



China Vanadium Titano-Magnetite Mining Company Limited
中國鈦鈦磁鐵礦業有限公司

***China VTM Mining Enters into Assets Transfer Agreement
and Assets Lease Agreement***

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Accelerate expansion plan Enhance production efficiency

[4 February 2010, Hong Kong] **China Vanadium Titano-Magnetite Mining Company Limited** (“**China VTM Mining**” or the “Company”, together with its subsidiaries, the “Group”; stock code: 00893.HK), the second largest operator and the largest non state-owned operator of iron ore mines in Sichuan Province, the PRC, announced that on 3 February 2010, the Group has successfully entered into an asset transfer agreement and an assets lease agreement respectively.

Assets transfer agreement

Accordingly to the asset transfer agreement, the Group has agreed to acquire the exploration right of the Cizhuqing mine together with the Hailong iron concentrate production facility at Xiaoheiqing Town, Huili County, Sichuan, the PRC at a consideration of RMB310 million. The consideration for the exploration right and the production facility were RMB120 million and RMB 190 million respectively.

The target assets include the Cizhuqing mine exploration right with an exploration area of 2.30 km², an iron concentrate production line with a total annual capacity of 300 kt which began production in September 2009, together with a tailing storage facility, certain buildings and machinery and equipment, as well as the permanent right of way of a pavement road at the length of 13.5 km at Xiaoheiqing Town, Huili County, Sichuan. Cizhuqing Mine’s method of iron ore extraction is open-pit mining with estimated resources under Cizhuqing mine exploration right amounted to 25.57 mt. Average grade is estimated to be 21.41% for total iron, 9.03% for titanium oxide and 0.15% for vanadium pentoxide.

As one of the key expansion strategies of the Group is to identify and acquire iron ore mines, the acquisition represents an opportunity for the Group to further develop its current business by increasing the iron ore resources and iron concentrate production capacity. The increases in resources and production capacity will yield greater production output, which in turn will increase the Group’s revenue.

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Assets lease agreement with option to acquire the leased assets

On the same day, the Group has also entered into an assets lease agreement to rent the leased assets at an iron concentrates and high-grade titanium concentrates production facility at Heigutianshe, Xinjiu Town, Yanbian County, Sichuan for approximately 6 months from 3 February 2010 to 31 July 2010 and the Group has the option to acquire the leased assets during the term of the assets lease agreement. The rent of the leased assets is RMB2.5 million per month.

The leased assets include a recently revamped iron concentrates production line which commenced production on 1 August 2008 with an annual capacity of 800kt iron concentrates and 120kt high-grade titanium concentrates, together with a tailing storage facility, premises of a total area of 224,598m², certain buildings, machinery and equipment at the Heigutianshe production facility, and a pavement road at the length of 6.7km at the Heigutianshe production facility.

The lease agreement will immediately increase the Group's annual production capacity of iron concentrates from currently 1,200kt to 2,000kt, and that of high-grade titanium concentrates from 100kt to 220kt. The Group has the option to acquire the leased assets which is subject to the results of due diligence against the leased assets and at its sole discretion. Upon the exercise of the option to purchase the leased assets, the Group will internalize the increase in production capacities and integrate the leased assets in its production facilities. The increase in production capacity will yield greater production output and contribute to long term revenue generation.

Commenting on the acquisition and lease agreement, Mr. Jiang Zhong Ping, Chairman of China VTM Mining said, "The acquisition and the lease agreement will effectively accelerate our resource and production expansion plan and contribute to the business development of the Group. The Group will also be able to integrate its production facilities and streamline its production processes as a result of the transactions. Looking ahead, the Group will continue to seek potential mines and production facilities for acquisitions, expand production capacity, and enhance operating efficiency, striving to become the leader in the iron ore industry."

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About China Vanadium Titano-Magnetite Mining Company Limited

Listed on the main board of the Hong Kong Stock Exchange on 8 October 2009, China VTM is the second largest operator and the largest non state-owned operator of iron ore mines in Sichuan. The Group is primarily engaged in mining, ore processing, iron pelletizing and the sale of iron concentrates, iron pellets and titanium concentrates. The Group owns and operates two vanadium-bearing titanomagnetite mines – the Baicao Mine and the Xiushuihe Mine, both of which are located in Sichuan's Panxi region, a region with the most abundant vanadium-bearing titanomagnetite resources in the PRC. Besides, on 16 January 2010, the Group has successfully entered into a definitive agreement to obtain the mining right of Yangqueqing Iron Mine upon completion of the relevant approval procedures.

For more information, please visit: <http://www.chinavtmmining.com>

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