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CHANGE IN AUDITORS

The board of directors (the “Board”) of China Zirconium Limited (the “Company”) announces that KPMG, Hong Kong, (“KPMG”) resigned as auditors of the Company with effect from 24 December 2008. As the Company is dual listed on the Toronto Stock Exchange, its financial report needs to be issued by the qualified auditors in Canada according to the Canadian securities law. KPMG, which does not have the relevant practice registration in Canada, cannot issue the financial report of the Company and to fulfill the relevant requirement in Canada and therefore the Company has to change its auditors.

KPMG LLP, Toronto, Canada (“KPMG LLP”) has been appointed as auditors of the Company to fill the causal vacancy following the resignation of KPMG until the next annual general meeting of the Company.

As confirmed by KPMG in their notice of resignation, there are no circumstances connected with their resignation which they consider should be brought to the attention of the shareholders of the Company. KPMG also addressed to KPMG LLP in their letter that they were not aware of any circumstances surrounding the change in auditors that they consider KPMG LLP should be aware of. The Board also considers that there are no circumstances in respect of the change in auditors which it considers should be brought to the attention of the shareholders of the Company.

By Order of the Board
CHINA ZIRCONIUM LIMITED
Yang Xin Min
Chairman

Hong Kong, 24 December 2008

As at the date of this announcement, the Directors of the Company are Mr. Yang Xin Min, Ms. Huang Yue Qin, Mr. Zhou Quan, Mr. Li Fu Ping as Executive Directors, Mr. Cheng Faat Ting Gary, Mr. Andrew Leinwand, Mr. Carl F. Steiss, Mr. Victor Tong as Independent Non-Executive Directors.

**for identification purposes only*