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China Vanadium Titano-Magnetite Mining Company Limited

中國鈦鉭磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

PROFIT WARNING

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

The Board wishes to highlight to the shareholders and potential investors of the Company that:

- (i) as reported in 2014 Annual Report of the Company, the Company recorded a sharp fall in revenue and a Net Loss of approximately RMB366.4 million for the year ended 31 December 2014; and
- (ii) as guided in the Strategic Review Announcement, the operating environment for the Group remains challenging due mainly to overcapacity concerns that selling prices for its products have been and are falling while costs have escalated which means it is extremely difficult for the Group to achieve economies of scale over the next 12 months.

The Board needs to further highlight that there has been no improvement in market demand, selling prices and plants' utilisation since the date of the Strategic Review Announcement. Given the above-mentioned, the Company expects to record a Net Loss of approximately RMB920.0 million for the six months ended 30 June 2015 based on the initial assessment of the Group's unaudited management accounts, which is significantly higher compared to the Net Loss of approximately RMB129.0 million for the corresponding six months ended 30 June 2014.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Vanadium Titano-Magnetite Mining Company Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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, Laws of Hong Kong) (the “**SFO**”).

The Board of Directors of the Company (the “**Board**”) wishes to highlight to the shareholders and potential investors of the Company that as guided in the Strategic Review and Business Update of the Company dated 24 June 2015 (the “**Strategic Review Announcement**”), the market demand for iron ore products remained weak, selling prices for its products have fallen, costs for its operations have escalated, the plants’ utilisation rates have been low and its distribution business has also been adversely affected.

The management of the Company (the “**Management**”), now being lead by the Acting Chief Executive Officer of the Company, Mr. Jiang Zhong Ping (recently appointed as Acting CEO on 15 May 2015), has since suspended production, scaled back capacity, identified un-deployed equipment, ceased marketing activities and downsized distribution channels.

Whilst the recent operational streamlining and assets rationalisation plans aimed to reduce fixed costs and minimise operating losses for the Group, the longer-than-expected suspension of production or lower-than-expected rates of capacity utilisation have caused reduction in value in use of certain operating assets for the affected plants, which thus required the Management to record assets impairment. Meanwhile, the Board needs to further highlight that there has been no improvement in the market demand, selling prices and plants’ utilisation since the date of the Strategic Review Announcement.

Given the above-mentioned, the Group expects its financial performance to remain weak due mainly to (i) higher operating loss arose from lower output and lower revenue; and (ii) significant assets impairment losses from falling fair value and/or value in use of its key operating assets and investments.

More specifically, the Company expects to record a loss and total comprehensive loss attributable to owners of the Company (“**Net Loss**”) of approximately RMB920.0 million for the six months ended 30 June 2015 based on the initial assessment of the Group’s unaudited management accounts, which is significantly higher compared to the Net Loss of approximately RMB129.0 million for the corresponding six months ended 30 June 2014.

The Board wishes to further highlight that the Group has engaged an independent valuer to conduct a valuation exercise in relation to fair value and/or value in use of its main operating assets and investments. Should the independent valuer determine that the figures of impairment losses on the related assets of the Group are higher than that of the initial assessment of the Group’s unaudited management accounts, the amount of Net Loss of the Company for the six months ended 30 June 2015 will be higher.

Given that the environment in which the Group operates is dynamic and is expected to remain highly volatile over the next 12 months, the Management will continue to monitor the market conditions closely, manage working capital prudently and implement good cost control discipline for shareholders. Moving forward, the Group hopes to further reduce its unit cost of production and improve its production efficiency following the recent operational streamlining exercise and assets rationalisation plans.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available including the latest unaudited management accounts of the Group, which have not been reviewed by the Company's auditors. As at the date of this announcement, the Group's results for the six months ended 30 June 2015 have not been finalised, and are thus subject to adjustments. Further details of the Group's financial information will be disclosed as and when the interim results of the Group for the six months ended 30 June 2015 are announced towards end of August 2015.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
**China Vanadium Titano-Magnetite Mining
Company Limited**
JIANG Zhong Ping
Chairman and Acting CEO

Hong Kong, 11 August 2015

As at the date of this announcement, the Board comprises Mr. JIANG Zhong Ping (Chairman and Acting CEO) and Mr. ZHENG Zhiquan as executive directors; Mr. YU Xing Yuan as non-executive director; and Mr. YU Haizong, Mr. LIU Yi and Mr. WU Wen as independent non-executive directors.

Website: www.chinavtmmining.com