



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

China VTM Mining Plans to Acquire the Entire Equity Interest in Aba Mining at a Consideration of RMB150 Million and Minority Interest in Huili Caitong at RMB445 Million

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Further Reserves Expansion to Meet Surging Demand in the Western Region

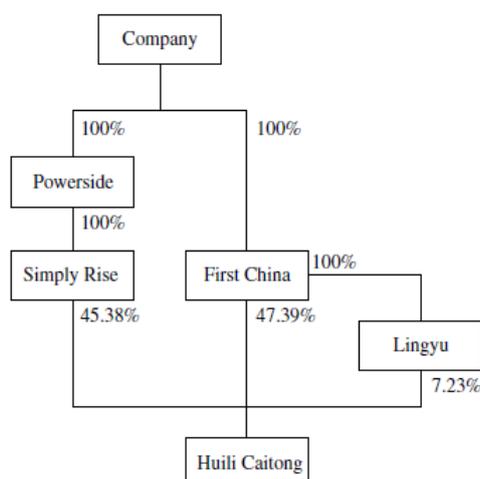
[16 November 2010, Hong Kong] **China Vanadium Titano-Magnetite Mining Company Limited** (“**China VTM Mining**” or the “Company”, together with its subsidiaries, the “Group”; stock code: 00893.HK) today announced that Sichuan Lingyu Investment Co., Ltd (“Lingyu”), an indirect wholly-owned subsidiary of the Group has entered into the Equity Interest Transfer Agreement with Sichuan Chuanwei Group Co., Ltd. (“Chuan Wei”) whereby Lingyu has agreed to purchase the entire equity interest in Aba Mining Company Limited (“Aba Mining”), a wholly-owned subsidiary of Chuan Wei. The consideration of the acquisition amounted to RMB150 million (equivalent to approximately HK\$174 million), which will be paid by way of cash: (1) RMB100 million (equivalent to approximately HK\$116 million) will be paid on the completion date; (2) RMB20 million (equivalent to approximately HK\$23.2 million) will be paid within 10 working days after the issue of both the Geological Exploration Report on the Yanglongshan Mine and the Geological Exploration Report on the Extended Exploration Area of the Maoling Mine; and (3) RMB30 million (equivalent to approximately HK\$34.8 million) will be paid within 10 working days after both the mining permit in respect of the Yanglongshan Mine and the New Maoling Mining Permit have been issued.

Furthermore, Lingyu has also entered into the Huili Caitong Acquisition Agreement with Chuan Wei whereby Lingyu has agreed to purchase 7.23% equity interest in Huili County Caitong Iron and Titanium Co. Ltd. (“Huili Caitong”) held by Chuan Wei at the consideration of RMB445,403,526 (equivalent to approximately HK\$520,720,545). After completion of the acquisition of Huili Caitong, it will become an indirect wholly-owned subsidiary of the Group and thus allowing the Group to have an absolute control over the operations of Huili Caitong and account for its entire profit in the Group’s consolidated accounts.

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Shareholding structure of the Company upon completion of the Huili Caitong Acquisition Agreement:



Established in the PRC on 27 February 2004, Aba Mining is engaged in mining, beneficiation and sale of ore products. Currently, Aba Mining holds (1) the mining permit of the Maoling Mine, an iron ore mine located at Maoling Village, Weizhou Town, Wenchuan County, Aba Autonomous Prefecture, Sichuan, the PRC, covering an area of approximately 1.9 sq. km. which permits a production capacity of 300,000 tonnes per annum by way of underground mining. It is estimated that the Maoling Mine has approximately 10.40 million tonnes of resources and reserves of inferred intrinsic economic resources (Type 333) as defined in the PRC Classification of Solid Mineral Resources and Reserves (“Type 333”) or above in October 2007. The main type of ore in the ore field within which the Maoling Mine is situated is magnetite ore and the average iron content of the ore of the Maoling Mine is approximately 34.47%; (2) potential extension of the exploration area of the Maoling Mine, with approximately 34.17 million tonnes of resources and reserves of Type 333 or above; (3) the exploration permit of Yanglongshan Iron Mine located at Wenchuan County, Tibetan and Qiang Autonomous Prefecture, Sichuan, PRC. Yanglongshan Iron Mine has an exploration area of approximately 8.8 square kilometers and it is estimated that approximately 33.59 million tonnes of resources and reserves of Type 333 or above can be found in the third stage of the geological exploration work for the Yanglongshan Mine; and (4) production line with a production capacity of 150,000 tonnes of iron concentrates per annum.

Table summarizing the estimated resources and reserves of the Maoling Mine, Maoling Extended Exploration Area and Yanglongshan Mine:

	Type 333 or above (tonne) (in million)
Maoling Mine	10.40
Maoling Extended Exploration Area	34.17
Yanglongshan Mine	33.59
Total	78.16

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As the acquisition on Aba Mining is in line with the key expansion strategies of the Group to identify and acquire iron ore mines, it is expected that the acquisition will provide huge business potential for the Group. Since the iron concentrates of a much higher iron content can be yielded from the ore of Maoling Mine through magnetic beneficiation, Aba Mining thus enjoys a significant economic benefit. In addition, after acquiring Aba Mining, the iron ore reserves and scale of production of the Group will be significantly enhanced, which in turn, will boost the Group's revenue and sustainable development in the long run. Production ramp-up is expected to be relatively quick because Maoling Mine was fully operational from 2004 until October 2007, when a landslide occurred and it ceased operation, and the production facilities of the Maoling Mine and infrastructure around the Maoling Mine are readily available. It is expected that Aba Mining will have a production volume of 150,000 tonnes iron concentrates in 2012. The production capacity of Aba Mining is also expected to increase further to 250,000 tonnes per annum in 2013 after the production of Yanglongshan Mine commences. The completion of the acquisition is subject to, among other matters, the approval of the independent shareholders at the extraordinary general meeting, and the approval being granted by the relevant approval authority in respect of the equity transfer under the Aba Equity Interest Transfer Agreement.

Commenting on the proposed acquisition, Mr. Jiang Zhong Ping, Chairman of China VTM Mining said, "Benefiting from the Western China Development Strategy of the PRC and the accelerated infrastructure development of the western region, the demand for iron ore is on the rise. In order to further expand our reserves and scale of production, as well as enhancing our cost efficiency and operation effectiveness, we endeavor to acquire mines and production facilities with growth potentials to generate foreseeable and considerable returns to the Group. Looking ahead, through identifying and acquiring potential iron ore mines and production facilities, together with our proactive capacity expansion, we strive to become the reputable and leading operator of iron ore mines in the 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 Mining is the second largest operator and the largest non state-owned operator of iron ore mines in Sichuan Province. The Group is primarily engaged in mining, ore processing, iron pelletising and the sale of iron concentrates, iron pellets, medium-grade titanium concentrates and high-grade titanium concentrates to steel producers and downstream users of titanium-related products. The Group owns and operates four vanadium-bearing titano-magnetite mines – the Baicao Mine, the Xiushuihe Mine the Yangqueqing Mine and the Cizhuqing Mine, four processing plants, the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant and the Heigutian Processing Plant and one Iron Pelletising Plant, all located in Sichuan's Panxi region, a region with the most abundant vanadium-bearing titano-magnetite resources in the PRC.

For more information on China VTM Mining, please visit: <http://www.chinavtmmining.com>

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