

## **PRESS RELEASE**

### **Regent Pacific announces audited 2005/2006 Annual Results The Group's investment focus to be on the mining sector principally in China**

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(Hong Kong, 31 July, 2006) – Regent Pacific Group Limited (“Regent Pacific” or the “Group”; SEHK: 575) is pleased to announce that the Group returned to profitability this year with a profit of US\$ 8.134 million for the year ended 31 March, 2006 (loss of US\$ 41.892 million for the year ended 31 March, 2005) or US\$ 0.07 per share on both a basic and fully diluted basis. This turnaround in profitability which was largely due to the share of profit derived from successfully selling our Korean securities business investment held through Bridge Investment Holding Limited (“BIH”). As a result of the sale the Group received a final dividend of US\$37.7 million from BIH out of which US\$33.9 million was paid out to shareholders, meaning that the Group has managed to return over US\$74 million in cash to our shareholders against a total cash cost of approximately US\$36 million for the Korean investment.

As previously announced, Regent has determined, having now exited all investments in Korea, that the investment focus of the Group is to be in the mining sector principally in China.

The first of these investments was acquired in March 2006, and is a 40% equity interest in Yunnan Simao Shanshui Copper Company Limited (“Dapingzhang JV”), a Sino-foreign equity joint venture enterprise which comprises the Group, Yuxi Resources Corporation (a company within the Yunnan Copper group) and the former owner of the mining business and assets. The Dapingzhang JV is currently producing a bulk copper, zinc, lead concentrate with recoverable gold and silver values at the Dapingzhang mine (“DPZ”) in Yunnan Province, PRC. In March 2006, in order to fund the Group’s acquisition of its 40% interest in the Dapingzhang JV, Regent raised US\$20 million from three international institutional investors through the issuance of US\$20 million principal amount of 12% guaranteed convertible bonds due March 2009.

The Dapingzhang JV commenced operations in April 2006 and has a new management team, which is provided by the three partners. The transition from the former owner has proceeded smoothly and management has implemented a new organisational structure for the mining operations which has reduced the workforce to 204 from over 260. Currently, the new management team is focused on bringing throughput capacity at DPZ into line with the mine’s stated daily production of 3,200 tonnes per day and is also focused on optimising operations of the existing open pit mine and milling facilities. In this respect, the metallurgical test work at DPZ on the copper-bearing stringer-type mineralisation has been implemented by SGS Lakefield Research Limited, metallurgical consultants, in conjunction with Dapingzhang JV mill management during May 2006 of this year. As a result, DPZ production has been much improved and is now producing a concentrate with a copper grade of ~20% and with a recovery of over 92% - both of which are in line with international standards. It is anticipated that the balance of the optimisation program will be completed by 31<sup>st</sup> March 2007 and is expected to yield very positive economic results for the Dapingzhang JV.

“The Group’s investment in the Dapingzhang JV has the potential to add significant value to the Group – and for a relatively modest initial outlay. Already, it has provided us with a new skilled management team experienced in developing assets in the mining sector. Moreover, the investment returns should significantly enhance our profitability for many years to come” said Jamie Gibson, Regent Pacific’s CEO.

From a geological perspective, the Dapingzhang property has demonstrated the presence of all the classic characteristics of a volcanogenic massive sulphide (“VMS”) system: felsic volcanics, a stratigraphic marker unit, massive sulphide mounds and underlying alternation ‘pipes’ containing disseminated and stringer copper-bearing sulphides. The mounds exhibit classic metal zonation patterns between copper-rich core and zinc-rich distal or fringe areas. To-date, sulphide mounds have been discovered at four successive horizons or vertical intervals, known as ‘stacking’, which is also a characteristic of VMS deposits and is indicative of a robust and relatively long-lived mineralizing system through which metal-bearing solutions passed.

“Given the results to-date from the continuing infill drilling program and the assays, we believe that the Dapingzhang property has the potential of being a world class VMS deposit, which will be the main driver for the Group’s growth over the next three to five years” said Kai Fan, Regent Pacific’s Chief Geologist.

Recent exploration work in the DPZ open pit mine has suggested the presence of 4.5 million tonnes of stringer-type mineralisation at an average grade of 0.65% copper, which could sustain production beneath the current open pit mine area for the next 4-5 years at current throughput rates. There exists good potential to locate additional stringer-type and some higher value but metallurgically more complex copper/zinc/lead/silver/gold-bearing massive sulphide mineralisation within the planned open pit mine. In addition, exploration drilling has expanded the limits of the two massive sulphide lenses which were initially discovered by the Group in its due diligence drilling program of 2005. These massive sulphide lenses are located in close proximity to the existing open pit mine, the northern and eastern limits of these lenses have not yet been located and they are located at depths of ~ 150-200 meters below surface. In addition, exploration drilling has located a possible new massive sulphide lens, which is located at shallow depths, in close proximity to the north west edge of the existing open pit mine area and is readily amenable to extraction by open pit mining. The northern and western limits of this newset lens also remain to be defined and the full extent of this lens is still to be established.

High grade copper and zinc values have been intersected in all three lenses so far identified. In addition, there is evidence of additional earlier formed, copper-rich massive sulphide lenses and associated stringer zones which occur beneath the first two lenses. “We believe that the best is yet come from our exploration drilling.” said Kai Fan, Regent’s Chief Geologist.

The aim of the 2006-2007 exploration is to add significant additional resources and define an initial reserve within the mine lease area. Already, the infill diamond drilling program has demonstrated the quality of the deposit at Dapingzhang and has also highlighted the potential of the Dapingzhang area for discovery of further VMS deposits. As at 17 July 2006, 22,999 meters in 112 holes had been drilled with an additional 20,000 meters of drilling planned for the DPZ licence area with the primary focus being on drill-testing known favourable stratigraphy. In short, there remains much untested favourable stratigraphy, all of which will afford excellent exploration potential and could contribute to the exploitable resources at DPZ.

Recently, we have strengthened our management team in China with the addition of Jian Ding who joins us from SGS MinnovEx as Chief Metallurgist. Initially Jian will be seconded to the

Dapingzhang JV and will be responsible for implementing all metallurgical and mill efficiency improvements, including overseeing the construction of the central filter plant. We expect to continue to strengthen on-the-ground management going forward.

By 31<sup>st</sup> March 2007, the Group should see the completion of the optimisation program at DPZ, including completion of first pass drilling within the mining licence area and commencement of work on at least one adjoining exploration permit area.

Positioning itself for further significant progress in 2006/2007, the Group is continuing on a growth plan and will endeavour to source value adding opportunities in the mining sector, principally in China. In this respect, the Group has entered into negotiations with two PRC partners in relation to another mining project investment in the PRC, where the Group will acquire just over a 90% equity interest for an initial investment of US\$ 4 million. The PRC partners will transfer three exploration licences covering over 57 square kilometers and a mining licence covering 1 square kilometer for their 20% stake. These licences are in close proximity to DPZ and we believe that they overlay the same favourable regional geological belt as occurs at DPZ.

“With the completion of its investment in the Dapingzhang JV and the start of operations at DPZ under the new management team, the market has begun to recognise some of the potential for the Dapingzhang JV and Regent has seen a substantial increase of over 130% in its share price since we declared our BIH dividend. With a full year of production ahead of us at DPZ and with metals prices still at relatively high levels compared with 2005, the outlook for this current financial year and beyond are exciting” said Jamie Gibson.

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## **Notes to Editors:**

### **About Regent Pacific Group Limited**

Founded in late 1990, the Group is a limited liability company incorporated under the laws of the Cayman Islands. The Group's shares are listed on Hong Kong Stock Exchange and Frankfurt Stock Exchange. It is engaged principally in investment holding. The Regent Pacific team responsible for the mining investment, includes: Kaiqiang Fan, M.Sc (Mineral Exploration), AusIMM and a qualified person for the purposes of Canadian National Instrument 43-101, chief geologist and head of exploration, Mingsheng Zhao, B.Sc (Geology) and senior project geologist, Xiaohuan Wang, B.Sc (Geology), senior geologist. In addition to the management team, the Group has hired David Comba and Patrick Reid, who have significant mining experience as independent non-executive directors of the Group.

### **About Yuxi Resources Corporation**

Yuxi Resources Corporation has an independent legal person status established under the laws of the PRC, and is an associated company of Yunnan Copper Industry (Group) Co., Ltd, a state-

owned enterprise based in Kunming, Yunnan, whose shares are listed on the Shenzhen Stock Exchange. Yunnan Copper specializes in the production, processing and sales of nonferrous metals and precious metals, as well as high-tech products and chemical products. It is presently ranked as China's third largest copper producer, behind Anhui-based Tongling Nonferrous Metals (Group) Co. Ltd. and Jiangxi-based Jiangxi Copper Corp (SEHK: 358). Yunnan Copper's major products include electrolytic copper, copper rod, gold ingot and silver ingot, all of which enjoy strong sales support from both domestic and international customers. Yunnan Copper is the first Chinese member of the International Copper Association.

#### **About Simao Shanshui Minerals Ltd**

Simao Shanshui is a company with independent legal person status established under the laws of the PRC. It is a privately owned enterprise engaged principally in the exploration, processing and mining of natural resources in Yunnan Province, PRC.

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