

To: Financial Reporters
[Immediate Release]



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

China VTM Mining Announces the Subscription of Exchangeable Note A Leap to Explore Offshore Strategic Resources

[3 May 2011, 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 and the largest non state-owned operator of iron ore mines in Sichuan Province, the People’s Republic of China (the “PRC”), announced that on 2 May 2011, Sure Prime Limited, a direct wholly owned subsidiary of the Company has successfully entered into a secured exchangeable note purchase agreement with a private company incorporated in the British Virgin Islands with limited liability.

Pursuant to the secured exchangeable note purchase agreement, Sure Prime Limited has conditionally agreed to subscribe for the exchangeable note in the principal amount of a minimum of US\$20,000,000 (equivalent to approximately HK\$155,340,000) in cash. Sure Prime Limited may make further subscription of the exchange note and thereby increasing the principal amount to a maximum of US\$50,000,000 (equivalent to approximately HK\$388,350,000) on or before 10 August 2011. The exchangeable note has a term of 3 years with a yield to maturity of 20% per annum (or 25% per annum to be redeemed upon an event of default as defined in the note certificate). The principal amount will be funded by the Group’s internal resources and/or debt financing.

On or before the completion of the subscription, the Group will also enter into an iron concentrate sale and purchase agreement with a private company incorporated in the Cayman Islands (“Target Company”) in connection with the purchase of iron concentrates from a vanadium bearing titano-magnetite iron sand ore mine located in Java, the Republic of Indonesia (“Target Iron Mine”), for a period of up to the expiry of its mining service period. To be further demonstrated by an international technical consultant, the Target Iron Mine has JORC reserves of not less than 1.42 billion tonnes of iron ore at an average grade of 10% or better or 143 million tonnes of ore with an

-Cont’d-

博達浩華國際財經傳訊集團

Porda Havas International Finance Communications Group

Units 2009-2018, 20/F, Shui On Centre, 6-8 Harbour Road, Wanchai, HK 香港灣仔港灣道6-8號瑞安中心20樓2009-2018室
T : (852) 3150 6788 F : (852) 3150 6728

www.pordahavas.com

equivalent iron content. In addition, a production line with an annual production capacity of 10,000,000 tonnes of 58%-60% iron concentrates (calculated on a wet basis) and ancillary facilities will be constructed by June 2012. Hence, its annual production volume will reach 4,000,000 tonnes of 58%-60% iron concentrates (calculated on a dry basis) in 2012 and 9,000,000 tonnes of 58%-60% iron concentrates (calculated on a dry basis) in 2013.

According to the iron concentrate sale and purchase agreement, the Group shall purchase: (1) a quantity equivalent to 20% of the production volume of iron concentrates from the Target Iron Mine for each of the 7 month period between 1 June 2012 and 31 December 2012 and the 12 month period between 1 January 2013 and 31 December 2013; and (2) 2,000,000 wet metric tonnes of iron concentrate for each year commencing from 2014. In addition, the Target Company also undertakes that, for a period of 20 years from the date of the iron concentrate sale and purchase agreement or for the mining service period of the Target Iron Mine, whichever shorter, it must not and must procure that its ultimate beneficial owner, each of the affiliates of the Target Company not to sell, directly or indirectly, any iron concentrate produced in Indonesia to any end customer of iron concentrate in the southwestern and northwestern region (i.e. Sichuan Province, Yunnan Province, Chongqing Municipality, Gansu Province, Shaanxi Province, Qinghai Province, Ningxia Huizu Autonomous Region and Xinjiang Uyghur Autonomous Region, save for a company in Guizhou Province specified in the iron concentrate sale and purchase agreement) of the PRC.

Commenting on the subscription of the exchangeable note, Mr. Jiang Zhong Ping, Chairman of China VTM Mining said, "In addition to the potential returns and capital gain from the transaction, it also denotes a leap of the Group to explore offshore strategic resources in order to support our ever-growing domestic iron ore market. The Group believes that it is in the interest of the Group to explore other materials-related business investment opportunities and strategic resources globally and outside the PRC. In addition, benefitted from the iron concentrate sale and purchase agreement, it also allows the Group to obtain a stable and substantial source of iron concentrates from a large scale high quality iron sand mine at a favourable price. Furthermore, leveraging on the stable and economic source of supply of high quality iron concentrates from the Target Company, this places the Group in a good position to jointly develop the vanadium bearing titanomagnetite ore market in the PRC, especially in the east coast of the PRC. Adhering to our business development strategy, we will continue to explore and capture new investment opportunities, so as to generate the greatest return to our shareholders."

- End -

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 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 and titanium concentrates to steel producers and downstream users of titanium-related products. The Group now owns and operates four vanadium-bearing titano-magnetite mines (namely the Baicao Mine, the Xiushuihe Mine, the Yangqueqing Mine and the Cizhuqing Mine), four processing plants (namely the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant and the Heigutian Processing Plant) and one iron pelletising plant, all of which are located in Sichuan's Panxi region, a region with the most abundant vanadium-bearing titano-magnetite resources in China.

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

Issued by Porda Havas International Finance Communications Group for and on behalf of **China Vanadium Titano-Magnetite Mining Company Limited**. For further information, please contact:

Porda Havas International Finance Communications Group

Ms. Kylie Yeung	+852 3150 6770	kylie.yeung@pordahavas.com
Ms. Ada Leung	+852 3150 6732	ada.leung@pordahavas.com
Mr. Karl Cheung	+852 3150 6715	karl.cheung@pordahavas.com
Ms. Irene Chan	+852 3150 6739	irene.chan@pordahavas.com
Fax: +852 3150 6728		

博達浩華國際財經傳訊集團

Porda Havas International Finance Communications Group

Units 2009-2018, 20/F, Shui On Centre, 6-8 Harbour Road, Wanchai, HK 香港灣仔港灣道6-8號瑞安中心20樓2009-2018室
T : (852) 3150 6788 F : (852) 3150 6728

www.pordahavas.com