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CVM Minerals Limited

南亞礦業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 705)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors of the Company that, based on the information currently available, the unaudited loss attributable to owners of the Company for the year ended 31 December 2011 is expected to experience an increase as compared with that of 2010.

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 CVM Minerals Limited (the “**Company**” and 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**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the company that, based on information currently available, the unaudited loss attributable to owners of the Company for the year ended 31 December 2011 is expected to experience an increase as compared with that of 2010. The increase in the loss attributable to owners of the Company was primarily attributable to (i) impairment losses on the intangible assets (namely certain exploration rights); and (ii) a possible write-down in respect of the Group’s principal property, plant and equipment, namely the magnesium smelting plant in Perak, Malaysia.

The Group was unable to achieve its forecasted production levels and experienced operating losses at Perak for a variety of reasons, many entirely outside the Group's control. The Group has experienced higher than anticipated production costs arising out of modifications to the plant set-up during the early years, securing and training personnel in the operation of a first-of-its kind smelter for the region and higher raw material (ferrosilicon) and energy costs. This has been experienced against a backdrop of falling demand and weak prices for magnesium ingots, due in large part to the continuing recession in the US and Europe. To date, the Group's plant has proven uncompetitive by contrast to the output and pricing strategies of the more experienced Mainland Chinese producers. In a buyer's market, magnesium traders and users have progressively moved to buying on a spot or tender basis so as to protect themselves from pricing fluctuations, and away from the off-take agreements that would previously have locked in certain purchase commitments at prices that would have allowed the Group to have greater flexibility to set its own forecasts and the increased likelihood of achieving them.

The Company is still in the process of finalising the financial results of the Group for the year ended 31 December 2011. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available. Such information has not been audited or reviewed by the auditor of the Company and that the actual results for the Group may be different from what is disclosed herein. Shareholders and potential investors of the Company should read carefully the results announcement of the Company for the year ended 31 December 2011, which is expected to be published on 30 March 2012 (Friday).

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By Order of the Board
CVM Minerals Limited
GOH SIN HUAT
Executive Chairman

Hong Kong, 12 March 2012

As at the date of this announcement, the Executive Directors of the Company are Mr. Goh Sin Huat, Mr. Lim Ooi Hong and Mr. Leung Wai Kwan and the Independent Non-executive Directors of the Company are Ms. Wong Choi Kay, Mr. Chong Lee Chang and Mr. Tony Tan.