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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)

SPECIFIC MANDATE TO ISSUE NEW SHARES FOR FINANCING A VERY SUBSTANTIAL ACQUISITION

SPECIFIC MANDATE TO ISSUE NEW SHARES

Reference is made to the announcement of the Company dated 11 March 2007 with respect to the proposed Acquisition. The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. It was announced by the Company that the Acquisition may be funded by issuance and placement of new shares.

The Board is pleased to announce that at a meeting of the Board held on 17 May 2007, it was resolved that, subject to Shareholders' approval, prevailing market conditions and the availability of other sources of finance for funding of the Acquisition, the Company shall allot and issue not more than 1,135,539,885 new Shares (representing approximately not more than 24.05% of all the Shares of the Company) to professional and institutional investors, by way of private placement of new Shares. Morgan Stanley has been appointed as the financial advisor to the Company in respect of the Proposed Share Issue.

The proceeds from the Proposed Share Issue are intended to be used to finance the cash consideration of RMB1,807,881,000 with respect to the Acquisition and related expenses.

The Board would like to seek Shareholders' approval to grant a specific mandate to allot and issue not more than 1,135,539,885 Shares in the registered capital of the Company. Details regarding the proposed specific mandate are set out in the notice of the SGM. A circular containing further details and the notice of the SGM have been despatched to Shareholders on the date of publication of this announcement.

There is no assurance that the Proposed Share Issue will proceed. Investors are advised to exercise caution in dealing in the Shares. Further details about the Proposed Share Issue will be disclosed by the Company in the newspapers in Hong Kong when the Proposed Share Issue materialises.

A. SPECIFIC MANDATE TO ISSUE NEW SHARES

1. Proposed Share Issue

Reference is made to the announcement of the Company dated 11 March 2007 with respect to the proposed Acquisition. The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. It was announced by the Company that the Acquisition may be funded by issuance and placement of new shares.

At the Board meeting held on 17 May 2007, it was resolved that the Company shall allot and issue up to 1,135,539,885 new Shares (representing approximately not more than 24.05% of all the Shares of the Company) to professional and institutional investors by way of private placement of Shares. Such Shares are proposed to be listed on the Hong Kong Stock Exchange and it is expected that they will not be allotted and issued to connected persons (as defined under the Listing Rules) of the Company. The proceeds from the Proposed Share Issue are intended to be used to finance the cash consideration of RMB1,807,881,000 with respect to the Acquisition and related expenses.

If any of such investors is a connected person of the Company, the Company will take steps to comply with the relevant requirements under the Listing Rules. Morgan Stanley has been appointed as financial advisor to the Company in respect of the Proposed Share Issue.

2. Structure of the Proposed Share Issue

Type of securities to be issued:	Ordinary shares
Maximum number of Shares to be issued:	Not more than 1,135,539,885 new Shares (representing approximately 24.05% of the issued Shares and 19.39% of the enlarged share capital of the Company as at the date of this announcement). The final number of Shares to be issued is subject to the adjustments (if any) made by the Board as may be authorised by the Shareholders at the SGM.
Nominal value:	HK\$0.10
Rights attached to Share:	The Shares will rank pari passu with the existing Shares in all respects
Target subscribers:	Professional and institutional investors
Method of issue:	The issue will be conducted by way of private placement with professional and institutional investors
Basis for determining the issue price:	<p>The price shall be determined by agreement between the Company and Morgan Stanley and will be subject to a number of considerations, including prevailing market conditions, the prevailing market price of the Shares and investor demand for the Shares at the relevant time.</p> <p>In any event, the issue price must not be lower than 80% or more of the higher of:</p> <ul style="list-style-type: none">• The closing price of the Shares quoted on the Stock Exchange on the date of the launch of the Proposed Share Issue; or• The average closing price of the Shares quoted on the Stock Exchange in the five trading days immediately prior to the earliest of:<ul style="list-style-type: none">• The date of announcement of the launch of the Proposed Share Issue;• The date of the placing agreement involving the Proposed Share Issue; and• The date on which the price is fixed. <p>The price for the Proposed Share Issue shall be no less than HK\$1.73.</p>
Minimum net proceeds to be raised:	The Proposed Share Issue must raise a minimum amount of HK\$1,964,484,000.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the Proposed Share Issue.

The Company will make a further announcement on the number of shares, placing price and information relating to the places upon the launch of the Proposed Share Issue.

3. Conditions to the Proposed Share Issue

The Proposed Share Issue will be subject to the following conditions:

- the Proposed Share Issue will only proceed after all of the conditions precedent to completion of the Acquisition under the Agreement (other than the condition relating to the Company having obtained sufficient funding to pay for the consideration of the Acquisition) having been fulfilled (or otherwise waived) in accordance with the terms thereof.
- the special mandate to conduct the Proposed Share Issue shall expire upon the date of completion of the Acquisition.
- the raising of a net minimum of amount of HK\$1,964,484,000.

Under the Agreement, completion of the Acquisition shall take place on the third business days after all the conditions precedent are fulfilled or satisfied. It is expected that completion of the Acquisition will take place within 3 months after all the conditions precedent under the Agreement (other than the condition relating to the Company having obtained sufficient funding to pay for the consideration of the Acquisition) having been fulfilled (or otherwise waived).

4. Purpose of the Proposed Share Issue

The Company is proposing to acquire 75.08% of the equity interests in Harbin Songjiang. The Acquisition will constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The purchase price for the Acquisition is RMB1,807,881,000. The purpose of the Proposed Share Issue is for the raising of finance for the funding of the purchase price for the Acquisition and related expenses.

5. Uses of the Proceeds from the Proposed Share Issue

The Company intends to use the proceeds for the following purposes:

- HK\$1,824,484,000 for the purpose of paying the purchase price for the Acquisition (assuming a rate of exchange of RMB0.9909 to HK\$1.00); and
- Approximately HK\$140,000,000 as the Company's estimated expenses with respect to the Acquisition and the Proposed Share Issue, including any fees and commissions payable to Morgan Stanley in connection with the Proposed Share Issue.

The Directors believe that the transactions contemplated under the specific Mandate are fair and reasonable to the Shareholders as a whole.

6. Fund raising activity of the Company in the 12 months immediately preceding the date of this announcement

Other than the placing of Shares as announced in the Company's announcements dated 10 July 2006 and 26 October 2006, there was no fund raising activity conducted by the Company in the 12 months immediately preceding the date of this announcement.

7. Shareholders' Approval and other Approvals

The SGM will be held on 8 June 2007 to consider and, if thought fit, approve, among other things, the grant of a specific mandate to allot and issue new Shares in connection with the Proposed Share Issue, to approve the Proposed Share Issue and to authorise the Board to determine and deal with at its discretion and with full authority, matters relating thereto (including but not limited to

the specific timing of the issue, final number of new Shares to be issued (not more than 1,135,539,885 Shares), offering mechanism, pricing mechanism, issue price, target subscribers and the number and proportion of Shares to be issued to each subscriber).

8. Validity of the Specific Mandate

The specific mandate, if granted, will commence only after all of the conditions precedent to completion of the Acquisition under the Agreement (other than the condition relating to the Company having obtained sufficient funding to pay for the consideration of the Acquisition) having been fulfilled (or otherwise waived) in accordance with the terms thereof. It will lapse on the date of completion of the Acquisition.

B. EFFECT OF THE SHARE ISSUE ON THE COMPANY'S SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Proposed Share Issue based on the assumption that a maximum aggregate of 1,135,539,885 new Shares (representing approximately 24.05% of the issued Shares and 19.39% of the enlarged share capital of the Company as at the date of this announcement) will be issued under the Proposed Share Issue:

Substantial shareholders	As at the date of this announcement		Immediately upon completion of the Proposed Share Issue	
	shares	%	shares	%
Cai Yuan (<i>note 1</i>)	508,650,000	10.77%	508,650,000	8.68%
Luk Kin Peter Joseph (<i>note 2</i>)	235,234,000	4.98%	235,234,000	4.02%
Existing public Shareholders	3,976,896,853	84.25%	3,976,896,853	67.91%
Shares to be issued according to the Proposed Share Issue	—	n/a	1,135,539,885	19.39%
	<u>4,720,780,853</u>	<u>100.00%</u>	<u>5,856,320,738</u>	<u>100.00%</u>

1. Mr. Cai Yuan, the chairman and executive Director, is the 100% beneficial owner of Greater Increase Investments Limited which holds 500,000,000 Shares. Mr. Cai also holds 8,650,000 Shares under his name.
2. Mr. Luk Kin Peter Joseph, an executive Director, is the 100% beneficial owner of Equity Valley Investments Limited which holds 226,584,000 Shares. Mr. Luk also holds 8,650,000 Shares under his name.

C. CIRCULAR

A circular containing, among other things, details of the Proposed Share Issue and the notice of the SGM have been despatched to the Shareholders on the date of publication of this announcement.

There is no assurance that the Proposed Share Issue will proceed. Investors are advised to exercise caution in dealing in the Shares. Further details about the Proposed Share Issue will be disclosed by the Company in the newspapers in Hong Kong when the Proposed Share Issue materialises.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the proposed acquisition by the Company of 75.08% of the equity interest in Harbin Songjiang under the Agreement. Further details are set out in the announcement of the Company dated 11 March 2007
“Agreement”	the conditional sale and purchase agreement dated 11 March 2007 entered into by the Company with respect to the Acquisition
“Board”	the board of Directors of the Company
“Company”	China Mining Resources Group Limited, a company incorporated in Bermuda and shares of which are listed on the Hong Kong Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Harbin Songjiang”	哈爾濱松江銅業(集團)有限公司 (Harbin Songjiang Copper (Group) Company Limited), a company incorporated in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Morgan Stanley”	Morgan Stanley Dean Witter Asia Limited and/or its affiliates
“Proposed Share Issue”	the proposed issue of not more than 1,135,539,885 Shares to professional and institutional investors, by way of private placement of new Shares which are proposed to be listed on the Hong Kong Stock Exchange
“SGM”	the special general meeting of the Company to be held on 8 June 2007 to approve, inter alia, the grant of specific mandate to issue new Shares
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10

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*