

## **REGENT PACIFIC GROUP**

### **Regent Pacific announces RMB 400 million joint venture with Yuxi Resources and Simao Shanshui Minerals**

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#### **Joint venture will acquire an established copper mining business in Yunnan**

(Hong Kong, 22 November 2005) – Regent Pacific Group Limited (“Regent Pacific” or the “group”; SEHK: 575) is pleased to announce that it has agreed to a joint venture contract under which the group will acquire a 40% stake in the Dapingzhang copper producing mine in Yunnan Province, China.

Under the terms of the contract, the group will invest in a Sino-foreign equity joint venture enterprise (“Joint Venture Company”) together with Simao Shanshui Minerals Ltd (“Simao Shanshui”), current owner and operator of the mine, and Yuxi Resources Corporation (“Yuxi Resources”), a wholly-owned subsidiary of Yunnan Copper Co., Ltd (“Yunnan Copper”), a state-owned enterprise. In 2004, Yunnan Copper was the third largest cathode copper producer in China in terms of output tonnage.

Jamie Gibson, chief executive officer of Regent Pacific, said, “Through this investment we are seeking to take advantage of the strong and continuing growth in demand for commodities within China, such as non ferrous metals like copper.”

“Our first investment in the mining and metals sector in China presents an excellent opportunity for Regent Pacific to acquire a significant interest in an established copper mining business in China. It is believed that this project will be the first foreign funded operational copper mining and processing joint venture in China,” Mr Gibson added.

Total capitalization of the joint venture company will be RMB400 million (approximately US\$50 million), which will be contributed by the joint venture partners pro rata to their share of the equity capital. Yuxi Resources, which will hold 50%, Simao Shanshui and Regent Pacific will invest cash of RMB200 million, RMB40 million and RMB160 million, respectively.

Mr. Gibson said, “The support and strengths of our joint venture partners in the mining sector are of great importance and value. Simao Shanshui’s established mining operations and local relationships in Simao combined with Yuxi Resources’ expertise in the copper processing business and the leading market position of Yunnan Copper will be significant in enabling the joint venture company to realize the full potential of the copper project and offer significant investment returns for all parties.”

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In addition to the financial support and access to the capital markets, Regent Pacific has agreed, among other things, to provide advanced technology on exploration, mining and processing, assist in conducting a pre-feasibility study, help design the open pit mine and provide management and professional staff to the joint venture. The group has recently appointed to the board two independent non-executive directors with mining experience as well as several new appointments to the management team with a wealth of experience in this field.

The group commissioned an independent mining engineer to produce a preliminary economic evaluation report on the Dapingzhang mine project. In the report the expert has done a thorough analysis of the project using several operating scenarios and made a number of assumptions including, but not limited to, the future price of copper, the size of the mineralization, milling capacity, mineralization quality and the capital expenditure required to expand the mine in conjunction with an assessment of relevant risks.

Dapingzhang is in Simao County, 340km southwest of Kunming, the capital of Yunnan Province. Based on historical geological and assay data, the resource of the mine site is estimated to be approximately 63.3 million tonnes with an average grade of 0.76% copper, or 7.6kg of copper per tonne with a possible Strip Ratio 5.3:1. However, this estimate does not meet international standards for resource/reserve calculations. The current head grades of mineralization to the four mills are variable, but assay results indicate that they commonly contain over 1.8% copper per tonne. In addition, significant amounts of recoverable lead, zinc, gold and silver are also contained in the mineralization. An infill-drilling programme is underway to verify portions of the resource base and to determine by 31 January 2006 that there is at least 10 million tonnes of mineable copper reserves, which are compliant with international standards.

Kaiqiang Fan, formerly chief mining geologist of Sino Gold Ltd and a member of Australasian Institute of Mining & Metallurgy (AusIMM), is the chief geologist and head of exploration for Regent Pacific and has spent the last six months on site evaluating the deposit, its geology and its potential resource. Mr. Fan is in charge of the infill drilling programme and is a qualified person for the purposes of Canadian National Instrument 43-101.

“The copper deposit has all the characteristics of a volcanic massive sulphide type, which would make it the first such discovered deposit in China. Moreover, based on the initial survey data for the deposit at Dapingzhang, it appears to be one of the largest known volcanic massive sulphide type deposits in the world” said Mr. Fan.

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The mineralization is of two types: semi-massive to massive sulphide-type mineralization, grading on average 2% copper per tonne and containing credits of zinc, lead, gold and silver and stringer-type mineralization, grading on average 0.6% copper per tonne with a significant gold credit. Simao Shansui's four mills, all of which will be purchased by the joint venture company, process both mineralization types. Copper recoveries are excellent, at 92-93% copper. In the short term, the plan is to optimize grades, mill feed and implement other operational improvements in order to maximize the net smelter return from the sale of the concentrate and thereby increase profitability.

Currently, four mills at the site process an average of about 3,000 tonnes of mineralization per day. If it proves to be economically viable to enlarge the mining capacity, the mine will operate for a minimum of 15 years at an expanded mining rate of around 13,000 to 15,000 tonnes per day, based on estimated resources and stripping ratios at Dapingzhang.

Once a pre-feasibility study has been completed by a reputable independent mining consultancy firm in the next 4 to 6 months, the amount of the required capital expenditure for the development and expansion of the mining operations will be determined. If the study shows that the economics support expansion, a bankable feasibility report prepared in accordance with international mining industry standards will be commissioned by the joint venture company. The report will then be used to support the fund raising for the additional financing required by the joint venture company to expand production at the mine.

Mr. Gibson concluded, "Looking ahead, Regent Pacific will continue to pursue its opportunistic investment approach. Efforts will be made to acquire later stage projects with untapped potential in the non ferrous and precious metals industry in China with the aim of increasing its portfolio of investments in this sector over the next two years."

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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), senior project geologist, Xiaohuan Wang, B.Sc (Geology), senior geologist, Adrian Lungan and Dr Peter Shi Yue, industry consultants. 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 has an independent legal person status established under the laws of the PRC, and is a wholly-owned subsidiary of Yunnan Copper 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 has recently become 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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