



**China Vanadium Titano-Magnetite Mining Company Limited**  
**中國釩鈦磁鐵礦業有限公司**

***China VTM Obtains the Mining Right of Yangqueqing Iron Mine at  
a Consideration of RMB200 million***

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***Active Expansion of Mining Operations  
Strengthens its Leading Position in Sichuan***

[18 January 2010, Hong Kong] **China Vanadium Titano-Magnetite Mining Company Limited** (“**China VTM**” 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 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. The total consideration of the transfer amounted to be RMB200 million and is payable by 5 installments.

Yangqueqing Iron Mine is located in Huili County, Liangshanzhou, Sichuan and has a mining area of 0.25 sq.km. Its method of iron ore extraction is open-pit mining with the annual raw iron output volume of 150 kt. Resources under Yangqueqing Mining right amounted to 17.92 mt, with average grade of 23.14% and strip ratio of 1.18 m<sup>3</sup>/t.

The transaction gives Huili County Caitong Iron and Titanium Co. Ltd. (“Huili Caitong”), a subsidiary of the Company, the opportunity to obtain the mining right of Yangqueqing Iron Mine. In addition, the transaction provides Huili Caitong with the opportunity to expand the current permitted mining area and to explore at a low cost the neighboring iron ore resources, which is estimated to be up to 81.60 mt. (Estimated resources for the entire Yangqueqing Iron Mine area: 99.52 mt) Further, as Yangqueqing Iron Mine is located next to the Group’s existing Baicao Mine, the Group could capitalize on the economies of scale and leverage on its existing infrastructure. As a result, this would further reduce the per unit overhead cash cost of Huili Caitong and strengthen the Group’s position as a leading low cost iron ore producer.

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Regarding the transfer, Mr. Jiang Zhong Ping, Chairman of China VTM said, "Identification and acquisition of iron ore mines is one of our key expansion strategies, the transaction represents an opportunity for us to further develop our current business by increasing our iron ore resources through Yangqueqing Iron Mine. The Group endeavors to become the leader the iron ore industry through reserve, production capacity expansion and acquisition, and strive the best returns for our shareholders."

Furthermore, Huili County Xiushuihe Mining Co. Ltd, another subsidiary of the Group and Sichuan Nanjiang Mining Group Co., Ltd. executed the termination agreement on 15 January 2010, pursuant to which the parties agreed to amend and terminate certain provisions under the agreement related to the construction and upgrade of iron and titanium concentrates production lines at the Xiushuihe Processing plant dated 18 March 2009. According to the agreement, the total estimated technical support service fee payable to Nanjiang for the period from 1 January 2010 to 30 November 2023 would be approximately RMB372 million. After entering into the termination agreement, the total technical support service fee to be prepaid to Nanjiang is RMB62 million. As a result, entering into the termination agreement would bring about a cost saving to the Group at the amount of approximately RMB310 million.

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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 to steel producers and downstream users of titanium-related products. 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. More information please visit: <http://www.chinavtmmining.com>

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