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China Vanadium Titano-Magnetite Mining Company Limited
中國釩鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 893)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately RMB685.9 million for the Reporting Period, representing an increase of RMB199.9 million, or 41.1%, as compared to approximately RMB486.0 million for the six months ended 30 June 2009.

- The total comprehensive income attributable to owners of the Company for the Reporting Period was approximately RMB233.6 million, representing an increase of 75.1% as compared to approximately RMB133.4 million for the six months ended 30 June 2009.

- The basic and diluted earnings per share attributable to ordinary equity holders of the Company amounted to approximately RMB11 cents for the Reporting Period.

- The Board does not recommend the payment of an interim dividend for the Reporting Period.

The Board is pleased to announce the unaudited interim condensed financial information of the Group for the Reporting Period together with the comparative figures for the corresponding period as follows:

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		For the six months ended 30 June	
		2010	2009
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	
Revenue	*4*	**685,920**	486,041
Cost of sales		**(326,321)**	(276,538)
Gross profit		**359,599**	209,503
Other income	*5*	**16,016**	2,230
Selling and distribution costs		**(17,329)**	(12,749)
Administrative expenses		**(30,678)**	(11,762)
Other operating expenses		**(9,101)**	(5,478)
Finance costs	*6*	**(11,328)**	(2,293)
PROFIT BEFORE TAX	*7*	**307,179**	179,451
Income tax expense	*8*	**(51,573)**	(29,573)
Profit for the period and total comprehensive income for the period		**255,606**	149,878
Attributable to:			
Owners of the Company		**233,565**	133,445
Non-controlling interests		**22,041**	16,433
		255,606	149,878
Earnings per share attributable to ordinary equity holders of the Company:			
Basic and diluted	*9*	**RMB0.11**	RMB0.09

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2010

	Notes	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,291,814**	495,832
Intangible assets	10	**472,280**	142,092
Prepaid land lease payments	10	**52,178**	48,889
Prepayments and deposits	11	**152,396**	30,442
Payments in advance		**98,180**	99,630
Goodwill		**15,318**	15,318
Deferred tax assets		**7,293**	8,006
Total non-current assets		**2,089,459**	840,209
CURRENT ASSETS			
Inventories		**68,659**	70,904
Trade and notes receivables	12	**265,835**	137,427
Prepayments, deposits and other receivables	11	**77,341**	91,110
Due from related parties		**31,127**	49,810
Cash and cash equivalents		**1,205,098**	1,884,003
Total current assets		**1,648,060**	2,233,254
CURRENT LIABILITIES			
Trade payables	13	**204,665**	85,949
Other payables and accruals		**267,948**	198,852
Interest-bearing bank loans	14	**150,000**	100,000
Due to related parties		**4,233**	4,254
Tax payables		**56,355**	70,074
Dividends payable		**1,801**	1,801
Total current liabilities		**685,002**	460,930
NET CURRENT ASSETS		**963,058**	1,772,324
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,052,517**	2,612,533
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	14	**150,000**	–
Provision for rehabilitation		**5,900**	5,707
		155,900	5,707
Net assets		**2,896,617**	2,606,826
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		**182,787**	182,787
Reserves		**2,583,774**	2,331,244
		2,766,561	2,514,031
Non-controlling interests		**130,056**	92,795
Total equity		**2,896,617**	2,606,826

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 April 2008 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2201, 22/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Group is primarily engaged in mining, ore processing, iron pelletising and sale of iron concentrates, iron pellets and titanium concentrates to steel producers and downstream users of titanium-related products.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed financial information for the Reporting Period has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2009, except as described below that are relevant to the Group's operations:

IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
Improvements to IFRSs (April 2009)*	Amendments to a number of IFRSs

* *The Group has adopted all the improvements to International Financial Reporting Standards ("IFRSs") issued in April 2009 which are applicable to its operations.*

While the adoption of the above new and revised IFRSs may result in changes in certain accounting policies, the adoption of these new and revised IFRSs is unlikely to have any significant financial effect on the interim condensed financial information.

3. ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, which are relevant to its operations, that have been issued but not yet effective in this interim condensed financial information.

IAS 24 (Revised)	*Related Party Disclosures*[1]
IFRS 9	*Financial Instruments*[2]

[1] Effective for annual periods beginning on or after 1 January 2011
[2] Effective for annual periods beginning on or after 1 January 2013

Apart from the above, the International Accounting Standards Board has issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 while the amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010 although there are separate transitional provisions for each standard or interpretation.

The Group anticipates the adoption of these new and revised IFRSs is unlikely to have a significant impact on the Group's results of operation and financial position upon initial application.

4. REVENUE AND SEGMENT INFORMATION

The Group's revenue and contribution to profit are mainly derived from its sale of iron concentrates, iron pellets and titanium concentrates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment. In addition, the principal assets employed by the Group are located in Sichuan. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products

The following table sets forth the total revenue from external customers by product and the percentage of total revenue by product during the Reporting Period:

	For the six months ended 30 June			
	2010		2009	
	RMB'000 **(Unaudited)**	*%*	*RMB'000*	*%*
Iron concentrates	**336,840**	**49.1**	239,411	49.3
Iron pellets	**330,096**	**48.1**	240,498	49.5
Medium-grade titanium concentrates	**3,178**	**0.5**	6,132	1.2
High-grade titanium concentrates	**15,806**	**2.3**	–	–
	685,920	**100.0**	486,041	100.0

Geographical information

All external revenues of the Group during each of the six months ended 30 June 2009 and 2010 were attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Meanwhile, the Group's principal assets are all located in the PRC.

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	For the six months ended 30 June	
	2010	2009
	RMB'000 **(Unaudited)**	*RMB'000*
Customer A	**142,709**	97,565
Customer B	**126,137**	90,956
Customer C	**119,665**	84,200
Customer D	**110,019**	67,961
Customer E	**105,658**	65,003

5. OTHER INCOME

An analysis of other income is as follows:

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	
Bank interest income	**836**	63
Sale of raw materials	**14,604**	2,133
Miscellaneous	**576**	34
Total other income	**16,016**	2,230

6. FINANCE COSTS

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	
Interest on bank loans	**6,234**	1,578
Interest on discounted notes receivable	**2,330**	532
Unwinding of discount	**193**	183
	8,757	2,293
Less: Interest capitalised to property, plant and equipment	**(2,591)**	–
	6,166	2,293
Foreign exchange losses, net	**5,162**	–
	11,328	2,293
Interest rate of borrowing costs capitalised	**5.94%**	–

7. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging/(crediting):

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	
Cost of inventories sold	**326,321**	276,538
Employee benefit expense (including directors' remuneration)	**26,979**	11,485
Depreciation and amortisation expenses	**34,647**	19,472
Minimum lease payments under operating leases:		
– Land	**37**	37
– Office	**504**	126
Auditors' remuneration	**800**	–
Foreign exchange losses, net	**5,162**	–
Gain on disposal of items of property, plant and equipment	**(34)**	(23)
Write-down of inventories to net realisable value	**515**	370
Amortisation of prepaid technical service fee	**2,067**	–

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	
Current – Mainland China		
Corporate income tax payable for the period	**50,860**	29,966
Deferred	**713**	(393)
Total tax charge for the period	**51,573**	29,573

Pursuant to the income tax rules and regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in the PRC effective from 1 January 2008.

Pursuant to the resolution dated 10 July 2010 of the board of directors of Huili Caitong, the net profit of Huili Caitong for the Reporting Period, after appropriations to the statuary reserve fund, would be used for business development of Huili Caitong and would not be distributed to its shareholders. As a result, no deferred tax liabilities relating to withholding tax on the distributable profits of Huili Caitong for the Reporting Period have been recorded.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of earnings per share amount is based on the profit attributable to owners of the Company for the Reporting Period amounting to RMB233,565,000 (six months ended 30 June 2009: RMB133,445,000) and the 2,075,000,000 Shares, being the weighted average number of Shares in issue during the six months ended 30 June 2010 (six months ended 30 June 2009: 1,500,000,000).

No adjustment has been made to the basic earnings per share in respect of a dilution as the Company did not have any potential dilutive Shares in issue shares during the six months ended 30 June 2009 and the exercise price of the Company's outstanding share options was higher than the average market price for the Company's Shares during the Reporting Period.

10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND PREPAID LAND LEASE PAYMENTS

Movements in property, plant and equipment, intangible assets and prepaid land lease payments during the Reporting Period are as follows:

	Property, plant and equipment *RMB'000* (Unaudited)	**Intangible assets** *RMB'000* (Unaudited)	**Prepaid land lease payments** *RMB'000* (Unaudited)
Carrying amount at 1 January 2010	495,832	142,092	48,889
Additions	823,635	336,670	3,818
Disposals	(17)	–	–
Depreciation/amortisation charged for the period	(27,636)	(6,482)	(529)
Carrying amount at 30 June 2010	1,291,814	472,280	52,178

(a) As at 30 June 2010, the building ownership certificates ("BOC") of certain buildings with a carrying amount of approximately RMB37,405,000 (31 December 2009: Nil) that the Group acquired during the Reporting Period have not been transferred to the Group yet and the relevant BOC transfers are still under application.

(b) As at 30 June 2010, the legal title of the exploration right of Cizhuqing Mine with a carrying amount of RMB120,000,000 (31 December 2009: Not applicable) that the Group acquired during the Reporting Period has not been transferred to the Group yet and the relevant title transfer is still under application.

(c) As at 30 June 2010, the legal title of the land use rights with a carrying amount of approximately RMB3,802,000 (31 December 2009: Not applicable) that the Group acquired during the Reporting Period has not been transferred to the Group and relevant title transfer is still under application.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**30 June 2010** ***RMB'000*** **(Unaudited)**	31 December 2009 *RMB'000*
Current portion:			
Prepayments consist of:			
Construction in progress and purchase of machinery		**88**	154
Purchase of raw materials		**1,166**	67
Utilities		**586**	550
Prepaid stripping fees	*(a)*	**64,041**	87,216
Prepaid technical service fee	*(b)*	**4,133**	–
Other receivables		**7,327**	3,123
		77,341	91,110
Non-current portion:			
Prepaid stripping fee	*(a)*	**95,309**	29,165
Prepaid technical service fee	*(b)*	**55,800**	–
Long-term environmental rehabilitation deposits		**1,287**	1,277
		152,396	30,442
		229,737	121,552

(a) The balances represented deferred stripping costs capitalised for contracting fees paid by the Group to an independent third party mining contractor for the stripping activities of Baicao Mine and Xiushuihe Mine, which will be recognised as part of the production costs once the raw iron ore is extracted.

(b) Pursuant to a termination agreement dated on 15 January 2010 entered into between Xiushuihe Mining and Nanjiang, Xiushuihe Mining made a one-off prepayment to Nanjiang of approximately RMB62.0 million as technical service support fee for a period of 15 years ending on 31 December 2024. As such, the prepaid technical support fee is amortised according to straight line method based on the terms of technical service to be provided by Nanjiang with yearly technical fee of approximately RMB4.1 million.

During the Reporting Period, the prepaid technical service fee amortised and charged to profit or loss amounted to RMB2,067,000 (six months ended 30 June 2009: Nil).

The carrying amounts of prepayments and other receivables approximate closely to their respective fair values.

12. TRADE AND NOTES RECEIVABLES

	30 June 2010 *RMB'000* **(Unaudited)**	31 December 2009 *RMB'000*
Trade receivables	**177,885**	88,927
Notes receivable	**87,950**	48,500
	265,835	137,427

An aged analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2010 *RMB'000* **(Unaudited)**	31 December 2009 *RMB'000*
Within 1 month	**177,885**	79,911
1 to 2 months	**–**	9,016
	177,885	88,927

The credit term granted to customers of iron ore products and high-grade titanium products is 30 days. For the sale of medium-grade titanium products, the Group generally requires full payment prior to delivery. At the end of the Reporting Period, all trade and notes receivables were neither past due nor impaired.

The carrying amounts of trade and notes receivables approximate to their fair values.

13. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2010 and 31 December 2009, based on the invoice date, is as follows:

	30 June 2010 *RMB'000* **(Unaudited)**	31 December 2009 *RMB'000*
Within 180 days	**192,764**	81,075
181 to 365 days	**10,993**	3,140
1 to 2 years	**631**	1,471
2 to 3 years	**84**	78
Over 3 years	**193**	185
	204,665	85,949

Trade payables are non-interest bearing and are normally settled in 60 to 180 days. The carrying amounts of trade payables approximate to their fair values.

14. INTEREST-BEARING BANK LOANS

	30 June 2010 *RMB'000* **(Unaudited)**	31 December 2009 *RMB'000*
Unsecured bank loans repayable:		
Within one year	**150,000**	100,000
In the second year	**25,000**	–
In the third to fifth years, inclusive	**75,000**	–
Beyond five years	**50,000**	–
	300,000	100,000
Current portion	**(150,000)**	(100,000)
Non-current portion	**150,000**	–

As at 30 June 2010, Huili Caitong had unsecured interest-bearing bank loans from China Construction Bank (the "Lender") at the respective fixed rates of ranging from 5.31% to 5.94% (six months ended 30 June 2009: 5.31%) per annum and the bank loans were denominated in RMB.

In accordance with the loan agreements entered into between Huili Caitong and the Lender, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining right of Baicao Mine and the iron concentrates production line with annual production capacity of 500 Kt to any parties, and the Lender will be entitled to a pre-emption right in the event of such mortgage or pledge.

The carrying amounts of the Group's bank loans approximate to their fair values.

15. SHARE OPTION SCHEME

The following share options were outstanding during the Reporting Period:

	Notes	**Weighted average exercise price** *HK$ per Share*	**Number of options** *'000*
As at 1 January 2010	*(1)*	5.05	27,200
Granted during the Reporting Period	*(2)*	4.99	9,400
Lapsed during the Reporting Period	*(3)*	5.05	(7,000)
As at 30 June 2010		5.03	29,600

(1) The share options outstanding as at 1 January 2010 represented share options granted by the Company on 29 December 2009 at the exercise price of HK$5.05 per Share.

(2) On 1 April 2010, options to subscribe for a total of 9,400,000 Shares were granted at the exercise price of HK$4.99 per Share.

(3) The share options granted to one of the Directors of the Company were lapsed following his retirement as a Director on 15 April 2010.

The exercise prices and exercise periods of the share options outstanding at the end of Reporting Period are as follows:

30 June 2010

Number of options	Exercise price per Share	Exercise period
'000	*HK$*	
10,100	5.05	29 June 2012 to 28 December 2019
10,100	5.05	29 December 2014 to 28 December 2019
4,700	4.99	1 October 2012 to 31 March 2020
4,700	4.99	1 April 2015 to 31 March 2020
29,600		

31 December 2009

Number of options	Exercise price per Share	Exercise period
'000	*HK$*	
13,600	5.05	29 June 2012 to 28 December 2019
13,600	5.05	29 December 2014 to 28 December 2019
27,200		

The fair value of the share options granted during the Reporting Period was HK$24,349,000 (equivalent to approximately RMB21,406,000) or HK$2.59 each (equivalent to approximately RMB2.28 each) (six months ended 30 June 2009: Not applicable) of which the Group recognised a share option expense of HK$1,752,000 (equivalent to approximately RMB1,540,000) during the Reporting Period (six months ended 30 June 2009: Not applicable).

At 30 June 2010, the Company had 29,600,000 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 29,600,000 additional Shares of the Company and additional share capital of HK$2,960,000 and share premium of HK$145,956,000 (before issue expenses).

16. DIVIDENDS

At the meeting of the Board held on 20 August 2010, the Directors of the Company resolved not to declare an interim dividend for the Reporting Period (six months ended 30 June 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global economy embarked on a road to recovery in the first half of 2010 after a severe financial crisis. With the proactive stimulating policies initiated by the PRC government to further boost investments and jump-start domestic demand, domestic industries started to rebound and add growth momentum to the economy. According to the National Bureau of Statistics of China, China's GDP for the first half of 2010 grew by 11.1% year-on-year and hit RMB17.3 trillion while Sichuan enjoyed an even more significant year-on-year growth of 16.3% to RMB746.6 billion, both well ahead of the country's annual economic growth target at around 8% for 2010. Together with the development of the country's western region, ongoing post-earthquake construction in Sichuan and the Chengdu-Chongqing Economic Zone development, all these favourable market conditions have further stimulated strong demand for steel in Sichuan and thus boosting that for iron ore.

Driven by the growing demand of the PRC's steel market and domestic supply-demand shortage, the iron ore prices have continued to surge. In addition, the consolidated nature of the three major global miners and higher Indian export tariffs on iron ore and iron ore fines, which would increase import costs and limit supplies, also kept the iron ore prices to stay high in the first half of 2010. The continuous demand for iron ore, coupled with high iron ore prices, further bolstered the development of domestic iron ore industry.

Furthermore, the consolidation and uplift of the steel industry have stimulated the need for vanadium in the PRC. According to the Blueprint for the Adjustment and Revitalisation of the Steel Industry (鋼鐵產業調整和振興規劃) issued on 20 March 2009, nationwide utilisation of hot-rolled ribbed steel bars with a strength of more than 400 MPa has to reach 60% or above by 2011. As vanadium is the only widely used steel additive to increase steel strength, this policy has led to an explosive new demand for vanadium-bearing titano-magnetite.

BUSINESS AND OPERATION REVIEW

During the Reporting Period, the Group achieved remarkable profit growth. The revenue of the Group boosted by 41.1% to approximately RMB685.9 million as compared to the six months ended 30 June 2009. The total comprehensive income attributable to owners of the Company amounted to approximately RMB233.6 million, an increase of approximately 75.1% as compared to the six months ended 30 June 2009.

In order to capture the rising business opportunities, the Group continued to implement its growth strategies through expansion of mineral resources and processing capacity during the Reporting Period.

Mapping New Resources

The Group has made further inroads in pursuing business growth through expansion of mineral resources, particularly acquiring other mining sites.

On 16 January 2010, the Group successfully entered into a definitive agreement to obtain the mining right of Yangqueqing Mine. In addition, the transaction provides the Group with the opportunity to expand the current permitted mining area and to explore the neighbouring iron ore resources, which is estimated to be up to 81.6 Mt at a low cost. Furthermore, on 3 February 2010, the Group entered into an assets transfer agreement to acquire the exploration right of the Cizhuqing Mine. This would significantly increase the iron ore resources of the Group and facilitate the expansion of the Group in respect of its iron mining area in Sichuan, thus further improving its profitability and competitiveness. With proactive acquisition of mineral resources, the Group has achieved substantial expansion, thus heightening its resources level during the Reporting Period.

Continuous Capacity Expansion

Capacity expansion has long been one of the Group's key focuses for sustainable development. In view of this, the Group has determined to further uplift its production capacity through upgrading its existing processing facilities as well as acquiring external plants.

On 3 February and 11 March 2010, the Group acquired the Hailong Processing Plant and the Heigutian Processing Plant, respectively, uplifting the annual production capacity of iron concentrates and high-grade titanium concentrates.

As at 30 June 2010, the Group owned and operated 4 processing plants, the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant and the Heigutian Processing Plant, and one Iron Pelletising Plant, all located in the Panxi Region, with production capacity of iron concentrates and iron pellets (including the 400 Kt production capacity allocated to the Group by the independent third party pelletising contractors) amounted to 2,300 Kt and 760 Kt, respectively. With the ongoing acquisitions and production capacity expansion, the Group strived to upgrade its existing medium-grade titanium concentrates production lines and thus uplifting the production capacity of the high-grade titanium concentrates.

Remarkable Output Level

The Group has achieved satisfactory growth in the output volume of its three core products leveraging the expanding production scale and favourable market conditions.

The following table summarised the breakdown of the total production volume and total sales volume of the Group's four products:

	Six months ended 30 June	
	2010	2009
	(Kt)	*(Kt)*
Iron concentrates		
Baicao Processing Plant	**209.9**	218.7
Xiushuihe Processing Plant	**278.2**	254.3
Heigutian Processing Plant	**294.3**	–
Hailong Processing Plant	**9.2**	–
First Independent Third Party Processing Contractor's plant	**65.2**	266.9
Second Independent Third Party Processing Contractor's plant	**9.1**	3.6
Total production volume	**865.9**	743.5
Total sales volume	**506.8**	463.3
Iron pellets		
Iron Pelletising Plant	**147.1**	152.1
First Independent Third Party Pelletising Contractor's plant	**87.5**	93.9
Second Independent Third Party Pelletising Contractor's plant	**127.0**	67.8
Total production volume	**361.6**	313.8
Total sales volume	**376.2**	332.5
Medium-grade titanium concentrates		
Baicao Processing Plant	**26.8**	23.5
Xiushuihe Processing Plant	**5.6**	1.5
Heigutian Processing Plant	**5.5**	–
First Independent Third Party Processing Contractor's plant	**2.3**	37.7
Total production volume	**40.2**	62.7
Total sales volume	**36.9**	64.9
High-grade titanium concentrates		
Baicao Processing Plant	**2.1**	–
Heigutian Processing Plant	**25.6**	–
First Independent Third Party Processing Contractor's plant	**6.3**	–
Total production volume	**34.0**	–
Total sales volume	**30.9**	–

Iron Concentrates

During the Reporting Period, the total production volume of iron concentrates was approximately 865.9 Kt, representing an increase of 16.5% as compared to approximately 743.5 Kt in the corresponding period of 2009 (which included the production volume produced by the independent third party processing contractors). The sales volume of iron concentrates was approximately 506.8 Kt, representing an increase of 9.4% as compared to approximately 463.3 Kt in the corresponding period of 2009.

Iron Pellets

During the Reporting Period, the total production volume of iron pellets was approximately 361.6 Kt, representing an increase of 15.2% as compared to approximately 313.8 Kt in the corresponding period of 2009 (which included the production volume produced by the independent third party pelletising contractors). The sales volume of iron pellets was approximately 376.2 Kt, representing an increase of 13.1% as compared to approximately 332.5 Kt in the corresponding period of 2009.

Medium-grade Titanium Concentrates

During the Reporting Period, the total production volume of medium-grade titanium concentrates was approximately 40.2 Kt, representing a decrease of 35.9% as compared to approximately 62.7 Kt in the corresponding period of 2009 (which included the production volume produced by the independent third party processing contractor). The sales volume of medium-grade titanium concentrates was approximately 36.9 Kt, representing a decrease of 43.1% as compared to approximately 64.9 Kt in the corresponding period of 2009.

High-grade Titanium Concentrates

During the Reporting Period, the Group started to produce high-grade titanium concentrates, and the total production volume and total sales volume were approximately 34.0 Kt and 30.9 Kt respectively.

Transportation Advantage

The operating subsidiaries of the Group are located close to the Chengdu-Kunming Railroad, the major transportation corridor in western China. This significantly lowered transportation costs and minimised lead times from our plants to the nearby stations for our customers, thus enhancing the competitive edge of the Group. During the Reporting Period, the Group continued to enjoy transportation priority from the five nearby stations which secured its customers with the rail transport capacity.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was approximately RMB685.9 million (six months ended 30 June 2009: RMB486.0 million), representing an increase of 41.1% as compared to the corresponding period in 2009. Such increase was primarily due to the increase in sales volume as a result of the expansion of production capacity and the increase in average selling prices of iron ore products in Sichuan.

Cost of Sales

Cost of sales primarily included mining and stripping contracting fees, processing contracting fees, pelletising contracting fees, materials, labour, power and other utilities, repair and maintenance, and depreciation and amortisation. During the Reporting Period, the Group's cost of sales was approximately RMB326.3 million (six months ended 30 June 2009: RMB276.5 million), representing an increase of 18.0% as compared to the corresponding period in 2009. Such increase was primarily due to the increase in sales volume of iron ore products and the sale of a new product of high-grade titanium concentrates. During the Reporting Period, our cost of sales accounted for approximately 47.6% of our revenue (six months ended 30 June 2009: 56.9%).

Gross Profit and Margin

As a result of the foregoing, the gross profit during the Reporting Period increased by 71.6%, from approximately RMB209.5 million to approximately RMB359.6 million. The gross profit margin increased from approximately 43.1% for the six months ended 30 June 2009 to approximately 52.4% for the Reporting Period. The increase in gross profit margin was primarily because of the increase in average selling prices of iron ore products out-weighted the negative impact from increased average unit cost.

Other Income

The other income increased by 627.3%, from approximately RMB2.2 million for the six months ended 30 June 2009 to approximately RMB16.0 million for the Reporting Period. The other income mainly included income from sale of raw materials.

Selling and Distribution Costs

The selling and distribution costs increased by 36.2%, from approximately RMB12.7 million for the six months ended 30 June 2009 to approximately RMB17.3 million for the Reporting Period and the increase was in line with the increase in sales volume during the Reporting Period. The selling and distribution costs primarily consisted of transportation fees, which mainly represented the road transportation costs, the goods loading and unloading fees, platform storage and platform administration fees.

Administrative Expenses

The administrative expenses increased by 160.2%, from approximately RMB11.8 million for the six months ended 30 June 2009 to approximately RMB30.7 million for the Reporting Period. The increase in administrative expenses was mainly due to the increase in staff costs as a result of the increase in the number of administrative staff, which was in line with the Group's business expansion, the increase in equity-settled share option expenses and the increase in professional consulting fees as a result of acquisition activities taken place during the Reporting Period.

The equity-settled share option expenses of approximately RMB8.6 million for the Reporting Period were incurred because two batches of share options were granted to certain Directors, senior management and employees of the Group on 29 December 2009 and 1 April 2010 respectively.

Other Operating Expenses

The other operating expenses increased by 65.5%, from approximately RMB5.5 million for the six months ended 30 June 2009 to approximately RMB9.1 million for the Reporting Period. The other operating expenses mainly included cost of raw materials sold.

Finance Costs

The finance costs increased by 391.3%, from approximately RMB2.3 million for the six months ended 30 June 2009 to approximately RMB11.3 million for the Reporting Period, primarily due to the increase in interest on bank loans as a result of the increase in interest-bearing bank loans and foreign exchange losses caused by the appreciation of Renminbi against Hong Kong dollars.

Income Tax Expense

The income tax expense increased by 74.3%, from approximately RMB29.6 million for the six months ended 30 June 2009 to approximately RMB51.6 million for the Reporting Period, and the increase was in line with the increase of the Group's profit before tax.

Net Profit Margin and Total Comprehensive Income Attributable to Owners of the Company

As a result of the foregoing, the Net Profit Margin increased from approximately 27.4% for the six months ended 30 June 2009 to approximately 34.1% for the Reporting Period. The total comprehensive income attributable to owners of the Company increased by 75.1%, from approximately RMB133.4 million for the six months ended 30 June 2009 to approximately RMB233.6 million for the Reporting Period.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Reporting Period.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The following table sets out certain information regarding the Group's condensed consolidated statement of cash flows for the six months ended 30 June 2009 and 2010:

	Six months ended 30 June	
	2010	2009
	(RMB'000)	*(RMB'000)*
Net cash flows from operating activities	**187,683**	31,866
Net cash flows used in investing activities	**(1,078,164)**	(115,854)
Net cash flows from financing activities	**215,220**	100,000
Net increase/(decrease) in cash and cash equivalents	**(675,261)**	16,012

Net Cash Flows from Operating Activities

The Group's net cash flows from operating activities increased by 488.4%, from approximately RMB31.9 million for the six months ended 30 June 2009 to approximately RMB187.7 million for the Reporting Period. It primarily included profit before tax of approximately RMB307.2 million, and the increase in trade payables of approximately RMB118.7 million that partially offset by the increase in trade and other receivables due to the increased sales and business expansion.

Net Cash Flows used in Investing Activities

The Group's net cash flows used in investing activities increased by 830.3%, from approximately RMB115.9 million for the six months ended 30 June 2009 to approximately RMB1,078.2 million for the Reporting Period. It primarily included the purchase of items of property, plant and equipment of approximately RMB738.2 million, an increase in prepaid land lease payments of approximately RMB3.8 million and the purchase of intangible assets of approximately RMB336.2 million.

Net Cash Flows from Financing Activities

The Group's net cash flows from financing activities increased by 115.2%, from RMB100.0 million for the six months ended 30 June 2009 to approximately RMB215.2 million for the Reporting Period. It primarily included bank borrowing proceeds net of bank borrowing repayment amounted to RMB200.0 million, and capital injection from a non-controlling shareholder of approximately RMB15.2 million.

Analysis of Inventories

The Group's inventories decreased by 3.1%, from approximately RMB70.9 million as at 31 December 2009 to approximately RMB68.7 million as at 30 June 2010, primarily because the majority of finished goods were sold due to market demand.

Analysis of Trade and Notes Receivables

The Group's trade and notes receivables increased by 93.4%, from approximately RMB137.4 million as at 31 December 2009 to approximately RMB265.8 million as at 30 June 2010, primarily because the production volume was affected by severe drought in the southwestern region of the PRC early this year, higher sales were then made in May and June 2010, and the sales in June 2010 was increased as compared to December 2009.

Analysis of Trade and Other Payables

The Group's trade and other payables increased by 65.9%, from approximately RMB284.8 million as at 31 December 2009 to approximately RMB472.6 million as at 30 June 2010, primarily due to the increase in trade payables in respect of stripping and mining activities and the increase in other payables in respect of progress payments in accordance with the related acquisition agreements.

Analysis of Net Current Assets Position

The Group's net current assets position decreased by 45.7%, from approximately RMB1,772.3 million as at 31 December 2009 to approximately RMB963.1 million as at 30 June 2010, primarily because part of the net proceeds from the Global Offering and the Over-Allotment were used for the acquisition of iron ore mines and processing plants during the Reporting Period.

Borrowings

As at 30 June 2010, the Group's total borrowings were RMB300.0 million, which comprised the unsecured interest-bearing short-term and long-term bank loans of RMB150.0 million each from China Construction Bank (the "Lender") obtained by Huili Caitong in February 2010 with an annual interest rate of 5.31% and 5.94%, respectively. In accordance with the loan agreements entered into between Huili Caitong and the Lender, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining right of Baicao Mine and the iron concentrates production line with annual production capacity of 500 Kt to any parties, and the Lender will be entitled to pre-emption right in the event of such mortgage or pledge. As at 31 December 2009, the Group's total borrowings were RMB100.0 million, which comprised the unsecured interest-bearing bank loan from the Lender amounted to RMB100.0 million with an annual interest rate of 5.31%. During the Reporting Period, the increase in borrowings was mainly allocated for future investments or projects as strict credit policies may be applied by the PRC government.

Contingent Liabilities

As at 30 June 2010, the Group did not have any material contingent liabilities or guarantees.

Pledge of Assets

As at 30 June 2010, the Group did not have any pledge or charge on assets.

Foreign Currency Risk

The Group's businesses are located in the PRC and its operating transactions are conducted in Renminbi. Most of its assets and liabilities are denominated in Renminbi, except for net proceeds from the listing in 2009 and certain payables to professional parties that are denominated in Hong Kong dollars.

The Renminbi is not freely convertible, there is a risk that the PRC government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividends are to be exchanged or converted into foreign exchange. Moreover, the Group has not hedged its foreign exchange rate risk.

Interest Rate Risk

The Group's income and operating cash flows are not substantially affected by changes in market interest rates. We have no significant interest-bearing assets, except for cash and cash equivalents. The Group manages its interest rate exposure arising from all of its interest-bearing loans through the use of fixed rate. In addition, the Group has not used any interest rate swaps to hedge against interest rate risk.

Contractual Obligations

As at 30 June 2010, the Group's contractual obligations amounted to approximately RMB388.0 million, and increased by RMB45.2 million as compared to approximately RMB342.8 million as at 31 December 2009, which was primarily due to various construction contracts entered into for the Group's facilities expansion and mining assets exploration contracts entered into for expanding the Group's mining scale during the Reporting Period.

Capital Expenditure

The Group's total capital expenditure amounted to about RMB1,164.1 million during the Reporting Period, and increased substantially by 966.0% from approximately RMB109.2 million in the six months ended 30 June 2009. The capital expenditure incurred during the Reporting Period mainly comprised of (a) the acquisition of exploration right of the Cizhuqing Mine and Hailong Processing Plant from Huili Hailong amounted to RMB120.0 million and RMB189.5 million, respectively; (b) the acquisition of Heigutian Processing Plant from the First Independent Third Party Processing Contractor amounted to approximately RMB547.6 million; (c) the acquisition of the mining right of Yangqueqing Mine at a consideration of RMB200.0 million; (d) the construction of other miscellaneous projects, including construction and upgrading high-grade titanium concentrates production lines, road reconstruction and the Construction Project, aggregated to approximately RMB107.0 million.

Financial Instruments

The Group did not have any hedging contracts or financial derivatives outstanding for the Reporting Period.

Gearing Ratio

As at 30 June 2010, the Group's cash and cash equivalents exceeded the interest-bearing bank loans. As such, the Group was at a net cash position and no gearing ratio as at 30 June 2010.

ACQUISITIONS OF IRON ORE MINES AND PROCESSING PLANTS

(1) On 16 January 2010, the Group entered into a definitive agreement to acquire the mining right of Yangqueqing Mine, at a consideration of RMB200.0 million. In addition, the transaction provides Huili Caitong with the opportunity to expand the current permitted mining area and to explore at a low cost the neighbouring iron ore resources, which is estimated to be up to 81.6 Mt. This would significantly increase the iron ore resources of the Group, facilitate the expansion of the Group in respect of its iron mining area in the Huili County region and further improve the profitability and competitiveness of the Group. Please refer to the Company's announcement dated 18 January 2010 for further details.

(2) On 3 February 2010, the Group entered into an assets lease agreement with the First Independent Third Party Processing Contractor to rent an iron concentrates and high-grade titanium concentrates production line and other assets related to the production line at the Heigutian Processing Plant with an annual capacity of 800 Kt iron concentrates and 120 Kt high-grade titanium concentrates for a term of approximately 6 months commencing from 3 February 2010 to 31 July 2010. During the term of the assets lease agreement, Huili Caitong has the option to acquire the leased assets which is subject to the results of due diligence against the leased assets. The lease agreement with option to acquire the leased assets will immediately increase the annual production capacity of iron concentrates and high-grade titanium concentrates of the Group, and upon the exercise of the option, the Group would internalise the increase in production capacities and integrate the leased assets in the Group's production facilities, which in turn will yield greater production output and increase revenue of the Group. Please refer to the Company's announcement dated 4 February 2010 for further details. On 11 March 2010, Huili Caitong decided to exercise the said option to acquire the leased assets and entered into an assets transfer agreement in which Huili Caitong agreed to acquire, and the First Independent Third Party Processing Contractor agreed to transfer, at a consideration of RMB550.0 million, certain assets including the iron concentrates and high-grade titanium concentrates production line and related land use rights, machinery and equipment located at Heigutianshe, Xinjiu Town, Yanbian County, Sichuan. Upon 11 March 2010 being the effective date of the assets transfer agreement, the asset lease agreement dated on 3 February 2010 was simultaneously terminated. Please refer to the Company's announcement dated 12 March 2010 for further details.

(3) On 3 February 2010, the Group entered into an assets transfer agreement in which the Group agreed to acquire, and Huili Hailong agreed to transfer, at a consideration of RMB310.0 million, the exploration right of the Cizhuqing Mine and certain assets at an iron concentrates production facility located at Xiaoheiqing Town, Huili County, Sichuan. The iron concentrates production line at the Hailong Processing Plant has an annual production capacity of 300.0 Kt for iron concentrates. This acquisition would increase resources and production capacity of the Group, facilitate the expansion of the Group in respect of its iron mining area in the Huili County region in Sichuan and further improve the profitability of the Group. Please refer to the Company's announcement dated 4 February 2010 for further details.

OTHER SIGNIFICANT EVENTS

(1) On 15 January 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 co-operation agreement dated 18 March 2009 entered into between Xiushuihe Mining and Nanjiang relating to the construction and upgrade of iron and titanium concentrates production lines at Xiushuihe Processing Plant ("New Agreement"). The reason for the amendment is to reduce the amount of technical support service fee payable to Nanjiang under the New Agreement. Please refer to the Company's announcement dated 18 January 2010 for further details.

(2) As announced on 23 April 2010, the Group intends to construct a new iron pelletising plant (the "New Plant") in Ailang Townlet, Huili County, Sichuan, which is approximately 5.5 km from the Xiushuihe Mine. Subject to the completion of the Construction Project, a new production line in the New Plant can potentially reach an annual iron pellets production capacity of up to approximately 1,500 Kt. Please refer to the Company's announcement dated 23 April 2010 for further details. Following the issuance of the said announcement, the Group has been constructing the New Plant and implementing the Construction Project.

(3) The Group entered into an agreement with Panzhihua Jingzhi, pursuant to which the Group extended the option period in relation to the acquisition of the Xiaoheiqing Jingzhi Mine by an additional year from 12 May 2010 to 11 May 2011. Please refer to the Company's announcement dated 13 May 2010 for further details.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING AND THE OVER-ALLOTMENT

As at 30 June 2010, our use of net proceeds from the Global Offering and the Over-Allotment was as follows:

Use of proceeds	Net proceeds from the Global Offering and the Over-Allotment **Available to utilise** ***(RMB million)***	Utilised (up to 30 June 2010) *(RMB million)*
Acquisition or consolidation of other mines and expansion of the existing mining boundaries	**1,230.1**	959.1
Construction of titanium slag production lines	**115.1**	34.7
Construction of 300.0 Kt iron concentrates production line at Xiushuihe Processing Plant	**143.9**	52.2
Upgrade of medium-grade titanium concentrates production lines	**57.5**	8.7
Working capital	**115.1**	80.2
Total	**1,661.7**	1,134.9

CHANGE OF USE OF PROCEEDS

Reference is made to the Company's prospectus dated 24 September 2009 in relation to the Global Offering. It was intended that approximately HK$131.4 million or RMB115.1 million (the "Luchang Proceeds") representing approximately 8.0% of the net proceeds from the Global Offering would be used to finance the construction of two titanium slag production lines with a planned annual aggregated production capacity of 120 Kt at the Luchang Vanadium Titano-Magnetite Industrial Park (the "Luchang Project"). As at the date of this announcement, the Group has paid approximately HK$39.6 million or RMB34.7 million out of the Luchang Proceeds to various independent contractors (the "Independent Contractors") as initial prepayment of construction fees, installation fees and equipment purchase fees (the "Prepayment") pursuant to three separate agreements dated 14 December 2009, 15 December 2009 and 14 December 2009 respectively (the "Luchang Agreements"). The Board is confident that upon termination, the Prepayment shall be refunded in full to the Group. For the reasons set out below, the Group intends to terminate the Luchang Agreements with the Independent Contractors and take back the Prepayment as soon as practicable.

The Group primarily engages in mining, ore processing, iron pelletising and sale of iron concentrates and iron pellets with particular focus on increasing its iron ore production capacities through acquisition or consolidation activities. During the Reporting Period, the revenue generated by the sale of iron concentrates and iron pellets accounted for 97.2% of the total revenue of Group. The Board expects that the strong market demand and outlook for iron ore products will continue. Accordingly, the Board has decided to terminate the Luchang Project and better utilise the Luchang Proceeds to finance the acquisition or consolidation of other iron ore mines and to expand its mining boundaries. The Board believes that investing in the acquisition or consolidation of other mines will bring a higher investment return as compared to investing the same amount in titanium slag production. As the result, the change of use of the Luchang Proceeds will better serve the Group's primary business goals and maximise shareholder value.

OUTLOOK

Driven by the post-earthquake construction and Sichuan's rapid development, several new production lines of local steel manufacturers will commence in the upcoming future. The increase in steel capacity will further propel the development of the iron ore industry and further boost its demand in Sichuan. With approximately 10.1 Mt of new steel capacity by 2012, it is expected that the annual crude steel production in Sichuan will increase by 66% from 2009. Moreover, the steel manufacturers in Sichuan have already possessed vanadium extraction technique which will be applied to the 10.1 Mt new steel capacities for producing steel bar with a strength of 400MPa and above. It is expected that the value of the unique feature of the Group's vanadium-bearing titano-magnetite will be fully reflected in the future. As the forerunner of the market, the Group is well positioned to capture these opportunities in this dynamic industry and further expand its business development.

Expansion of Mineral Resources

Forging ahead, the Group is determined to further expand its mineral resources through active acquisitions as well as expansion of the boundaries of its own mining concessions. With a strong acquisition pipeline, the Group is actively seizing every opportunity to expand. The Group has extended the option period in relation to the acquisition of the Xiaoheiqing Jingzhi Mine by an additional year from 12 May 2010 to 11 May 2011. Furthermore, the Group has agreed with Aba Mining Co., Ltd. that it shall proceed with the acquisition of the Maoling Mine, with resource of 10.0 Mt and mining area of 1.9 sq.km., on the condition that all necessary governmental approvals to recommence the mining operations and processing activities are obtained by the end of 2010. In addition, the parties shall enter into an option agreement to grant the Company an option to acquire the exploration right for the Yanglongshan Mine.

Construction of New Processing Facilities

The Group intends to construct the New Plant in Ailang Townlet, Huili County, Sichuan. Upon completion, the new production line can potentially reach an annual iron pellets production capacity of up to approximately 1,500 Kt, thus uplifting the Group's aggregate annual iron pellets self-production capacity to approximately 1,860 Kt. The Group has commenced the construction of the first phase of the plant with a planned annual production capacity of up to approximately 1,000 Kt and expected that the first phase of the project will be completed in the second quarter of 2011. In addition, Aba Mining Co., Ltd. intends to construct new production facilities with an annual production capacity of 250 Kt for iron concentrates and related production infrastructure by January 2011. Furthermore, the Group has commenced the construction of a new iron concentrates production line with a planned annual capacity of 300 Kt, and a new high-grade titanium concentrates production line with a planned annual production capacity of 60 Kt. These two constructions are expected to be completed by the end of September 2010.

It is expected that the strong market demand for iron ore products would bring satisfactory profit growth for the upcoming future. Looking ahead, the Group will continue to improve product structure and enlarge its customer base, committing to achieve excellence in every aspect.

EMPLOYEES AND EMOLUMENTS POLICIES

As at 30 June 2010, the number of employees of the Group was 1,334 (as at 31 December 2009: 927). During the Reporting Period, employee benefit expense (including directors' remuneration in the form of salaries, equity-settled share option expenses and other allowances) was approximately RMB27.0 million (six months ended 30 June 2009: approximately RMB11.5 million).

The emolument policies of the Group is based on performance, experience, competence and market comparables. Emolument package generally comprises salary, housing allowance, contribution to pension scheme and discretionary bonus relating to the performance of the Group. The Group has also adopted share option schemes for its employees, providing incentives and rewards to eligible participants with reference to their contribution.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the Reporting Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with all applicable code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the Reporting Period. The Directors are not aware of any information that reasonably reveals that there is any non-compliance with or derivation from applicable code provisions on corporate governance practices set out in Appendix 14 of the Listing Rules by the Company any time during the Reporting Period.

REVIEW OF INTERIM RESULTS

The unaudited interim condensed financial information of the Group for the six months ended 30 June 2010 has been reviewed by Ernst & Young (the auditor of the Company) and the audit committee of the Company, which consists of three independent non-executive Directors, namely Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi. The audit committee expressed no disagreement with the accounting policies and principles adopted by the Group.

TERMS USED IN THIS ANNOUNCEMENT

"Aba Mining Co., Ltd*"	阿壩礦業有限公司, a limited liability company established in the PRC on 27 February 2004 and a connected person to our Group
"Baicao Mine"	白草鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan and operated by Huili Caitong

"Baicao Processing Plant"	the ore processing plant located at our Baicao Mine
"Board" or "Board of Directors"	our board of Directors
"China" or "PRC"	the People's Republic of China, but for the purposes of this announcement, excluding Hong Kong
"Cizhuqing Mine"	茨竹箐鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan, with an exploration area of 2.30 sq.km. and an estimated resource of 25.57 Mt
"Company" or "our Company", "we", "our" or "us"	China Vanadium Titano-Magnetite Mining Company Limited (中國釩鈦磁鐵礦業有限公司), a limited liability company incorporated in the Cayman Islands on 28 April 2008
"concentrates"	the product of ore processing plants that contain higher concentrations of the minerals and are suitable for smelting
"Construction Project"	the construction of a new iron pelletising plant in Ailang Townlet, Huili County, Sichuan
"Director(s)"	director(s) of our Company or any one of them
"First Independent Third Party Pelletising Contractor"	Panzhihua Henghong Iron Pellets Co., Ltd.* (攀枝花恒弘球團有限公司), established on 20 July 2005, a limited liability company (non-state owned) and an independent third party contractor which entered into a pelletising contract with us with effect from December 2008
"First Independent Third Party Processing Contractor"	Yanbian County Hongyuan Mining Co., Ltd.* (鹽邊縣宏緣礦業有限責任公司), established on 25 April 2001, a limited liability company (non-state owned) and an independent third party contractor which entered into a processing contract with us with effect from August 2006. It commenced the production of iron concentrates and medium-grade titanium concentrates from our ore in January 2007
"GDP"	stands for Gross Domestic Product, a major of country's overall official economic output
"Global Offering"	has the meaning ascribed to it in the Company's prospectus dated 24 September 2009
"Group"	the Company and its subsidiaries
"Hailong Processing Plant"	the ore processing plant located at the Cizhuqing Mine, including an iron and titanium concentrates production line with a total annual capacity of 300 Kt iron concentrates, together with a tailing storage facility, certain buildings and machinery and equipment located at Xiaoheiqing Town, Huili County, Sichuan

"Heigutian Processing Plant"	the ore processing plant located at Heigutianshe, Xinjiu Town, Yanbian County, Sichuan
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huili Caitong"	Huili County Caitong Iron and Titanium Co. Ltd.* (會理縣財通鐵鈦有限責任公司), established in the PRC on 7 July 1998 and is a sino-foreign equity joint venture enterprise in the PRC
"Huili County"	a county in Sichuan
"Huili Hailong"	Huili County Hailong Mining Development Co. Ltd.* (會理縣海龍礦產有限責任公司), a limited liability company established in the PRC
"iron"	a silvery-white, lustrous, malleable, ductile, magnetic or magnetisable, metallic element occurring abundantly in combined forms, notably in hematite, limonite, magnetite, and taconite, and alloyed for use in a wide range of important structural materials
"iron ore"	compounds of iron and oxygen (iron oxides) mixed with impurities (gangue); it is a mineral which when heated in the presence of a reductant will yield metallic iron
"iron concentrates"	concentrates whose main mineral content (by value) is iron
"iron pellets"	round hardened clumps of iron-rich material suitable for application in blast furnaces
"Iron Pelletising Plant"	our plant that produces iron pellets and is located approximately 36 km from our Xiushuihe Mine
"km"	kilometre(s), a metric unit measure of distance
"Kt"	thousand tonnes
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Maoling Mine"	毛嶺鐵礦, an iron mine owned by Aba Mining Co., Ltd.* with a mining right area of 1.9 sq.km. and an estimated resource of 10.0 Mt
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"MPa"	Megapascal
"Mr."	Mister

"Mt"	million tonnes
"Nanjiang"	Sichuan Nanjiang Mining Group Co., Ltd.* (四川南江礦業集團有限公司), established on 10 April 1996, a limited liability company (non-state owned) and an independent third party which entered into a new co-operation agreement with us with effect from 18 March 2009
"Net Profit Margin"	a ratio of profitability calculated as total comprehensive income attributable to owners of the Company divided by revenue
"ore processing"	the process which in general refers to the extraction of usable portions of ores by using physical and chemical extraction methods
"Over-Allotment"	the exercise of the over-allotment option, pursuant to the announcement published by the Company on 28 October 2009
"Panxi Region"	a region in Sichuan located at southwest of Chengdu reaching from Panzhihua to Xichang
"Panzhihua Jingzhi"	Panzhihua Jingzhi Mining Co., Ltd.* (攀枝花市經質礦產有限責任公司)
"pelletising"	a process to compress the iron ore into the shape of a pellet
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the six months ended 30 June 2010
"Second Independent Third Party Pelletising Contractor"	Panzhihua City Guangchuan Metallurgy Co. Ltd.* (攀枝花市廣川冶金有限公司), established on 27 October 2004, a limited liability company (non-state owned) and an independent third party contractor which entered into a pelletising contract with us with effect from February 2009
"Second Independent Third Party Processing Contractor"	Panzhihua City Aolei Gongmao Co., Ltd.* (攀枝花市奧磊工貿有限責任公司), established on 12 March 2004, a limited liability company (non-state owned) and an independent third party contractor which entered into a processing contract with us with effect from April 2009
"Shares"	ordinary shares of the Company, with a nominal value of HK$0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Sichuan"	the Sichuan province of the PRC
"sq.km."	square kilometre

"State" or "PRC government"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities of them or any of them as the context requires
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"titanium"	a light, strong, lustrous, corrosion-resistant transition metal with a white-silvery-metallic colour
"titanium concentrates"	concentrates whose main content (by value) is titanium dioxide
"titanium slag"	a slag containing the metal atoms of titanium
"Xiaoheiqing Jingzhi Mine"	小黑箐經質鐵礦, the vanadium-bearing titano-magnetite mine owned by Panzhihua Jingzhi located at Huili County, Sichuan, with a mining area of 1.02 sq.km. and an estimated resource of 100 Mt
"Xiushuihe Mine"	秀水河鐵礦, the vanadium-bearing titano-magnetite mine located in Ailang Townlet, Huili County, Sichuan and operated by Xiushuihe Mining
"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 26 June 2007 and a member of our Group
"Xiushuihe Processing Plant"	the ore processing plant located at our Xiushuihe Mine and operated by Xiushuihe Mining
"Yanglongshan Mine"	羊龍山鐵礦, the iron mine located at Yanglongshan in Wenchuan, Sichuan, with a mining area of 8.79 sq.km.
"Yangqueqing Mine"	陽雀箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan, with a mining area of 0.25 sq.km. and an estimated resource of 17.92 Mt

* *For identification purpose only*

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

Hong Kong, 20 August 2010

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.