

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 893)

TERMINATION AGREEMENT

On January 15, 2010, Xiushuihe Mining and Nanjiang executed the Termination Agreement (“**Termination Agreement**”), pursuant to which the parties agreed to amend and terminate certain provisions under the New Agreement dated March 18, 2009. The New Agreement related to the construction and upgrade of iron and titanium concentrates production lines at the Xiushuihe Processing Plant. The reason for the amendment is to reduce the amount of technical support service fee payable to Nanjiang under the New Agreement.

The Directors confirm that save as disclosed in this announcement, they are not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules which is or may be of a price-sensitive nature.

Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.

THE NEW AGREEMENT

Xiushuihe Mining entered into a new co-operation agreement with Nanjiang for a term commencing on March 18, 2009 until November 10, 2023 (the “**New Agreement**”). The purpose of the New Agreement is to construct new iron and titanium concentrates production lines and to upgrade the existing 150.0 Kt iron concentrates production line at our Xiushuihe Processing Plant, and the projects undertaken pursuant to the New Agreement are referred to as the “Nanjiang Project”. For further details on the New Agreement, please refer to the paragraphs headed “Co-operation Agreement” in the Business section of the prospectus of the Company published on September 24, 2009.

Under the New Agreement, the consideration for the Nanjiang Project (the “**Nanjiang Project Consideration**”) is repayable starting from the completion date of the Nanjiang Project until November 2023. The amount of principal repayment is derived from 85% of the total amount that Nanjiang is expected to receive under the New Agreement for each financial year (such total amount is defined as the “**Sum of Profits**”). The remaining 15% of the Sum of Profits for each financial year will be paid to Nanjiang as a technical service fee for its provision of technical support services to us. Upon full settlement of the Nanjiang Project Consideration, the entire Sum of Profits for each financial year will be paid to Nanjiang as a technical service fee until the expiry of the New Agreement in November 2023.

THE TERMINATION AGREEMENT

On January 15, 2010, Xiushuihe Mining and Nanjiang entered into the Termination Agreement, pursuant to which the parties agreed to amend and terminate certain provisions under the New Agreement. The key provisions under the Termination Agreement are as follows:

- Date : January 15, 2010
- Effective date of the Termination Agreement : January 1, 2010
- Settlement of construction costs payable by Nanjiang : Nanjiang is responsible for the settlement of all outstanding construction costs incurred up to December 31, 2009 pursuant to all contracts entered into by Nanjiang on behalf of Xiushuihe Mining. Such settlement should be completed before February 5, 2010.
- Completion date for the transfer of projects under construction : Xiushuihe Mining and Nanjiang should complete the transfer of the titanium concentrates production line (currently under construction) by February 10, 2010 and provide written confirmation of the calculation of the Sum of Profits for the year ended December 31, 2009 and total construction costs incurred as of December 31, 2009 under the New Agreement as at the same date.
- Amount of construction costs payable to Nanjiang : Within 90 days from the date of the Termination Agreement, Xiushuihe Mining shall pay to Nanjiang approximately RMB85 million as part repayment of the outstanding construction costs under the New Agreement.
- Settlement of technical support service fee under the New Agreement : Within 90 days from the date of the Termination Agreement, Xiushuihe Mining shall pay to Nanjiang approximately RMB7.7 million as the technical support service fee for the period of July 1, 2008 to December 31, 2009 under the New Agreement.
- Continuous technical support to be provided by Nanjiang : Upon the effective date of the Termination Agreement, Nanjiang would continue to provide technical support to Xiushuihe Mining in relation to the Nanjiang Project until December 31, 2024. Within 180 days from the date of the Termination Agreement, Xiushuihe Mining shall make a one-off prepayment to Nanjiang at the amount of RMB62 million as technical support fee for the period of 15 years ending on December 31, 2024.

BENEFITS OF THE TERMINATION AGREEMENT

Under the New Agreement, the total estimated technical support service fee payable to Nanjiang for the period from January 1, 2010 to November 30, 2023 would be approximately RMB372 million. After entering into the Termination Agreement, the total technical support service fee to be prepaid to Nanjiang is RMB62 million. As the result, entering into the Termination Agreement would bring about a cost saving to the Group at the amount of approximately RMB310 million.

GENERAL

The Directors confirm that save as disclosed in this announcement, they are not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules which is or may be of a price-sensitive nature.

Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.

TERMS USED IN THIS ANNOUNCEMENT

“Company”	China Vanadium Titano-Magnetite Mining Company Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Kt”	thousand tonnes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjiang”	Sichuan Nanjiang Mining Group Co., Ltd. (四川南江礦業集團有限公司), established on April 10, 1996, a limited liability company (non-state owned) and an independent third party which entered into the New Agreement with Xiushuihe Mining with effect from March 18, 2009
“New Agreement”	the new co-operation agreement entered into between Xiushuihe Mining and Nanjiang on March 18, 2009
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

- “Xiushuihe Mining” Huili County Xiushuihe Mining Co. Ltd. (會理縣秀水河礦業有限公司), a limited liability company established in the PRC on June 26, 2007 and a member of our Group beneficially owned as to 95.0% by Huili County Caitong Iron and Titanium Co. Ltd. (會理縣財通鐵鈦有限責任公司) and 5.0% by Xichang Vanadium and Titanium Products Co., Ltd. (西昌鈦鈦製品有限公司)
- “Xiushuihe Processing Plant” the ore processing plant located at the Xiushuihe vanadium-bearing titanomagnetite mine in Huili County, Sichuan, PRC and operated by Xiushuihe Mining

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

Hong Kong, January 18, 2010

As at the date of this announcement, the Board comprises Mr. Jiang Zhong Ping, Mr. Liu Feng, Mr. Wang Yun Jian and Mr. Yu Xing Yuan as Executive Directors; Mr. Wang Jin, Mr. Zhu Xiao Lin, Mr. Teo Cheng Kwee and Mr. Devlin Paul Jason as Non-executive Directors; and Mr. Yu Haizong, Mr. Gu Peidong, Mr. Liu Yi and Mr. Wu Wei as Independent Non-executive Directors.

Website: www.chinavtmmining.com