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China CBM Group Limited

中國煤層氣集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 578)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on the information currently available, the Group is expected to record a significant loss for the six months ended 30 June 2012 as compared to the profit for the corresponding period ended 30 June 2011.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China CBM Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available, the Group is expected to record a significant loss for the six months ended 30 June 2012 as compared to the profit for the corresponding period ended 30 June 2011.

Based on the relevant information currently available to the Company, the Board considers that the significant loss for the six months ended 30 June 2012 is mainly attributable to, among other things, the continue suspension of all the five coal mines owned by the Company’s subsidiary, i.e. Henan Jinfeng Coal Industrial Group Company Limited*. Due to the occurrence of coal mines accidents within Henan Province, the local government authorities have ordered that all the small and medium size coal mines within the province continue to suspend in production and operation for safety inspection since April 2012. Up to the date of this announcement, notice of resumption of coal mines has not yet been issued by the government. Shareholders may refer to the Company’s announcements dated 2 April 2012 and 8 May 2012 in respect of the suspension of the Company’s coal mines.

The Company is still in the process of finalising the unaudited consolidated results of the

Group for the six months ended 30 June 2012. The information contained in this announcement is only a preliminary assessment made by the Board based on currently available information and such information has not been audited or reviewed by the Company's auditor. Details of the Group's interim results will be disclosed in the Company's results announcement for the six months ended 30 June 2012 and which is expected to be released in August 2012.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
China CBM Group Limited
Li Chun On
Executive Director & Company Secretary

Hong Kong, 12 June 2012

As at the date of this announcement, the executive directors of the Company are Mr. Dong Cunling, Mr. Li Chun On, Mr. Wu Jiahong, Mr. Yang Hua and Mr. Zhou Guangwen; the non-executive director of the Company is Mr. Li Chunyan; the independent non-executive directors of the Company are Dr. Chen Renbao, Mr. Li Daomin and Mr. Ma Yueyong.

**For identification purposes only*