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China Vanadium Titano-Magnetite Mining Company Limited

中國鈇鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

**INSIDE INFORMATION
DISCOVERY OF NIOBIUM AND TANTALUM
AT THE BAICAO MINE
AND
PROFIT WARNING**

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board announces that niobium and tantalum ores have been discovered in the Baicao Mine. The Group has engaged the Sichuan Geochemistry Exploration Team to conduct a preliminary survey at the Baicao Mine and to compile the Preliminary Survey Report. The results of the preliminary survey indicate that there may exist economically mineable niobium and tantalum ore resources at the Baicao Mine. Based on the results of the preliminary survey, the Sichuan Geochemistry Exploration Team has recommended the Group to conduct further exploration work at the Baicao Mine.

Based on the Preliminary Survey Report, the potential niobium and tantalum ore resources are dispersed widely at the Baicao Mine. If the Group continues its normal mining operation at the Baicao Mine, some of the potential niobium and tantalum ore resources at the Baicao Mine might be lost. To better preserve the potential niobium and tantalum ore resources at the Baicao Mine, the Sichuan Geochemistry Exploration Team has recommended the Group to take preservation measures during the period when further exploration work is conducted at the Baicao Mine. Having considered the recommendations of the Sichuan Geochemistry Exploration Team and the decreasing market prices of iron ore products in recent years, the Board considers that it is important to preserve the potential niobium and tantalum ore resources at the Baicao Mine. As such, the Board decides to accept the recommendation of the Sichuan Geochemistry Exploration Team and adjust the Group's normal mining operation with a view to preserving the potential niobium and tantalum ore

resources at the Baicao Mine. Accordingly, the mining operation at the Baicao Mine has to be affected for a period of not more than 11 months, beginning from July 2013. During the Period, production of the vanadium-bearing iron ore at the Baicao Mine will be significantly reduced. Accordingly, the Board expects that the production volume of the Group's vanadium-bearing iron concentrates for the second half of 2013 and the first half of 2014 will be reduced by not more than 300,000 tonnes and 250,000 tonnes, respectively. As such, the revenue and profits of the Group for the second half of 2013 and the first half of 2014 will be substantially reduced, as compared to those for the same periods in 2012 and 2013, respectively. In view of the potential long-term benefits in the exploitation of niobium and tantalum ore resources, the Board considers that it is in the interest of the Company and the Shareholders as a whole to pursue the exploration for niobium and tantalum ore resources at the Baicao Mine.

The Preliminary Survey Report is only a preliminary assessment of the potential niobium and tantalum ore resources at the Baicao Mine. It was not prepared in accordance with the JORC Code. There is no assurance that substantial resources of niobium and tantalum ore will be found. Accordingly, the commercial exploitation of niobium and tantalum ore resources discovered in the Baicao Mine may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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DISCOVERY OF NIOBIUM AND TANTALUM AT THE BAICAO MINE

The Board announces that niobium and tantalum ores have been discovered in the Baicao Mine. The Group has engaged the Sichuan Geochemistry Exploration Team to conduct a preliminary survey at the Baicao Mine and to compile the Preliminary Survey Report. The results of the preliminary survey indicate that there may exist economically mineable niobium and tantalum ore resources at the Baicao Mine. Based on the results of the preliminary survey, the Sichuan Geochemistry Exploration Team has recommended the Group to conduct further exploration work on niobium and tantalum ore resources at the Baicao Mine.

Niobium and tantalum have a wide range of application due to their high melting point and high corrosion resistance. For instance, niobium and tantalum have been applied in national defence, aviation and aerospace related industries. In particular, niobium and tantalum have been used in the production of capacitors in computers, high-end electrical appliances for civil use, and electronic circuitry in various kinds of electronic instruments. In addition, both niobium and tantalum are used in the production of high strength alloy steels. Further, due to their temperature stability, niobium and tantalum, have been used in the production of superalloy for jet engines and rocket engines.

IMPACT ON PRODUCTION OF VANADIUM-BEARING IRON CONCENTRATES

Based on the Preliminary Survey Report, the potential niobium and tantalum ore resources are dispersed widely at the Baicao Mine. If the Group continues its normal mining operation at the Baicao Mine, some of the potential niobium and tantalum ore resources at the Baicao Mine might be lost. To better preserve the potential niobium and tantalum ore resources at the Baicao Mine, the Sichuan Geochemistry Exploration Team has recommended the Group to take preservation measures during the period when further exploration work is conducted at the Baicao Mine. Having considered the recommendations of the Sichuan Geochemistry Exploration Team and the decreasing market prices of iron ore products in recent years, the Board considers that it is important to preserve the potential niobium and tantalum ore resources at the Baicao Mine. As such, the Board decides to accept the recommendation of the Sichuan Geochemistry Exploration Team and adjust the Group's normal mining operation with a view to preserving the potential niobium and tantalum ore resources at the Baicao Mine. Accordingly, the mining operation at the Baicao Mine has to be affected for a period of not more than 11 months, beginning from July 2013 (the "Period"). During the Period, production of the vanadium-bearing iron ore at the Baicao Mine will be significantly reduced. Accordingly, the Board expects that the production volume of the Group's vanadium-bearing iron concentrates for the second half of 2013 and the first half of 2014 will be reduced by not more than 300,000 tonnes and 250,000 tonnes, respectively. As such, the revenue and profits of the Group for the second half of 2013 and the first half of 2014 will be substantially reduced, as compared to those for the same periods in 2012 and 2013, respectively. In view of the potential long-term benefits in the exploitation of niobium and tantalum ore resources, the Board considers that it is in the interest of the Company and the Shareholders as a whole to pursue the exploration for niobium and tantalum ore resources at the Baicao Mine.

GENERAL

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DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Baicao Mine”	白草鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan and operated by Huili Caitong with a mining area of 1.88 square kilometres
“Board”	the board of Directors
“Company”	China Vanadium Titano-Magnetite Mining Company Limited (中國鈮鈦磁鐵礦業有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huili Caitong”	Huili County Caitong Iron and Titanium Co., Ltd.* (會理縣財通鐵鈦有限責任公司), established in the PRC on 7 July 1998 and is a foreign equity joint venture in the PRC since 29 December 2010, an indirect wholly-owned subsidiary of the Company
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and used to determine resources and reserves, as amended from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, not including Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China

“Preliminary Survey Report”	the preliminary survey report on the niobium and tantalum ore resources discovered at the Baicao Mine prepared by the Sichuan Geochemistry Exploration Team
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Sichuan Geochemistry Exploration Team”	Geochemistry Exploration Brigade of Sichuan Bureau of Exploration and Development of Geology and Mineral Resources (四川省地質礦產勘查開發局化探隊)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *For reference purposes only, the Chinese names of the PRC entities have been translated into English in this announcement. If there is any inconsistency between the Chinese name and the English translation, the Chinese name shall prevail.*

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

Hong Kong, 11 July 2013

As at the date of this announcement, the Board of the Company comprises Mr. Jiang Zhong Ping (Chairman), 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.

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