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China Vanadium Titano-Magnetite Mining Company Limited

中國鈦鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

DISCLOSEABLE TRANSACTION

FURTHER SUBSCRIPTION OF THE EXCHANGEABLE NOTE

The Directors hereby announce that, on 17 November 2011, the Investor has made a further subscription of the Exchangeable Note by payment of a further US\$10,000,000 (equivalent to approximately HK\$77,800,000). Together with the Initial Subscription under which a principal amount of US\$20,000,000 (equivalent to approximately HK\$155,600,000) had been paid, the aggregate principal amount of the Exchangeable Note subscribed by the Investor amounted to US\$30,000,000 (equivalent to approximately HK\$233,400,000). The Investor may make a further subscription of the Exchangeable Note and thereby increasing the principal amount from US\$30,000,000 (equivalent to approximately HK\$233,400,000) to US\$50,000,000 (equivalent to approximately HK\$389,000,000) after payment of a further US\$20,000,000 (equivalent to approximately HK\$155,600,000) on or before 31 December 2011.

As one or more of the applicable percentage ratios of the Subscriptions exceed 5% but below 25%, the Subscriptions constitute a discloseable transaction for the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 2 May 2011 (the “**May Announcement**”), 9 August 2011 (the “**August Announcement**”) and 30 September 2011 (the “**September Announcement**”) in relation to the Exchangeable Note. Unless the context otherwise requires, capitalised terms used in this announcement have the same meaning given to them in the May Announcement.

It was announced in the May Announcement, among other things, that:

- (a) the Investor, a direct wholly-owned subsidiary of the Company, had entered into the Secured Exchangeable Note Purchase Agreement with the Issuer, Rui Tong Limited, pursuant to which, the Issuer had conditionally agreed to issue and the Investor had conditionally agreed to subscribe for the Exchangeable Note in the principal amount of US\$20,000,000 (equivalent to approximately HK\$155,600,000) (the “**Initial Subscription**”); and
- (b) the Investor may increase the subscription of the principal amount of the Exchangeable Note to US\$50,000,000 (equivalent to approximately HK\$389,000,000) after payment of up to a further US\$30,000,000 (equivalent to approximately HK\$233,400,000) (the “**Further Subscription**”) on or before 10 August 2011.

It was announced in the August Announcement, among other things, that the Investor and the Issuer had agreed to extend the time for the Further Subscription from on or before 10 August 2011 to on or before 30 September 2011.

It was further announced in the September Announcement, among other things, that the Investor and the Issuer had agreed to extend the time for the Further Subscription from on or before 30 September 2011 to on or before 31 December 2011.

The principal terms of the Exchangeable Note, the Secured Exchangeable Note Purchase Agreement and other relevant information had already been disclosed in the May Announcement.

FURTHER SUBSCRIPTIONS

The Directors hereby announced that the Inventor has, on 17 November 2011, made further subscription by payment of a further US\$10,000,000 (equivalent to approximately HK\$77,800,000) in cash (together with the Initial Subscription, the “**Subscriptions**”). Together with the Initial Subscription under which a principal amount of US\$20,000,000 had already been paid by the Investor to the Issuer in cash on 12 May 2011, the aggregate principal amounts of the Exchangeable Note subscribed by the Investor amounted to US\$30,000,000 (equivalent to approximately HK\$233,400,000). The Investor may make a further subscription of the Exchangeable Note and thereby increasing the principal amount from US\$30,000,000 (equivalent to approximately HK\$233,400,000) to US\$50,000,000 (equivalent to approximately HK\$389,000,000) after payment of a further US\$20,000,000 (equivalent to approximately HK\$155,600,000) on or before 31 December 2011.

The principal amounts of the Exchangeable Note in the aggregate sum of US\$30,000,000 (the “**Principal Amount**”) were funded by the Group’s internal resources and/or debt financing.

The Principal Amount was determined after arm's length negotiation between the Investor and the Issuer with reference to, among other things, the iron ore resources held by the Target Group.

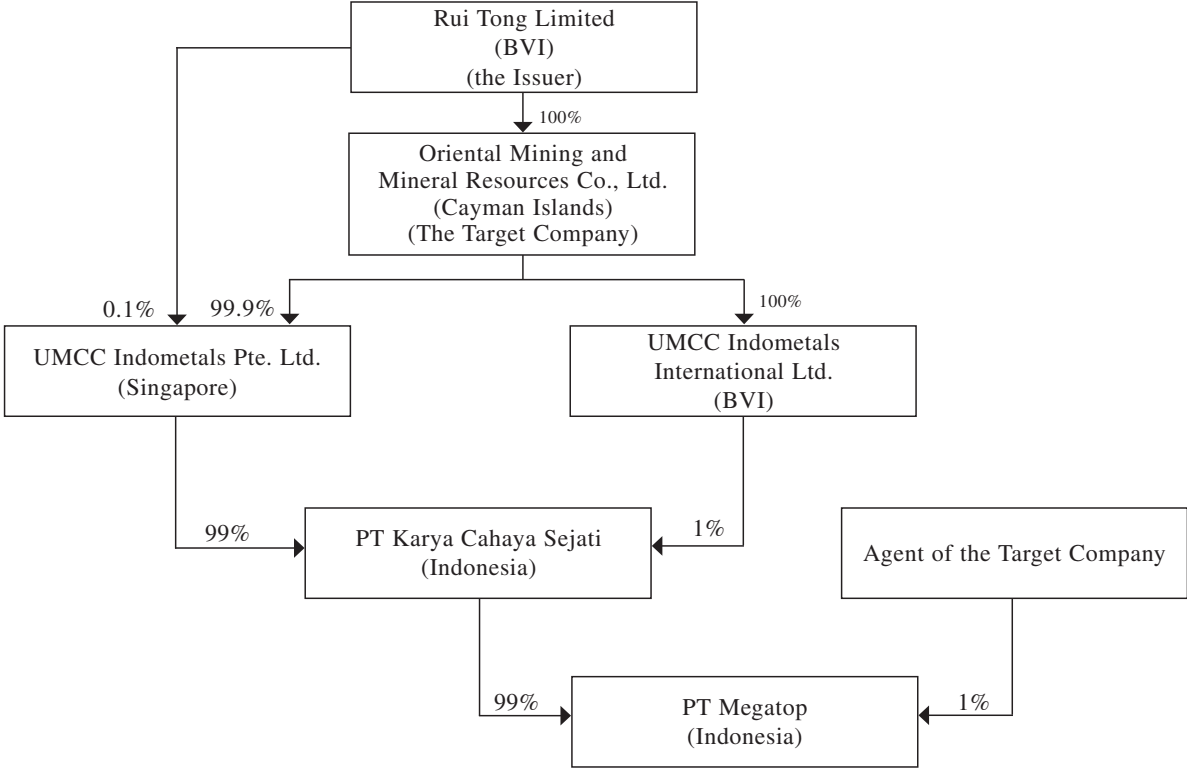
As announced in the May Announcement, a Noteholder shall be entitled to exchange all or some of the Exchangeable Note into shares of the Target Company, the name of which being Oriental Mining and Mineral Resources Co., Ltd., upon presentation of an exchange notice at any time prior to the Final Maturity Date for a minority stake in the Target Company. Based on (a) the subscription in the amount of US\$30,000,000 and (b) the maximum valuation of the Target Company of US\$627,000,000 (equivalent to approximately HK\$4,878,060,000), the Investor is entitled to exchange the Exchangeable Note into such number of shares of the Target Company representing a minimum of approximately 4.8% of the issued share capital of the Target Company, on a fully diluted basis. The number of shares exchangeable by the Investor in the Target Company is subject to an upward adjustment pursuant to the Note Certificate.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the Cayman Islands and is principally engaged in investment holding. The Target Group is principally engaged in the exploration and development of the Target Iron Mine which is located at Agrabinta, Sindangbarang, and Cidaun Sub-District, Cianjur Regeny, Indonesia. Its mining operation has not begun. The Target Group plans to construct a production line with an annual production capacity of 10,000,000 tonnes of 58%-60% Iron (Fe) concentrates (calculated on a wet basis) and ancillary facilities by June 2012. According to the Issuer, it is expected that the production line will reach its full capacity by 2013.

As at the date of this announcement, through its subsidiaries and its agent, the Target Company beneficially owns the entire issued share capital of PT Megatop Inti Selaras ("**PT Megatop**"), which is the owner of an Operational-Production Mining Business Licence. The Operational-Production Mining Business Licence allows PT Megatop to conduct its iron sand business in an area of 15,000 hectares of the Target Iron Mine. According to the Issuer, approximately 1,600 hectares of the Target Iron Mine has been explored. The Operational-Production Mining Business Licence was renewed in June 2011 and is valid for 20 years from the date of renewal.

The Target Company was incorporated on 8 April 2011 and has not conducted any business save for investment holding. The shareholding structure of the Target Group is set out below:



The following table sets out certain financial information of PT Megatop as extracted from the audited consolidated financial statements of PT Megatop for the year ended 31 December 2009 and its unaudited management accounts for the year ended 31 December 2010, which were prepared in accordance with the Indonesian generally accepted accounting principles and the International Financial Reporting Standards respectively:

	For the year ended 31 December			
	2010 <i>unaudited</i>		2009 <i>audited</i>	
	<i>(Indonesian Rupiah (IDR))</i>	<i>HK\$ equivalent</i>	<i>(IDR)</i>	<i>HK\$ equivalent</i>
	<i>(000')</i>	<i>(000')</i>	<i>(000')</i>	<i>(000')</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
Net loss before taxation and extraordinary items	(5,010,457)	(4,509)	(2,314,865)	(2,083)
Net loss after taxation and extraordinary items	(5,010,457)	(4,509)	(2,314,865)	(2,083)

	As at 31 December			
	2010		2009	
	<i>unaudited</i>		<i>audited</i>	
	<i>(IDR)</i>	<i>HK\$ equivalent</i>	<i>(IDR)</i>	<i>HK\$ equivalent</i>
<i>(000')</i>	<i>(000')</i>	<i>(000')</i>	<i>(000')</i>	
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
Net assets value	(6,819,725)	(6,138)	(2,037,382)	(1,834)

INFORMATION ON THE GROUP

The Group is primarily engaged in mining, ore processing, iron pelletising and sales of iron concentrates, iron pellets and titanium concentrates in the PRC.

INFORMATION ON THE ISSUER

The Issuer is a company incorporated in the BVI and is principally engaged in investment holding and is the legal and beneficial owner of all issued shares of the Target Company. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Issuer and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors believe that it is in the interest of the Group to explore other minerals-related business investment opportunities and strategic resources globally and outside the PRC. Pursuant to the Transaction Documents, the Target Company will appoint an international technical consultant, who shall be an independent third party expert to prepare a technical report in compliance with JORC standard demonstrating that, among other things:

- (a) the Target Iron Mine has JORC reserves of not less than 1.42 billion tonnes of Iron (Fe) ore at an average grade of 10% (Fe content) or better or 143 million tonnes of ore with an equivalent Fe content;
- (b) by June 2012, the Target Group will have an annual production capacity of 10,000,000 tonnes of 58%-60% Iron (Fe) concentrates (calculated on a wet basis); the annual production volume will reach 4,000,000 tonnes of 58%-60% Iron (Fe) concentrates (calculated on a dry basis) in 2012; and the annual production will reach 9,000,000 tonnes of 58%-60% Iron (Fe) concentrates (calculated on a dry basis) in 2013; and
- (c) the Target Iron Mine will have competitive estimated operating costs and capital expenditure in operating the Project.

In addition, the Directors are of the view that the Transactions allow the Company to obtain a stable and substantial source of iron concentrates from a large scale high quality iron sand mine at a favourable price. Furthermore, through the cooperation with the Issuer and leveraging on the stable and economic source of supply of high quality iron concentrates from the Target Company, the Directors believe that the Transactions place 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.

Based on the above, the Directors believe that the terms of the Transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the Subscriptions exceed 5% but below 25%, the Subscriptions constitute a discloseable transaction for the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

Unless otherwise specified, the exchange rates adopted in this announcement for illustration purpose are US\$1.00 = HK\$7.78, and IDR1=HK\$0.0009. No representation is made and there is no assurance that US\$ or HK\$ or IDR can be purchased or sold at such rate.

By order of the Board
China Vanadium Titano-Magnetite Mining Company Limited
Jiang Zhong Ping
Chairman

Hong Kong, 18 November 2011

As at the date of this announcement, the Board comprises Mr. Jiang Zhong Ping, Mr. Liu Feng, and Mr. Yu Xing Yuan as executive Directors; Mr. Wang Jin and Mr. Teo Cheng Kwee as non-executive Directors; and Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi as independent non-executive Directors.

Website: www.chinavtmmining.com