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China Vanadium Titano-Magnetite Mining Company Limited

中國鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

PROFIT WARNING

This announcement is made by 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 Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

Note:

For the purposes of financial reporting during the six months ended 30 June 2019 (“**1H2019**”), the Group’s operations comprised of:

- the Group excluding the Disposal Group (as defined below) (the “**Remaining Group**” or the “**Continuing Operations**”); and
- the Huili County Caitong Iron and Titanium Co., Ltd.* (會理縣財通鐵鈦有限責任公司) and its subsidiaries (the “**Disposal Group**” or the “**Discontinued Operations**”).

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the Group’s unaudited consolidated management accounts for 1H2019, the Group is expected to:

- record net profit for the Remaining Group as a result of increased market demand, higher average selling prices, improved efficiencies for the high-grade iron concentrates and change in product mix for its trading business; and
- continue to record a loss for the Disposal Group as a result of (i) an increase in average cost per unit due mainly to higher compliance cost; and (ii) the impairment losses given continued loss making status for the operations of low-grade iron concentrates.

The Group also wishes to highlight that as previously disclosed in the announcement and the circular of the Company dated 29 January 2019 and 10 June 2019, respectively, the completion of the disposal of the Disposal Group (the “**Disposal**”) is expected to result in positive financial effects on profit, net assets, cash flows and gearing ratio of the Group. Subsequent to 1H2019, the Group announced the completion of the Disposal on 30 July 2019. As such, the Group is expected to record the estimated gain on Disposal only in 2H2019.

Given the above and despite the fact that the estimated gain on Disposal has not been recorded for 1H2019, the Group is likely to record a substantially lower net loss before tax of not more than RMB55.0 million for 1H2019 (1H2018: RMB388.3 million).

Whilst the outlook for the mining industry remains challenging, which has largely and continually been affected by (i) the decline in the global iron ore production, and (ii) an increasingly higher environmental and safety compliance costs, the Group will however continue to focus on improving production efficiencies and operating cash flows for its operating mines of high-grade iron concentrates. Meanwhile, the Group will monitor the macroeconomic factors closely.

The information contained in this announcement is only based on the preliminary assessment by the management of the Group with reference to the unaudited consolidated management accounts of the Group for 1H2019 which have not been reviewed or audited by the Company’s auditor. Shareholders of the Company and potential investors are advised to read carefully the interim results announcement of the Company for 1H2019, which is expected to be published by the end of August 2019.

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

* *for identification purpose only*

Yours faithfully,
For and on behalf of the Board
China Vanadium Titano-Magnetite Mining Company Limited
Teh Wing Kwan
Chairman

Hong Kong, 16 August 2019

As at the date of this announcement, the Board comprises Mr. Teh Wing Kwan (Chairman) as non-executive Director; Mr. Jiang Zhong Ping (Chief Executive Officer), Mr. Hao Xiemin (Financial Controller) and Mr. Wang Hu as executive Directors; Mr. Yu Haizong, Mr. Wu Wen and Mr. Liu Yi as independent non-executive Directors.

Website: www.chinavtmmining.com