



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

China VTM Mining Announced 2012 Interim Results
Revenue and Net Profit Amounted to RMB773.9 Million and RMB200.2 Million,
Respectively and
High-grade Titanium Concentrates As a New Growth Driver

[28 August 2012, 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) yesterday announced its interim results for the six months ended 30 June 2012 (the “**Reporting Period**”).

During the Reporting Period, the occasional power suspension and power supply restriction measures adopted for upgrading of the power grid since late March 2012 in the Panxi Region have led to a decline in the production volume of vanadium-bearing iron concentrates which has consequently increased its average unit production cost in the first half of 2012. As a result, performance of the Group has been affected. For the six months ended 30 June 2012, the Group’s revenue was approximately RMB773.9 million. In particular, revenue generated from high-grade titanium concentrates recorded an increase from RMB64.7 million to RMB93.3 million in the first half of 2012, representing an increase of 44.2% as compared to the same period of last year. During the Reporting Period, the increased sales volume and selling price of high-grade titanium concentrates partially offset the adverse effect in vanadium-bearing iron concentrates. Gross profit during the Reporting Period amounted to approximately RMB338.0 million. Profit and total comprehensive income attributable to owners of the Company amounted to approximately RMB197.1 million. Basic and diluted earnings per share attributable to ordinary equity holders of the Company was RMB0.09 per share. The board of directors of the Company does not recommend the payment of an interim dividend for the Reporting Period.

Although the European sovereign debt crisis led to a slowdown in the global economy in the first half of 2012, the Chinese government has issued various policies to stimulate the country’s domestic development, in particular, the western areas of China. According to the “Western Development Progress in 2011 and the 2012 Work Plan” (《西部大開發 2011 年進展情況和 2012 年工作安排》) issued by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會), infrastructure construction will be the key focus in 2012. This included speeding up the constructions of various key railway projects in the region. With these favourable policies, steel consumption in western China is expected to grow further. Thus, it will provide more business opportunities for the steel enterprises in the future while benefiting the upstream mining companies within the region and providing a valuable business opportunity for the Group.

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In the first half of 2012, as high-grade titanium concentrates were short of supply and enjoyed higher profitability, such product has become a key growth driver for the Group. During the Reporting Period, high-grade titanium concentrates contributed approximately 12.1% (six months ended 30 June 2011: 7.7%) to the Group's total revenue. In early 2012, the Group started to co-operate with an independent third party to produce high-grade titanium concentrates by using our own production lines in the various processing plants. During the Reporting Period, the total production volume of high-grade titanium concentrates increased by 21.2% to approximately 69.8 Kt as compared to the corresponding period of last year, while the production volume of vanadium-bearing iron concentrates, ordinary iron concentrates and iron pellets amounted to 957.8 Kt, 21.7 Kt and 375.1 Kt, respectively.

As at 30 June 2012, the Group owned the Baicao processing plant, the Xiushuihe processing plant, the Hailong processing plant, the Heigutian processing plant and two iron pelletising plants in the Panxi region. The Group also owned the Maoling processing plant in the Aba prefecture. As at 30 June 2012, the Group's annual self-production capacity (on a wet basis) of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and high-grade titanium concentrates is as follows:

Product category	Self-production capacity (Ktpa)
Vanadium-bearing iron concentrates	2,600.0
Ordinary iron concentrates	150.0
Iron pellets	1,360.0
High-grade titanium concentrates	280.0

Forging ahead, **Mr. Jiang Zhong Ping, Chairman of China VTM Mining said**, "Supported by the western development strategy, the economic growth and development in southwest China is expected to bring stable downstream demand for the iron and steel industry in the region. It is expected that steel enterprises in Sichuan and Chongqing regions will undergo industry consolidation, with continuous capacity expansion, pig iron will be increased by approximately 14.0 Mt in 2015 as compared to 2011. Together with the capacity expansion plans of other steel enterprises in southwest China, this will further boost the future demand of iron ore products throughout the region.

In order to take full advantage of the development opportunities as a result of the consolidation and the new expanded steel capacity to be realised, we have set out a long-term development plan to strengthen its leading position in the industry. We will continue to pursue organic growth and potential acquisitions to achieve resource and production capacity expansion. Looking towards the future, we will strive to strengthen its leading position in the industry, while capturing every opportunity in the market and enhancing its business performance. With integrity, we endeavour to explore and excel to deliver on its commitments to be the leader and the key integrator of the iron ore mining industry. We will also strive to reward the shareholders with the sustainable value and care for the community."

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About China Vanadium Titano-Magnetite Mining Company Limited

China VTM Mining has been listed on the main board of the Hong Kong Stock Exchange since 8 October 2009, 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 within Sichuan province. The Group now owns four vanadium-bearing titano-magnetite mines (namely the Baicao mine, the Xiushuihe mine, the Yangqueqing mine and the Cizhuqing mine), two ordinary iron ore mines (namely the Maoling mine and the Yanglongshan mine), five processing plants (namely the Baicao processing plant, the Xiushuihe processing plant, the Hailong processing plant, the Heigutian processing plant and the Maoling processing plant) and two iron pelletising plants. All mines are located in Sichuan province, a region with the most abundant vanadium-bearing titano-magnetite resources in China.

In May 2011, the Group secured an offshore supply in Indonesia together with an exchangeable note with an option to convert it into a minority stake in a private company. In the second half of 2011, the Group started to develop the Dashanshu section of the Pingchuan Mine through a joint venture arrangement and entered into an acquisition agreement to acquire the Haibaodang Mine, both of which are vanadium-bearing titano-magnetite mines. In addition to the aforesaid acquisitions and cooperative arrangements, the Group had significantly increased its self iron pelletising production capacity from 360.0 ktpa to 1,360.0 ktpa after the construction of a new pelletising plant was completed in May 2011.

For more information on China VTM Mining, 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:

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