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中國礦業資源集團有限公司*
China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00340)

**ISSUE OF SHARES UNDER A GENERAL MANDATE
AND
DISCLOSEABLE TRANSACTION**

On 1 April 2009, the Company and Citadel entered into the Agreement pursuant to which, subject to the granting of the Listing Approval, Citadel has agreed to sell to the Company, and the Company has agreed to acquire from Citadel, all rights and interests in the Convertible Notes for a total consideration of US\$7 million (equivalent to approximately HK\$54.1 million), of which US\$3.5 million (equivalent to approximately HK\$27.1 million) will be settled in cash and the remaining US\$3.5 million (equivalent to approximately HK\$27.1 million) will be settled by the issue of 104,132,000 Shares based on the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on 31 March 2009, being the trading day immediately preceding the date of the Agreement.

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

THE AGREEMENT

Date : 1 April 2009

Parties : The Company, as the purchaser; and
Citadel, as the vendor

Pursuant to the Agreement, subject to the granting of the Listing Approval, Citadel has agreed to sell, and the Company has agreed to acquire from Citadel the rights and interest in the Convertible Notes for a total consideration of US\$7 million (equivalent to approximately HK\$54.1 million). Part of the consideration payable by the Company in the sum of US\$3.5 million (equivalent to

* *For identification purpose only*

approximately HK\$27.1 million) will be settled in cash. The remaining amount of US\$3.5 million (equivalent to approximately HK\$27.1 million) will be settled by the issue of 104,132,000 Shares based on the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on 31 March 2009, being the trading day immediately preceding the date of the Agreement. Subject to the Listing Approval being granted by the Stock Exchange, completion of the sale and purchase of the Convertible Notes shall take place on the Settlement Date.

The issue price per Consideration Share of HK\$0.26 represents:

- (a) the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the trading day immediately preceding the date of this announcement;
- (b) a discount of approximately 1.89% to the closing price of approximately HK\$0.265 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (c) a discount of 1.52% to the average closing price of approximately HK\$0.264 per Share in the last five consecutive trading days up to and including the date of this announcement.

The Consideration Shares to be issued and allotted to Citadel by the Company on completion shall represent approximately 1.73% of the issued share capital of the Company as at the date of this announcement and approximately 1.70% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The aggregate nominal value of the Consideration Shares will be HK\$10,413,200. The net price to the Company of each Consideration Share will be approximately HK\$0.26.

Citadel is an investment fund. To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, Citadel and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and the Company's connected persons.

The Company shall satisfy the cash consideration for the Transaction from its internal financial resources. The issue of the Consideration Shares shall not be subject to Shareholders' approval. The Consideration Shares shall be issued pursuant to the General Mandate. No new Share has been issued by the Company pursuant to the General Mandate as at the date of this announcement. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The Convertible Notes represent all the outstanding convertible notes issued by CSZ. Set out below are the principal terms of the Convertible Notes:

- Issuer** : CSZ
- Principal amount** : US\$28 million (equivalent to approximately HK\$216.6 million)
- Prevailing conversion price** : Initial conversion price of US\$2.25 (equivalent to approximately HK\$17.41) per Conversion Share, subject to adjustment provided that in no event that the conversion price shall be lower than US\$2.00 (equivalent to approximately HK\$15.47) per Conversion Share.
- Conversion Period** : The Convertible Notes are convertible at the option of the holders, at any time prior to close of business on 27 December 2012 into CSZ Shares.
- Interest rate** : The prevailing interest rate is 0% per annum.
- Maturity Date** : 27 December 2012
- Voting** : A holder of the Convertible Notes is not entitled to receive notice of, attend or vote at any general meeting of CSZ by reason of it being a holder of the Convertible Notes.
- Listing** : CSZ will list or cause to have quoted the Conversion Shares which may be issued as a result of the exercise of the conversion rights attached to the Convertible Notes on NYSE Amex.

Ranking of Conversion Shares : The Conversion Shares shall rank pari passu with all other CSZ Shares in issue on the Settlement Date

Based on the prevailing conversion price of US\$2.25 per Conversion Share (equivalent to approximately HK\$17.41), the Convertible Notes are convertible into approximately 12.4 million CSZ Shares, representing approximately 35.91% of the issued share capital of CSZ as enlarged by the issue of the Conversion Shares, assuming the conversion of 100% of the Convertible Notes into Conversion Shares. The terms of the original indenture constituting the Convertible Notes provided that in no event shall the number of Conversion Shares issuable upon conversion of all the outstanding Convertible Notes exceed 49.90% of all outstanding CSZ Shares upon conversion of all outstanding Convertible Notes. Under a supplemental indenture dated 17 May 2007, Citadel became further subject to the holding of a maximum of 9.99% of the CSZ Shares in issue upon conversion of the Convertible Notes. The Agreement does not provide for the assignment and assumption of 9.99% maximum holding.

Redemption : The Convertible Notes contain a principal accretion feature that increases the redemptions or repurchase price of the Convertible Notes. The principal is accreted 5% per annum, on semi-annual basis; provided that, if the Convertible Notes are held to maturity the total accreted principal amount is equal to 134.5% of the original principal amount. CSZ can redeem all (but not less than all) of the Convertible Notes on or after 27 December 2009, at 110% of the then accreted principal amount, plus accrued and unpaid interest up to but excluding the redemption date. In addition, holder(s) of the Convertible Notes have rights to request CSZ to repurchase the Convertible Notes at a price in cash equal to 104% of the then accreted principal amount plus accrued and unpaid interest to the redemption rate if there is a change of control of CSZ. In addition, from and after 27 December 2009, holder(s) of the Convertible Notes have the right to require CSZ to repurchase the Convertible Notes for 100% of the then accreted principal amount plus accrued and unpaid interest to the redemption date.

Security : The Pledged Shares were pledged by the Pledgors pursuant to the Pledge Agreement as security for the obligations of CSZ under the Convertible Notes.

Note: CSZ and the Pledgors are presently in default under the Convertible Notes and the Indenture, entitling the holder(s) of the Convertible Notes to, amongst others, (a) request the trustee under the Indenture to formally notify CSZ of such default or to give notice to CSZ itself (which event would become an “Event of Default” under the Indenture; and (b) upon an Event of Default, accelerate the obligations of the Convertible Notes. Therefore, as a result of the default and the acquisition of the Convertible Notes, the Company may also be deemed to be the beneficial owners of the Pledged Shares. Pursuant to the third supplemental indenture, the interest rate for the Convertible Notes was revised from 6.75% per annum to (a) 6.75% per annum from the original issuance date to and including 30 September 2007; (b) 0% per annum from and including 1 October 2007 to and excluding 31 January 2008; and (c) if public listing of CSZ Shares on American Stock Exchange, NASDAQ or New York Stock Exchange has occurred on or prior to 31 January 2008 and if CSZ maintains such listing, at the rate of 0% per annum from and including 31 January 2008 to but excluding the maturity date. CSZ listed the CSZ Shares on the NYSE Amex on 31 January 2008. The holder of the Convertible Notes shall be entitled to repayment of the principal amount and all accrued and unpaid interest and other rights under the Convertible Notes.

CSZ

According to the 2007 annual report of CSZ, the principal activities of the CSZ Group were mining, processing and distributing fluorite ores and processed fluorite powder, copper, zinc, lead, and other mineral concentrates. According to the public filings made by CSZ with the SEC, CSZ owns a 100% interest in each of Sumochaganaobao Fluorite Mine (a non-metal fluorite mine located in Inner Mongolia, PRC) and Kuru-Tegerek Cu-Au Mine (a copper and zinc mine located in Kyrgyz Republic), along with a 90% interest in another copper and zinc mine, Keyinbulake Multi-metal Mine, in Inner Mongolia, PRC. Further information of CSZ can be obtained from the website of SEC (<http://www.sec.gov>).

The following table sets out the audited consolidated income before and after taxation of CSZ for the two years ended 31 December 2007:

	For the year ended 31 December	
	2007	2006
Income/(loss) before taxation	(US\$4,022,000 (equivalent to approximately HK\$31,112,000))	US\$2,487,000 (equivalent to approximately HK\$19,238,000)
Income/(loss) after taxation	(US\$4,067,000 (equivalent to approximately HK\$31,460,000))	US\$2,672,000 (equivalent to approximately HK\$20,669,000)

CSZ reported an audited consolidated net asset value of US\$27,994,000 (equivalent to approximately HK\$216,548,000) as at 31 December 2007, and an unaudited consolidated net asset value of US\$22,272,000 (equivalent to approximately HK\$172,285,000) as at 30 September 2008.

Set out below is the shareholding structure of CSZ (based on the Company's understanding only and for illustrative purposes only):

	Existing		Upon full conversion of the Convertible Notes	
	<i>Number of CSZ Shares</i>	<i>Approximate shareholding in CSZ %</i>	<i>Number of CSZ Shares</i>	<i>Approximate shareholding in CSZ %</i>
Ms. Xiao Jing Yu	14,973,600	67.40	14,973,600	43.20
Mr. Xue Ming Xu	1,870,000	8.42	1,870,000	5.40
Citadel	2,428	0.01	2,428	0.01
The Company	—	—	12,444,444	35.91
Other shareholders (including public shareholders)	5,368,486	24.17	5,368,486	15.48
Total	22,214,514	100.00	34,658,958	100.00

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in mining operations. CSZ also operates in the mining sector as detailed above.

The terms of the Agreement (including the consideration for the Transaction) were arrived at after arm's length negotiations between the Company and Citadel. In agreeing to the terms of the Agreement and the consideration, the Company considered, among other things, the underlying value of the assets and liabilities of CSZ and its subsidiaries, the rights attached to the Convertible Notes and the recent market price and trading performance of the CSZ Shares. The Directors believe that the Transaction represents an opportunity for the Group to acquire an interest in the capital of CSZ at an attractive price relative to the value of the underlying mining assets of CSZ and its subsidiaries. This interest means that the Group will become a significant stakeholder in CSZ, particularly in the event of any reorganization of the capital structure. Taking into account these factors, the Directors consider that the terms of the Agreement are fair and reasonable and the Transaction is in the interest of the Company and its Shareholders as a whole.

GENERAL

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

DEFINITIONS

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

“Agreement”	the agreement dated 1 April 2009 entered into between the Company and Citadel in relation to the transfer of the Convertible Notes
“Board”	board of Directors
“Citadel”	Citadel Equity Fund Ltd., a company incorporated in the Cayman Islands
“Company”	China Mining Resources Group Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (stock code: 00340)
“connected person”	as defined in the Listing Rules
“Consideration Shares”	104,132,000 Shares to be issued in satisfaction of part of the consideration of the Transaction
“Convertible Notes”	US\$28 million 6.75% Senior Convertible Notes due 2012 issued by CSZ
“Conversion Share(s)”	the CSZ Share(s) to be issued upon exercise of the conversion rights attached to the Convertible Notes
“CSZ”	China Shen Zhou Mining & Resources Inc, a company incorporated in Delaware, United States of America whose shares are listed on the NYSE Amex (NYSE Amex: SHZ)
“CSZ Group”	CSZ and its subsidiaries
“CSZ Share(s)”	common stock(s) of CSZ with a par value of US\$0.001 each
“Director(s)”	director(s) of the Company

“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May 2008 for the issue and allotment of 1,205,330,570 Shares, representing 20% of the issued share capital of the Company on 23 May 2008
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the indenture dated as of 27 December 2006 entered into between CSZ as issuer and The Bank of New York as trustee in relation to the Convertible Notes, as amended and supplemented by three supplemental indentures dated as of 17 May 2007, 28 September 2007 and 21 December 2007, respectively
“Listing Approval”	the granting of the listing of, and permission to deal in, the Consideration Shares by the Stock Exchange to the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“NYSE Amex”	NYSE Alternext US LLC
“Pledge Agreement”	the Share Pledge Agreement dated as of 27 December 2006 entered into between the Pledgors, the Bank of New York and Citadel in relation to the pledge of the Pledged Shares as security for CSZ’s obligations under the Convertible Notes
“Pledged Shares”	a total of 16,787,000 CSZ Shares as pledged by the Pledgors (as to 14,917,000 CSZ Shares by Ms. Yu Xiao Jing and as to 1,870,000 CSZ Shares as pledged by Mr. Xu Sue Ming)
“Pledgors”	Ms. Yu Xiao Jing and Mr. Xu Sue Ming
“PRC”	the People’s Republic of China
“SEC”	Securities and Exchange Commission of the United States of America
“Settlement Date”	the second business day after the Listing Approval has been granted by the Stock Exchange
“Shareholder(s)”	holder(s) of Shares

“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the Agreement
“US\$”	United States dollars, the lawful currency of United States of America

By Order of the Board
China Mining Resources Group Limited
Cai Yuan
Chairman

1 April 2009, Hong Kong

As at the date of this announcement, the board of directors of the Company comprises Mr. Cai Yuan, Dr. You Xian Sheng, Mr. Wang Hui, Mr. Yeung Kwok Kuen and Mr. Chen Shou Wu as executive directors, Mr. Lam Ming Yung as non-executive director, Mr. Chan Sze Hon, Mr. Chu Kang Nam, Mr. Goh Choo Hwee and Mr. Lin Xiang Min as independent non-executive directors.

For the purpose of illustration only, the amount denominated in US\$ has been translated into HK\$ at the exchange rate of US\$1 to HK\$7.7355 as at the date of this announcement.