



SOUTH CHINA RESOURCES, INC.

3/F Low Rise Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City
Metro Manila, Philippines

July 21, 2008

Disclosure Department
4/F Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road
Ortigas Center, Pasig City

Attention: **Atty. PETE M. MALABANAN**
Head, Disclosure Department

Gentlemen:

Please be informed that In a report sent by Tap Oil Ltd, operator of the SC-41, the SC-41 Joint Operations spudded the exploration well Lumba Lumba – 1 this July 19, 2008. The well is being drilled by the semi-submersible rig, Transocean Legend, at a water depth of 1100 meters, down to a depth of 3000 meters. The well is within the SC-41 contract area in the Sulu Sea, Philippines, just off the northeastern coast of Borneo.

Lumba Lumba is a moderate risk prospect located in the central part of SC 41. It is covered by the Alpine 3D Seismic Survey, which was acquired in 2007. Estimated recoverable volumes are in the 50–150 million barrels range.

South China has 1.09% participating interest in this well.

Yours faithfully,

DAVID R. BALADAD
VP – Operations/CIO