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ERA Mining Machinery Limited
年代煤礦機電設備制造有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

PROFIT WARNING

This announcement is made by ERA Mining Machinery Limited (“**ERA**”, together with its subsidiaries as the “**ERA Group**”) pursuant to Rule 17.10 of the Rule Governing the Listing of Securities on Growth Enterprises Market of the Stock Exchange of Hong Kong Limited. Reference is also made to the composite document (the “**Composite Document**”) jointly issued by ERA, Caterpillar (Luxembourg) Investment Co. S.A. and Caterpillar Inc., on 30 April 2012. Terms used in this announcement have the same meanings as defined in the Composite Document, unless otherwise stated.

PROFIT WARNING

The Board wishes to inform the ERA Shareholders and potential investors that the ERA Group expects to record a loss for the first three months ended 31 March 2012 as compared with a profit for the corresponding period in 2011 (the “**Profit Warning**”). Based on the information currently available, such expected decline can be attributed to the same factors that caused a decline on 2011 full year results, namely 1) a decrease in gross profit margin related to increased costs of materials, and 2) higher finance costs due to increased borrowings and interest rates.

As ERA is still in the progress of finalizing the unaudited financial accounts for the three months ended 31 March 2012 and the first quarterly report, the information contained in this announcement is only based on preliminary assessment by ERA. The first quarterly results announcement is expected to be published on 11 May 2012 and the Shareholders and potential investors are advised to read them carefully when they are published.

RECOMMENDATION FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the discussion between ERA and the Independent Financial Adviser, the Independent Financial Adviser confirms that their recommendations contained in the “Letter from the Independent Financial Adviser” as set out in the Composite Document will not be affected by the Profit Warning. The Independent Financial Adviser continues to consider that the terms of the Offers are fair and reasonable so far as the ERA Shareholders and ERA Optionholders are concerned and recommends the ERA Shareholders to accept the Share Offer and elect the Cash Alternative and the ERA Optionholders to accept the Option Offer.

The Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code. As such, ERA is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to Profit Warning, which has to be reported on by ERA’s auditors and financial adviser. However, given the time constraints faced by ERA when issuing this announcement, the Profit Warning did not meet the standard required by Rule 10 of the Takeovers Code. The Profit Warning will be separately reported on by ERA’s auditors and financial adviser as soon as practicable.

Shareholders and potential investors of ERA should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Shareholders and potential investors of ERA should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Offer. Shareholders and potential investors of ERA are advised to exercise caution when dealing in the ERA Shares.

By order of the Board
ERA Mining Machinery Limited
Emory WILLIAMS
Chairman

Hong Kong, 2 May 2012

As at the date of this announcement, the Board comprises nine directors, of which Mr. Emory WILLIAMS, Mr. LEE Jong-Dae, Mr. LI Rubo and Mr. WANG Fu are the executive directors of ERA; Dr. Phil Qiu JIN and Mr. PARKER Christopher John are non-executive directors of ERA; Mr. BOULANGER David Marc, Mr. CHAN Sze Hon and Mr. DONG Xiangge are the independent non-executive directors of ERA.

The directors of ERA jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and ERA’s website at www.eraholdings.com.hk.