner Mongolia Weng Niu Te Qi Xiao Zhao Yang Gou Copper Mine)	Inner Mongolia Autonomous Region	12.62	Expires on 30 December 2007	Harbin Songjiang
黑龍江省哈爾濱市阿城區松峰山鎮二道河子銅鋅普查項目 (General Investigation Project on Heilongjiang Province Harbin City Acheng District Song Fang Shan Er Dao He Zi Copper Zinc)	Harbin, Heilongjiang Province	2.41	Expires on 27 March 2009	Harbin Songjiang
黑龍江省爾縣平坊鎮南搶子銅鋅普查項目 (General Investigation Project on Heilongjiang Province Bin County Ping Fang Zhen Nan Qiang Zi Copper Zinc)	Harbin, Heilongjiang Province	3.61	Expires on 27 March 2009	Harbin Songjiang

Notwithstanding the issue of the additional exploration licences, the Consideration for the Sale Interests shall remain unchanged based on the arm’s length negotiations between the Vendors and the Company, as no value has been assigned to the exploration rights held by the relevant members of Harbin Songjiang Group. Further, the Company’s PRC legal advisers confirmed that Harbin Songjiang is the registered holder of the above additional exploration rights as at the date of this announcement.

INFORMATION OF THE GROUP

The Group is principally engaged in mining business including exploration and exploitation of natural rutile and processing and trading of rutile and titanium related products as well as provision of umbilical cord blood storage service.

The Group commenced its business in mining since November 2006. The Group has discontinued its businesses of trading of investments and trading of pharmaceutical ingredients and chemicals since July 2006 and has discontinued its business of property investment since November 2006. Notwithstanding that the Group has no current intentions to dispose of its umbilical cord blood storage business, the Directors will from time to time review the strategic direction of the Group and explore options to make further acquisitions or disposal of the Group’s businesses for the benefits of the Shareholders, including the umbilical cord blood storage business.

By Order of the Board
China Mining Resources Group Limited
Luk Kin Peter Joseph
Deputy Chairman & Chief Executive Officer

Hong Kong, 22 May 2007

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Cai Yuan, Mr. Luk Kin Peter Joseph and Mr. Yeung Kwok Kuen as Executive Directors, Mr. Lam Ming Yung as Non-executive Director, Mr. Chan Siu Tat, Mr. Wong Hon Sum and Mr. Chu Kang Nam as Independent Non-executive Directors.

* For identification purpose only