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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)

VOLUNTARY ANNOUNCEMENT COOPERATIVE AGREEMENT IN RELATION TO A VANADIUM BEARING TITANO-MAGNETITE MINE IN THE PRC

This is a voluntary announcement made by the Company for the purpose of providing the latest information of the business development of the Group to the Shareholders and potential investors of the Company.

The Board is pleased to announce that the Company, Pingchuan Iron Mining Company and Nanyu have entered into the Cooperative Agreement in relation to the development of the Dashanshu Section, which is part of the Pingchuan Iron Ore Mine and has an area of approximately 5 square kilometres with an estimated resources of approximately 50 million tonnes of iron ore of types 331, 332 and 333.

Shareholders and potential investors of the Company should note that the mode of cooperation on the development of the Dashanshu Section is subject to the terms and conditions of the Cooperative Agreement including but not limited to the transfer of the Mining Right to the Joint Venture which may or may not occur. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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1. COOPERATIVE AGREEMENT

The Board is pleased to announce that the Company, Pingchuan Iron Mining Company and Nanyu have entered into the Cooperative Agreement in relation to the development of the Dashanshu Section. The principal terms of the Cooperative Agreement are summarised below:

(a) Date

30 August 2011.

(b) Parties

The Company, Pingchuan Iron Mining Company and Nanyu.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Pingchuan Iron Mining Company and Nanyu and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

(c) The Joint Venture

(i) Establishment of the Joint Venture

The Parties shall establish a joint venture for the purpose of development of the Dashanshu Section. The Company has the right to elect 四川省凌御投資有限公司 (Sichuan Lingyu Investment Co., Ltd*), an indirect wholly-owned subsidiary of the Company established in the PRC, to replace the Company as the joint venture party.

(ii) Initial registered capital

The initial registered capital of the Joint Venture will be RMB100 million which will be contributed by the Parties in cash as follows:

Party	Amounts of capital contribution (in RMB)	Percentage
Company	51 million	51%
Pingchuan Iron Mining Company	34 million	34%
Nanyu	15 million	15%
Total	100 million	100%

(iii) Increase of registered capital

After Pingchuan Iron Mining Company has obtained the Mining Right and to the extent permissible under the relevant laws, regulations and policies, Pingchuan Iron Mining Company shall increase its capital contribution to the Joint Venture by injecting the Mining Right into the Joint Venture. The value of the Mining Right will be based on an independent valuation. Upon the increase of capital contribution by Pingchuan Iron Mining Company to the Joint Venture, the Company may require Pingchuan Iron Mining Company to transfer part of its equity interest in the Joint Venture to the Company in order to maintain the Company's equity ratio at 51% in the Joint Venture. The consideration will be determined by reference to the registered capital after completion of the increase in capital and will be settled by way of cash or Shares to be issued by the Company or a combination of both cash and Shares to be issued by the Company. If the issue of Shares is required, the issue price of the Shares will be the 3 months' average closing price of the Shares preceding the date of the equity transfer agreement.

(iv) Board of directors

The board of directors of the Joint Venture shall comprise 7 members of which the Company shall be entitled to appoint 3 members (including the chairman), Pingchuan Iron Mining Company shall be entitled to appoint 3 members (including the vice-chairman) and Nanyu shall be entitled to appoint 1 member. The general manager shall be appointed by the Company.

(v) The cooperation

Pingchuan Iron Mining Company will be responsible for the following:

- to conduct exploration works for the Dashanshu Section, including providing fund, and to endeavour to obtain a qualified geological exploration report within the shortest possible time for the application of mining licence; and
- to apply for the mining permit for the Dashanshu Section.

By consultation between the Company, Pingchuan Iron Mining Company and Nanyu, a qualified sub-contractor will be jointly appointed for conducting stripping and mining activities at the Dashanshu Section.

The Joint Venture will be responsible for the basic infrastructure construction works at the Dashanshu Section, namely those relating to the supply of water, electricity and roads, the construction of processing plant, including providing funds, and production and sale of the mine products from the Dashanshu Section.

The above works are proposed on the basis that the proposed increase of the registered capital of the Joint Venture or transfer of the Mining Right to the Joint Venture will occur. If the proposed increase of the registered capital of the Joint Venture or transfer of the Mining Right to the Joint Venture does not occur, the mode of cooperation will be re-negotiated. In this regard, the Company has been advised by its PRC legal adviser that under the current PRC laws, rules and regulations, the following major conditions must be fulfilled before the Mining Right can be transferred to the Joint Venture:

- (1) a separate mining permit for the Dashanshu Section having been granted after completion of the exploration works; and
- (2) the Dashanshu Section has been in production for 5 years after the mining permit for the Dashanshu Section having been granted (or to arrange for the transfer according to the original transfer procedures).

(vi) Undertaking of Pingchuan Iron Mining Company

Pingchuan Iron Mining Company undertakes that it will (after completion of the detailed exploration works and to the extent permissible under the relevant policies) apply for the mining permit for the Dashanshu Section.

(vii) Time-table for the development of the Dashanshu Section

Set out below is the proposed time-table for the development of the Dashanshu Section:

Not later than March 2012	:	Development plan finalised and commencement of designing of the processing plant
June 2012	:	Construction of processing plant commences
By the end of 2012	:	Mining permit for the Dashanshu Section being granted
March 2013	:	Trial production commences
June 2013	:	Commercial production commences

(viii) Future agreements cannot be inconsistent with the Cooperative Agreement

No future agreements or memorandum in relation to the cooperation on the Dashanshu Section can be contrary to the Cooperative Agreement.

2. INFORMATION ON THE DASHANSHU SECTION

The technical data of Dashanshu Section are as follows:

Type of iron	:	Vanadium bearing titanite-magnetite iron ore
Mine location	:	Pingchuan, Yanyuan County, Liangshan Prefecture, Sichuan Province, PRC
Permit type ^(Note 1)	:	Exploration permit
Permit validity period	:	24 May 2011 to 30 June 2013
Exploration area ^(Note 1)	:	Approximately 5 square kilometres
Estimated resources ^(Note 2)	:	Approximately 50 million tonnes of iron ore of types 331, 332 and 333
Range of total iron ^(Note 2)	:	10% to 18%

Notes:

1. The Exploration Permit covers the entire Pingchuan Iron Mine of which the Dashanshu Section forms part. The Dashanshu Section has an area of approximately 5 square kilometres.
2. The information is based on 四川省鹽源縣平川鐵礦大杉樹礦段地質特徵簡介 (Introduction to the Geological Features of the Dashanshu Section of the Pingchuan Iron Mine, Yanyuan County, Sichuan Province*) dated 29 August 2011 issued by 四川省冶金地質勘察院 (*Sichuan Institute of Metallurgical Geology and Exploration).

3. INFORMATION ON PINGCHUAN IRON MINING COMPANY AND NANYU

Pingchuan Iron Mining Company is a state-owned enterprise under the authority of the People's Government of Yanyuan County and currently holds the exploration rights of 鹽源縣平川鐵礦接替資源普查 (Survey on the Handover Reserves of Pingchuan Iron Mine of Yanyuan County*).

Nanyu is a company established in the PRC. It is a diversified company principally engaged in information system and machinery sectors.

4. REASONS FOR ENTERING INTO THE COOPERATIVE AGREEMENT

The Group owns and operates iron ore mines in Sichuan Province, the PRC. The main type of ore in the Group's mines is vanadium bearing titanite-magnetite ore, which is used for producing iron ore products, titanium products and vanadium products. The Group is primarily engaged in mining, ore processing, iron pelletising and sales of iron concentrates, iron pellets and titanium concentrates.

The Board believes that the transactions contemplated by the Cooperative Agreement represent an opportunity for the Group to further develop its current business by enjoying the potentially significant resource, as well as a long-term steady production at the Dashanshu Section through the Joint Venture. This will allow the Group to generate income from the mine products produce at the Dashanshu Section.

The Board is of the view that the transactions contemplated by the Cooperative Agreement are in the interest of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company should note that the mode of cooperation on the development of the Dashanshu Section is subject to the terms and conditions of the Cooperative Agreement including but not limited to the transfer of the Mining Right to the Joint Venture which may or may not occur. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meaning:

“Board”	the board of Directors
“Company”	China Vanadium Titano-Magnetite Mining Company Limited (中國釩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
“Cooperative Agreement”	the cooperative agreement dated 30 August 2011 entered into between the Parties in relation to the development of the Dashanshu Section
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Dashanshu Section”	the Dashanshu section (大杉樹礦段) of the Pingchuan Iron Mine which has an exploration area of approximately 5 square kilometres within the exploration area set out in the Exploration Permit
“Directors”	the directors of the Company
“Exploration Permit”	the exploration permit (勘查許可證) for 鹽源縣平川鐵礦接替資源普查 (Survey on the Handover Reserves of Pingchuan Iron Mine of Yanyuan County*) holds by Pingchuan Iron Mining Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	the joint venture proposed to be formed pursuant to the Cooperative Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mining Right”	mining right to the Dashanshu Section

“Nanyu”	四川南譽信息技術有限公司 (Sichuan Nanyu Information Technology Company Limited*), a company established in the PRC
“Parties”	the Company, Pingchuan Iron Mining Company and Nanyu
“Pingchuan Iron Mine”	the Pingchuan Iron Mine which is located in Yanyuan County (鹽源縣), Liangshan Prefecture (涼山州), Sichuan Province, the PRC which has an exploration/mine area of 69.09 square kilometres as set out in the Exploration Permit
“Pingchuan Iron Mining Company”	四川省鹽源縣平川鐵礦 (Sichuan Province Yanyuan County Pingchuan Iron Mine*), a state-owned enterprise under the authority of the People’s Government of Yanyuan County
“PRC”	the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administration Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Shares”	shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* For identification purpose only

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

Hong Kong, 30 August 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