

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



NORTH MINING SHARES COMPANY LIMITED

北方礦業股份有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 433)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of North Mining Shares Company Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010, together with the comparative figures for the corresponding period in 2009.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	Notes	Six months ended 30 June	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Revenue	2	183,905	8,681
Cost of sales		(126,511)	(3,420)
Gross profit		57,394	5,261
Other income and gains		2,287	846
General and administrative expenses		(36,881)	(11,857)
Impairment loss on property under development		–	(84,794)
Amortization of prepaid lease payments		(984)	–
Amortization of mining rights		(40,464)	–
Other operations expenses		(3,268)	(3,057)
Loss from operations	4	(21,916)	(93,601)
Share of results of associates		–	3,652
Finance costs	5	(238)	–
Loss before taxation		(22,154)	(89,949)
Taxation	6	(7,816)	(526)
Loss for the period		(29,970)	(90,475)
Loss for the period attributable to:			
Owners of the Company		(35,926)	(90,475)
Minority interests		5,956	–
		(29,970)	(90,475)
Loss per share			
– Basic		(0.32) HK cents	(0.93) HK cents
– Diluted		N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(29,970)	(90,475)
Other comprehensive income:		
Exchange differences arising from translation of foreign operations	2,415	1,338
Total comprehensive loss for the period	(27,555)	(89,137)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(34,436)	(89,777)
Minority interests	6,881	640
	(27,555)	(89,137)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		231,041	251,520
Investment properties		286,946	263,128
Interests in associates		33,020	32,633
Prepaid lease payments		87,013	87,817
Exploration and evaluation assets		3,337,580	3,314,575
Mining rights		3,141,122	3,149,583
		7,116,722	7,099,256
Current assets			
Inventories		95,712	69,475
Trade receivables	9	2,753	2,525
Prepayments, deposits and other receivables		59,916	130,557
Tax recoverable		–	3,464
Investment deposits	10	132,102	–
Cash and cash equivalents		342,069	94,698
		632,552	300,719
Total assets		7,749,274	7,399,975
EQUITY			
Equity attributable to Company's equity holders			
Share capital		192,962	155,129
Reserves		3,851,534	3,516,463
		4,044,496	3,671,592
Minority interests		2,208,039	2,202,083
Total equity		6,252,535	5,873,675

		30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		1,397,485	1,391,174
Bank borrowings		12,079	10,565
		1,409,564	1,401,739
Current liabilities			
Trade payables	11	27,774	18,740
Bank borrowings		24,294	32,381
Other payables and accruals		34,556	50,910
Amounts due to related parties		–	22,530
Tax payables		551	–
		87,175	124,561
Total liabilities		1,496,739	1,526,300
Total equity and liabilities		7,749,274	7,399,975
Net current assets		545,377	176,158
Total assets less current liabilities		7,662,099	7,275,414
Net assets		6,252,535	5,873,675

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNT POLICIES

The unaudited condensed consolidated interim financial information have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principle generally accepted in Hong Kong and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The principal accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2009.

In current interim period, the Group has applied for the first time, the following new or revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Amendment)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to the Owners

The Group applies HKFRS 3 (Revised) Business Combination prospectively to business combination for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated interim financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transaction for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new or revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might not affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. TURNOVER

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	–	7,098
Property management fee income	1,807	1,583
Sales of molybdenum concentrate	182,098	–
	183,905	8,681

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

	For the six months ended 30 June 2010			
	Mining Operations HK\$'000 (Unaudited)	Property Leasing HK\$'000 (Unaudited)	Property Management HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	182,098	–	1,807	183,905
Segment results	(17,017)	–	396	(16,621)
Unallocated revenue				2,287
Unallocated expenses				(7,582)
Loss from operations				(21,916)
Finance costs				(238)
Share of results of associates				–
Loss before tax				(22,154)
Taxation				(7,816)
Loss for the period				(29,970)

	For the six months ended 30 June 2009			
	Mining Operations HK\$'000 (Unaudited)	Property Leasing HK\$'000 (Unaudited)	Property Management HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	–	7,098	1,583	8,681
Segment results	–	5,000	261	5,261
Unallocated revenue				846
Unallocated expenses				(14,914)
Impairment loss on property under development				(84,794)
Loss from operations				(93,601)
Finance costs				–
Share of results of associates				3,652
Loss before tax				(89,949)
Taxation				(526)
Loss for the period				(90,475)

The following is an analysis of the Group's segment assets, liabilities and other segment information:

As at 30 June 2010						
	Mining operations		Property leasing	Property management	Others	Total
	Mining exploitation HK\$'000 (Unaudited)	Mining exploration HK\$'000 (Unaudited)				
Segment assets	3,338,744	3,846,299	288,632	1,401	274,198	7,749,274
Segment liabilities	595,886	887,722	1,422	1,103	10,606	1,496,739
Other segment information:						
Depreciation and amortisation	–	54,942	–	6	1,253	56,201
Fair value loss on investment properties	–	–	–	–	–	–
Impairment loss recognised during the period	–	–	–	–	–	–
Capital expenditures	35,226	23,004	–	–	–	58,230
As at 31 December 2009						
	Mining operations		Property leasing	Property management	Others	Total
	Mining exploitation HK\$'000 (Audited)	Mining exploration HK\$'000 (Audited)				
Segment assets	3,315,740	3,549,054	288,632	5,411	241,138	7,399,975
Segment liabilities	595,886	918,725	1,422	240	10,027	1,526,300
Other segment information:						
Depreciation and amortisation	–	7,964	2,536	8	4,201	14,709
Fair value loss on investment properties	–	–	118,588	–	–	118,588
Impairment loss recognised during the year	–	2,514	89,074	–	56,717	148,305
Capital expenditures	4,581	43,672	23,794	–	–	72,047

4. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	–	925
Amortisation of prepaid lease payments	984	–
Amortisation of mining rights	40,464	–
Cost of inventories	125,101	–
Depreciation of property, plant and equipment	14,747	1,047
Operating lease payment in respect of premises	790	869
Directors' emoluments	722	545
Staff cost		
– Salaries and allowance	5,949	2,694
– Contributions to retirement scheme	786	258
Impairment loss on property under development	–	84,794

5. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	238	–

6. TAXATION

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – PRC enterprise income tax provision for the periods	7,816	526

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong profit tax has been made in the interim financial statements as the Group's operations in Hong Kong incurred a tax loss for the period (30 June 2009: Nil).

- (ii) PRC income tax charge represents the PRC Enterprise Income Tax paid or payable during the period. Enterprise Income Tax in the PRC has been provided at the prevailing rate on the estimated assessable profit applicable to the Company's subsidiaries established in the PRC.

7. DIVIDEND

The Board do not recommend the payment of interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$35,926,000 (six months ended 30 June 2009: HK\$90,475,000) for the six months ended 30 June 2010 and on the weighted average number of 11,145,688,868 shares (six months ended 30 June 2009: 9,695,585,093 shares) in issue during the period.

(b) Diluted loss per share

There were no potential dilutive shares in existence for the six months ended 30 June 2010 and 2009, accordingly, no diluted loss per share has been presented.

9. TRADE RECEIVABLES

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Trade receivables	2,753	2,525
Less: Impairment loss recognised	–	–
	2,753	2,525

Trade receivables with the following age analysis presented based on invoice date as at the end of the reporting periods:

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
0-30 days	2,753	2,525

10. INVESTMENT DEPOSITS

On 28 June 2010, the Company entered into an acquisition agreement with independent third party to acquire 70% of the entire equity interest in Heilongjiang Yi Tong Mining Company Limited at an aggregate consideration of approximately HK\$414,416,000. As at 30 June 2010, the Group had paid approximately HK\$132,102,000 to proceed with the acquisition. The acquisition was completed after the review period.

11. TRADE PAYABLES

The following is an aging analysis of trade payables as at the end of the reporting periods:

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
0-30 days	27,774	18,740

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

For the six months ended 30 June 2010, the Group registered a turnover of approximately HK\$183,905,000 (30 June 2009: HK\$8,681,000), representing an increase of approximately 20 times over the same period in 2009. Such increase was mainly attributable to the revenue contribution of approximately HK\$182,098,000 (30 June 2009: Nil) from the mining operations of the Group.

During the period under review, the loss recorded by the Group dropped to about HK\$29,970,000 (30 June 2009: loss of approximately HK\$90,475,000), representing a decrease of about 66.87% as compared with the same period in 2009. Loss for the period was mainly due to the amortization of mining rights of about HK\$40,464,000. If taking no account of the effect of the amortization of mining rights, the Group would have turned around from a loss to a profit of approximately HK\$10,494,000 during the period under review.

DIVISIONAL BUSINESS REVIEW

The principal activities of the Group are (i) mining operations – exploitation and exploration; (ii) property leasing operations; and (iii) property management operations. An analysis for each of the business operations is set out as follows:

Mining operations – exploitation and exploration

**Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited ("Jiu Long Kuang Ye") (陝西省洛南縣九龍礦業有限公司)*

During the review period, the volume of molybdenum concentrate produced by the molybdenum mine operated by Jiu Long Kuang Ye was about 2,943 tonnes. The sales volume of molybdenum concentrate was about 2,047 tonnes, whereas the grade of molybdenum concentrate was approximately 42-45%. The average selling price of molybdenum concentrate was about HK\$88,958 per tonne. During the period under review, Jiu Long Kuang Ye contributed a revenue of approximately HK\$182,098,000 (30 June 2009: Nil) for the Group. The cost of sales was about HK\$125,101,000 (30 June 2009: Nil). Gross profit amounted to HK\$56,998,000 (30 June 2009: Nil). Net loss was HK\$17,017,000 (30 June 2009: Nil). Loss for the period was primarily due to the amortization of mining rights of approximately HK\$40,464,000. On the assumption of taking no account of the effect of the amortization of mining rights, Jiu Long Kuang Ye should have provided a profit contribution of about HK\$23,447,000 for the Group.

During the review period, Jiu Long Kuang Ye began to construct a new processing plant in Wanghegou involving a total investment of about RMB230,000,000 in order to expand the production capacity. Approximately RMB84,800,000 has been invested for capital expenditures including the purchase of mineral processing machinery and land buildings, as well as the construction of water and electricity supply facilities, tailings facilities and tailing storage facilities.

**Jilin Province Rui Sui Kuang Ye Company Limited ("Rui Sui Kuang Ye") (吉林省瑞穗礦業有限公司)*

Rui Sui Kuang Ye has the exploitation rights of an iron mine covering approximately 4.17 km² in Da Nan Gou, Jin Dou Xiang, Tong Hua Xian, Jilin Province (吉林省通化縣金鬥鄉大南溝) of the PRC. It also holds the exploration rights of a molybdenum mine extending approximately 9.35 km² located in Fu Song Xian, Baishan City, Jilin Province (吉林省白山市撫松縣) of the PRC.

**Heilongjiang Yi Tong Mining Company Limited ("Yi Tong Mining") (黑龍江伊通礦業有限公司)*

On 28 June 2010, the Group, through entering into an acquisition agreement with Yi Tong Mining, has conditionally agreed to acquire 70% of the equity interests in Yi Tong Mining at an aggregate consideration of approximately HK\$414,416,000, which was settled by the payment of RMB240,000,000 (about HK\$274,416,000) in cash and by the issue of 500,000,000 consideration shares at an issue price of HK\$0.28 per consideration share respectively. The acquisition was completed on 21 July 2010. Yi Tong Mining is principally engaged in the business of exploration and exploitation, production and sales of gold and iron. Yi Tong Mining holds a mine exploitation permit and a mine exploration permit of Dong Feng Lin Gold Iron Mine which is located in Heilongjiang Province, the PRC. According to the "Geological General Exploration Report (地質詳查報告) on Dong Feng Lin Gold Iron Mine, Tie Li City, Heilongjiang Province" issued by the Yi Chun City Geology Exploration Team (伊春市地質勘查隊) in October 2009, the reserves of gold and iron in the said mine are about 18.19 tonnes and about 41,510,000 tonnes respectively.

Property leasing operations

Changchun, the PRC

The shopping mall in Changchun City needs to undergo renovation and reconstruction so as to improve its competitive strengths in the city. The upgrading works are scheduled to be completed by the first quarter in 2012. Accordingly, for the six months ended 30 June 2010, there was no rental income generated from the shopping mall (30 June 2009: HK\$7,098,000). The Board expects that the shopping mall will bring stable rental income to the Group upon completion of the renovation.

Xian, the PRC

Referring to the Company's announcement dated 30 December 2009, BOCMT Real Estate Holdings Limited, a wholly owned subsidiary of the Company, 西安和順房地產開發有限公司 (*Xian He Shun Real Estate Development Ltd) and 西安房地產開發(集團)股份有限公司 (*Xian Real Estate Development (Group) Shares Company Limited) entered into a civil settlement agreement (the "Civil Settlement Agreement") in relation to a suspected fraud by the Group's JV Partner for Xian Project. According to the Civil Settlement Agreement, Xian Real Estate Development (Group) Shares Company Limited should compensate a sum of RMB30,000,000 and the total assets ownership of 西安交通大學第二附屬中學南校區 (*Xian Communication University Second Affiliated Middle School Southern District) to the Group. The market value of Xian Communication University Second Affiliated Middle School Southern District was valued at approximately RMB183,971,800 according to an appraisal report prepared by Carea Assets Appraisal Company Limited. As at 30 June 2010, the Group had obtained 70% of the right to host Xian Communication University Second Affiliated Middle School Southern District, while the remaining 30% of the right to host the school is held by Xian Communication University. The procedures for the transfer of land and property rights are still being processed. The Group expects to fully recover the land and property rights by the fourth quarter in 2010.

Property management operations

For the six months ended 30 June 2010, turnover generated from the property management operation was approximately HK\$1,807,000, representing a growth of approximately 14.15% over the corresponding period of last year of HK\$1,583,000. During the period under review, the Group had one management contract for a high quality property in Shanghai. The management of the Group is seeking other high quality property management contracts to expand the Group's property management portfolio.

Other Business

Associates

The Group has an associate company which was principally engaged in the business of manufacturing and trading of pharmaceutical products in the PRC. During the period under review, the associated company terminated its business operations to meet the transport infrastructure plans developed by the local government. As such, for the six months ended 30 June 2010, the Group did not record any gains or losses from the associate company (30 June 2009: profit of HK\$3,652,000).

* For identification purposes only

PROSPECTS

In the first half of 2010, the economy and market demand of the PRC continued to burgeon. The global market is expected to sustain a steady growth in the second half of 2010. Revenue from mining operations has now become the Group's main source of business income. Looking ahead towards the second half of 2010, the Group will focus on the development of mining operations. Under this business direction, the management will actively speed up the construction of the processing plant in Wanghegou, so as to uplift the production volume of molybdenum concentrate. In this light, the daily processing capacity of ore will be raised from the present level of about 10,000 tonnes to about 20,000 tonnes, and the production volume of molybdenum concentrate will be enhanced from the current amount of about 5,000 tonnes a year to about 10,000 tonnes a year.

Moreover, while making great endeavours to develop our core businesses, the Group will actively look for investment opportunities with growing potentials with an aim to lay a stronger foundation for the Group's long-term development and competitiveness, and in hence to deliver the best return to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation with internally generated cash flow and proceeds received from funds raising activities. During the period under review, the Group recorded a net cash inflow of approximately HK\$244,833,000 (2009: HK\$35,015,000).

As at 30 June 2010, the Group had outstanding bank borrowing in the amount of approximately HK\$36,373,000 (31 December 2009: HK\$42,946,000), the gearing ratio was 0.9% (31 December 2009: 1.2%).

The Group is of good liquidity and sufficient solvent ability, the current ratio was 7.26 for the six months ended 30 June 2010 while it was 2.41 as at 31 December 2009.

As at 30 June 2010, the debt to equity ratio was 0.37 while it was 0.42 as at 31 December 2009. The ratio was calculated by dividing the total liabilities of HK\$1,496,739,000 (31 December 2009: HK\$1,526,300,000) by the total shareholders' equity of HK\$4,044,496,000 (31 December 2009: HK\$3,671,592,000).

The Board believes that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

TREASURY POLICIES

During the six months ended 30 June 2010, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. For the six months ended 30 June 2010, the Group did not employ any financial instruments for hedging purposes and did not engage in foreign currency speculative activities.

BANK BORROWING AND CHARGES OF GROUP ASSETS

As at 30 June 2010, the Group had bank borrowings amounted to approximately HK\$36,373,000 (31 December 2009: HK\$42,946,000) which comprised current portion of approximately HK\$24,294,000 (31 December 2009: HK\$32,381,000) and non-current portion of approximately HK\$12,079,000 (31 December 2009: HK\$10,565,000).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities

In accordance with relevant PRC laws and regulations, a subsidiary of the Company operates in exploitation of molybdenum in the PRC is obliged to accrue the cost for land reclamation and mine closures for its molybdenum mines. As at 30 June 2010, the directors of the Company (the "Directors") estimated that approximately HK\$36,998,000 was the liabilities for land reclamation and mine closures for the Group's molybdenum mines, which was determined based on the Directors' best estimates according to their own calculations of the amounts. Such liabilities has not been provided in the consolidated financial statements as the amounts of obligation cannot be measured reliably due to the uncertain timing of the future cash expenditure to perform the required works and other factors associated with the calculation of the amounts of liabilities.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 June 2010 (31 December 2009: HK\$36,998,000).

Capital Commitments

As at 30 June 2010, the Group had no material capital commitments (31 December 2009: Nil)

MATERIAL TRANSACTIONS

- (1) On 5 July 2009, the Group entered into an acquisition agreement with independent third parties (the "Jiu Long Vendors") to acquire 65% equity interests of Jiu Long Kuang Ye for a total consideration of 1,366,940,000 consideration shares (the "Consideration Shares") at an issue price of HK\$0.6 per Consideration Share. The acquisition agreement was completed on 2 December 2009. The Consideration Shares were issued by the Company to the Jiu Long Vendors on 12 January 2010, on which day the market price of the Company's share was HK\$0.49, thus making up the total consideration of the acquisition to approximately HK\$669,800,000.
- (2) On 16 April 2010, Universal Union Limited ("Universal Union") entered into the placing and subscription agreement with the placing agent and the Company, pursuant to which Universal Union agreed to place, through the placing agent, the placing shares owned by Universal Union to not less than six placees at a price of HK\$0.395 each on a best effort basis; and the Company has conditionally agreed to allot and issue, and Universal Union has conditionally agreed to subscribe for the subscription shares at a price of HK\$0.395 each. The placing completion and the subscription completion took place on 19 April 2010 and 27 April 2010 respectively in accordance with the terms of the placing and subscription agreement. An aggregate of 775,000,000 placing shares have been successfully placed to not less than six placees, who and whose ultimate beneficial owners are independent third parties, at the placing price of HK\$0.395 per placing share, and an aggregate of 775,000,000 subscription shares, representing approximately 6.43% of the issued share capital of the Company as enlarged by the subscription, have been allotted and issued to Universal Union by the Company at the subscription price of HK\$0.395 per subscription share.
- (3) On 28 June 2010, the Group entered into an acquisition agreement with independent third parties (the "Yi Tong Vendors") to acquire 70% equity interests of Yi Tong Mining for the aggregate consideration amounted to approximately HK\$414,416,000 which would be satisfied by cash payment of RMB240,000,000 (approximately HK\$274,416,000) and the allotment and issue of 500,000,000 consideration shares (the "Yi Tong Consideration Shares") at an issue price of HK\$0.28 per Yi Tong Consideration Shares. The acquisition agreement was completed on 21 July 2010. The Yi Tong Consideration Shares

were issued by the Company to the Yi Tong Vendors on 21 July 2010, on which day the market price of the Company's share was HK\$0.26, thus making up the total consideration of the acquisition to approximately HK\$404,416,000.

Save as disclosed herein before, the Group had no material transactions, acquisitions/disposals of subsidiaries and associate companies during the six months period under review.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2010, the Group employed 788 (30 June 2009: 71) full time employees in Hong Kong and the PRC. Employee remuneration packages are structured and reviewed with reference to the nature of the jobs, market condition and individual merits. The Group also provides other employee benefits which include year end double pay, mandatory provident fund and medical insurance. Total staff costs for the six months ended 30 June 2010 were approximately HK\$5,949,000 (30 June 2009: HK\$2,694,000).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Board has reviewed the Company's corporate governance practices. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2010 except the following:

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chiu Yeung has served as Chief Executive Officer of the Group since January 2007 and was appointed as the Chairman of the Board on 9 December 2009. Mr. Chiu has accumulated extensive experience in the Group's business. The Board considers that given the nature of the Group's businesses which require considerable industry expertise, the vesting of two roles in the same person would provide the Group with stable and consistent leadership and allows for more effective and efficient planning and implementation of long term business strategies. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period for the six months ended 30 June 2010.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the six months period under review.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors of the Company, namely Mr. Mu Xiangming (Chairman of the Committee), Dr. Cheng Chak Ho and Mr. Lo Wa Kei Roy. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee had reviewed the Group's interim results for the six months ended 30 June 2010.

PUBLICATION OF THE DETAILED INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The result announcement is published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.northmining.com.hk. The 2010 interim report of the Company containing all the information required by the Listing Rules will be dispatched to its shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend our gratitude to customers and shareholders for their continuous support and our staff for their invaluable dedication and contribution in the past period.

On behalf of the Board
Chiu Yeung
Chairman

Hong Kong, 30 August 2010

As at the date of this announcement, the Board comprises Mr. Chiu Yeung, Mr. Jin Jiu Xin, Mr. Zhao Qing, Mr. Zhang Jia Kun and Mr. Chai Ming as executive Directors; Mr. Mu Xiangming, Mr. Lo Wa Kei Roy and Dr. Cheng Chak Ho as independent non-executive Directors.