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China Vanadium Titano-Magnetite Mining Company Limited

中國釩鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

**INSIDE INFORMATION
WAIVER OF EVENT OF DEFAULT
AND
SUPPLEMENTAL ARRANGEMENT
TO EXCHANGEABLE NOTES**

This announcement is made by the Company pursuant to Rules 13.09 and 14.36 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Directors hereby announce that on 30 December 2014, the Investor, a wholly-owned subsidiary of the Company, has, subject to the consent of the other Noteholders, (i) granted a waiver in favour of the Issuer to waive the Event of Default; and (ii) entered into the Supplemental Deed with Rui Tong Limited, its ultimate beneficial owner, and the Target Company. Any consent granted by the other Noteholders will be in respect of both the waiver and the Supplemental Deed. Likewise, the other Noteholders would require Sure Prime's consent in order to give effect to any waiver or other amendments to their Exchangeable Notes.

Pursuant to the Supplemental Deed, (a) the Final Maturity Date has been extended to 25 June 2015; (b) the Yield to Maturity for the entire term of the Exchangeable Notes and until the full redemption thereof has been revised from 20% to 25% per annum; and (c) the Investor shall be entitled to exchange all or any part of the Exchangeable Notes at any time prior to the full redemption of the Exchangeable Notes by a single or multiple presentation of exchange notice.

This announcement is made by China Vanadium Titano-Magnetite Mining Company Limited (the “**Company**”) pursuant to Rules 13.09 and 14.36 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

INTRODUCTION

Reference is made to the announcements of the Company dated 2 May 2011, 9 August 2011, 30 September 2011, 18 November 2011 and 25 November 2011 in relation to the subscription by Sure Prime Limited, a wholly-owned subsidiary of the Company, of the exchangeable notes issued by Rui Tong Limited (collectively, the “**2011 Announcements**”). Reference is also made to the announcement of the Company dated 2 December 2014 in relation to the occurrence of an event of default under the exchangeable notes issued by Rui Tong Limited (the “**2014 Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement have the same meaning given to them in the 2011 Announcements and the 2014 Announcement.

ORIGINAL TERMS OF EXCHANGEABLE NOTES AND OCCURRENCE OF EVENT OF DEFAULT

It was announced in the 2011 Announcements and 2014 Announcement, among other things, that:

- (a) the Investor, a wholly-owned subsidiary of the Company, subscribed for the Exchangeable Notes in the aggregate principal amount of US\$30 million issued by the Issuer, which is exchangeable into minority shareholding interest in the Target Company;
- (b) the Final Maturity Date of the Exchangeable Notes was 25 November 2014;
- (c) the Yield to Maturity of the Exchangeable Notes was (i) 20% per annum if the Exchangeable Notes are redeemed on the Final Maturity Date; or (ii) 25% per annum if the Exchangeable Notes are redeemed upon an event of default;
- (d) a Noteholder is entitled to exchange the Exchangeable Notes into shares of the Target Company at any time prior to the Final Maturity Date;
- (e) an Event of Default under the Exchangeable Notes occurred on 2 December 2014 by virtue of the Issuer’s failure in paying an amount payable by it under the Note Certificate within five business days following the Final Maturity Date.

WAIVER OF EVENT OF DEFAULT AND SUPPLEMENTAL ARRANGEMENT

On 30 December 2014, the Investor has, subject to the consent of the other Noteholders, (i) granted a waiver in favour of the Issuer to waive the Event of Default; and (ii) entered into a supplemental deed (the “**Supplemental Deed**”) with Rui Tong Limited, its ultimate beneficial owner, and the Target Company. Any consent granted by the other Noteholders will be in respect of both the waiver and the Supplemental Deed. Likewise, the other Noteholders would require Sure Prime’s consent in order to give effect to any waiver or other amendments to their Exchangeable Notes.

Pursuant to the Supplemental Deed:

- (a) the Final Maturity Date has been extended from 25 November 2014 to 25 June 2015 (the “**Extension**”);
- (b) despite the waiver, the Yield to Maturity for the entire term of the Exchangeable Notes and until the full redemption thereof has been revised from 20% to 25% per annum; and
- (c) the Investor shall be entitled to exchange all or any part of the Exchangeable Notes into shares of the Target Company at any time prior to the full redemption of the Exchangeable Notes by a single or multiple presentation of exchange notice.

The Directors do not consider that the Extension would cause any material adverse impact on the financial or cash flow position of the Group. The Directors believe that the terms of the Supplemental Deed are fair and reasonable and in the interest of the shareholders of the Company as a whole, having assessed (i) the current financial position of the Issuer; (ii) the potential future investment into the Target Group by an independent third party investor as advised by the Issuer; and (iii) the potential return to the Group as a result of the supplemental arrangement.

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

Hong Kong, 31 December 2014

As at the date of this announcement, the Board comprises Mr. Jiang Zhong Ping, Mr. Tang Wei, and Mr. Roy Kong Chi Mo as executive directors; Mr. Teo Cheng Kwee and Mr. Yu Xing Yuan as non-executive directors; and Mr. Yu Haizong, Mr. Liu Yi and Mr. Wu Wen as independent non-executive directors.

Website: www.chinavtmmining.com