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China Vanadium Titano-Magnetite Mining Company Limited

中國鈦鈹磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

**WARRANTIES ON RESOURCES AND RESERVES
IN THE MAOLING EXPLORATION AREA AND
YANGLONGSHAN MINE
AND
PROFIT GUARANTEE ON PROFITS OF ABA MINING**

This announcement is made pursuant to Rule 14A.57 of the Listing Rules.

The Directors are pleased to announce that the warranties and guarantees given by Chuan Wei with respect to (i) the volume of resources and reserves of the Maoling Extended Exploration Area and Yanglongshan Mine; (ii) the average iron content of the ore at the Maoling Extended Exploration Area; and (iii) Aba Mining's profit for the year 2011 pursuant to the Aba Mining Acquisition Agreement have been met.

The Directors hereby further announce that pursuant to the Geological Exploration Report on the Yanglongshan Mine received by Lingyu on 16 May 2012, the average iron content of the ore at the Yanglongshan Mine is 21.6%, which is above the minimum acceptable average iron content level of 20%. However, since the average iron content is below 23% as warranted by Chuan Wei, Chuan Wei is obliged to compensate Lingyu for the Compensation Amount in accordance with the Aba Mining Acquisition Agreement. The Directors expects that there will be no material impact in terms of the mining and beneficiation process and production cost in respect of the Yanglongshan Mine as a result of the minor difference between the actual and warranted average iron content.

On 19 May 2012, Lingyu and Chuan Wei entered into the Supplemental Agreement, pursuant to which, the RMB20 million Payment has been adjusted by the Compensation Amount to RMB10.87 million (equivalent to approximately HK\$13.37 million). Accordingly, the total consideration for the Aba Mining Acquisition of RMB150 million (equivalent to approximately HK\$184.5 million) has been adjusted by the Compensation Amount to RMB140.87 million (equivalent to approximately HK\$173.27 million). Upon the payment by Lingyu to Chuan Wei of RMB10.87 million (equivalent to approximately HK\$13.37 million) on or before 30 May 2012, Chuan Wei would be deemed to have paid the Compensation Amount and fulfilled its obligation under the relevant warranty on the average iron content of the ore at the Yanglongshan Mine under the Aba Mining Acquisition Agreement.

Based on the terms of the Supplemental Agreement, the Independent Board Committee is of the opinion that by agreeing to the terms of the Supplemental Agreement whereby the RMB20 million Payment has been adjusted by the Compensation Amount to RMB10.87 million (equivalent to approximately HK\$13.37 million), Chuan Wei, being a connected person of the Company, has fulfilled its obligations under the relevant warranty on the average iron content of the ore at the Yanglongshan Mine in the Aba Mining Acquisition Agreement.

This announcement is made pursuant to Rule 14A.57 of the Listing Rules.

Reference is made to the announcements of the Company dated 15 November 2010 (the “November Announcement”), 28 January 2011 (the “January Announcement”), 29 April 2011 (the “April Announcement”), and 31 May 2011 (the “May Announcement”). Unless the context otherwise requires, capitalised terms used in this announcement have the same meaning given to them in the November Announcement.

STATUS OF ACHIEVEMENT OF WARRANTIES AND GUARANTEES

The Directors are pleased to announce that the warranties and guarantees given by Chuan Wei with respect to (i) the volume of resources and reserves of the Maoling Extended Exploration Area and Yanglongshan Mine; (ii) the average iron content of the ore at the Maoling Extended Exploration Area; and (iii) Aba Mining’s profit for the year 2011 pursuant to the Aba Mining Acquisition Agreement have been met.

The Directors hereby further announce that pursuant to the Geological Exploration Report on the Yanglongshan Mine received by Lingyu on 16 May 2012, the average iron content of the ore at the Yanglongshan Mine is 21.6%, which is above the minimum acceptable average iron content level of 20%. However, since the average iron content is below 23% as warranted by Chuan Wei, Chuan Wei is obliged to compensate Lingyu for the amount of RMB9.13 million (equivalent to approximately HK\$11.23 million) (the “Compensation Amount”) in accordance with the Aba Mining Acquisition Agreement. The Directors expects that there will be no material impact in terms of the mining and beneficiation process and production cost in respect of the Yanglongshan Mine as a result of the minor difference between the actual and warranted average iron content.

SUPPLEMENTAL AGREEMENT

On 19 May 2012, Lingyu and Chuan Wei entered into a supplemental agreement to the Aba Mining Acquisition Agreement (the “Supplemental Agreement”), pursuant to which, the RMB20 million (equivalent to approximately HK\$24.6 million), being part of the total consideration for the Aba Mining Acquisition, payable by Lingyu to Chuan Wei (the “RMB20 million Payment”) has been adjusted by the Compensation Amount to RMB10.87 million (equivalent to approximately HK\$13.37 million). Accordingly, the total consideration for the Aba Mining Acquisition of RMB150 million (equivalent to approximately HK\$184.5 million) has been adjusted by the Compensation Amount to RMB140.87 million (equivalent to approximately HK\$173.27 million). Upon the payment by Lingyu to Chuan Wei of RMB10.87 million (equivalent to approximately HK\$13.37 million) on or before 30 May 2012, Chuan Wei would be deemed to have paid the Compensation Amount and fulfilled its obligation under the relevant warranty on the average iron content of the ore at the Yanglongshan Mine in the Aba Mining Acquisition Agreement.

OPINION OF THE INDEPENDENT BOARD COMMITTEE

Based on the terms of the Supplemental Agreement, the Independent Board Committee is of the opinion that by agreeing to the terms of the Supplemental Agreement whereby the RMB20 million Payment has been adjusted by the Compensation Amount to RMB10.87 million (equivalent to approximately HK\$13.37 million), Chuan Wei, being a connected person of the Company, has fulfilled its obligations under the relevant warranty on the average iron content of the ore at the Yanglongshan Mine in the Aba Mining Acquisition Agreement.

Unless otherwise specified, the exchange rate adopted in this announcement for illustration purpose is RMB1.00 = HK\$1.23. No representation is made and there is no assurance that RMB or HK\$ 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, 21 May 2012

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

Website: www.chinavtmmining.com