



China Armco Metals, Inc. (NYSE Amex: CNAM) ("Armco") is engaged in the sale and distribution of metal ore and non-ferrous metals throughout China and has entered the metal recycling business with recent launch of operations of a 1-million ton per year shredder and recycler of metals located on 32 acres of land acquired by China Armco. The Company maintains customers throughout China which include the fastest growing steel producing mills and foundries. Raw materials are supplied from global suppliers in India, Nigeria, Brazil, Turkey, and the Philippines. Armco's product line includes ferrous and non-ferrous metals; Iron Ore, Chrome Ore, Nickel Ore, Copper Ore, Manganese Ore and Steel Billet. The recycling facility is expected to be capable of recycling 1-million metric tons of scrap metal per year which will position China Armco as one of the 10 largest recyclers of scrap metal in China.

INDUSTRY: Commodity Trading and Recycling

SECTOR: Metals and Recycling

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SELECT FINANCIALS

NYSE Amex: CNAM

Market Cap:	\$43.1M
Price (as of 07/06/2010)	\$2.99
52-Week Price Range	\$2.75-\$11.10
Shares O/S	14.4M
Total Assets (12/31/09)	\$59.63 M
Revenue (Fiscal 2009)	\$ 86.94 M
Net Income (Fiscal 2009)	\$5.12 M
EPS (Fiscal 2009)	\$0.51
Management Ownership	55.6%
Fiscal Year End	Dec. 31st
Legal:	Schneider Weinberger & Beilly, LLP

Investment Highlights

- Ore trading and sales have established long-term partnerships with the major steel makers in China, and ore suppliers in over 10 countries.
- Proven management team with relevant expertise and cost management methodologies specific to the metal industry in China.
- Ore trading operations provide a stable platform for continued segment growth.
- Profitable business model, earned net income \$5.12 million for the fiscal year of 2009 and \$3.33 million 2008.
- Annual production capacity for recycled steel will total 1 million metric tons. Currently the average selling price of scrap steel is \$400 per metric ton.
- Strategic location—Armco has secured land-rights for its new recycling facility which is located in Lianyungang, one of China's 10-largest deep water ports - an advantage for scrap steel transportation.

Business Operations

Metal Ore Distribution—Armco & Metawise Ltd.

- Imports, sells and distributes ferrous and non-ferrous metal ore throughout China
- Provides sourcing and pricing services for various metal ore to its network of customers

Metal Recycling—Armet (Lianyungang) Renewable Resource Co., Ltd.

- Recently launched the metal recycling facility in Lianyungang on 32-acres of prime land with fully paid use rights by Armco.

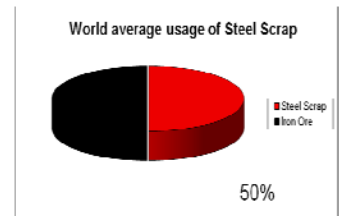
Metal Ore Market Overview

- The ore industry is comprised of a variety of ore needed to blend into metals specific for several industries.
 - **Iron Ore** for use in steel production
 - **Chrome Ore** for use in stainless steel
 - **Nickel Ore** for use in alloying and plating
 - **Manganese Ore** for use in steel alloys
 - **Copper Ore** for use in wiring and piping
- Ore distributors provide customers a value-added service by providing favorable pricing on bulk orders and financing options not available on spot markets or direct import purchases.
- There are less than 10 major ore distribution companies servicing small to medium enterprises in China.

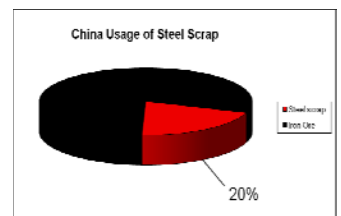


Metal Recycling Market Overview

- **China's market for scrap metal offers an excellent investment opportunity.** China consumes over 500 million tons of steel annually.
- Only 100 million tons of scrap steel are utilized in China per year. China currently has an estimated 40 million ton shortage in supply of steel scrap.
- Armco's steel scrap recycling project is located in Jiangsu Province. The China Iron & Steel Association and China Scrap Steel Application Association have designated the area as the pilot zone for steel scrap processing.
- The Chinese government intends to make Jiangsu province the premier location for scrap steel recycling in China. The Chinese central and Jiangsu provincial governments are issuing preferential tax treatment for steel scrap recyclers to operate their facilities.



Industrialized Nations Derive 50% of Their Steel from Scrap



Chinese Steel Production From Scrap is Only 20%

Metal Recycling Opportunity

Economic Advantage

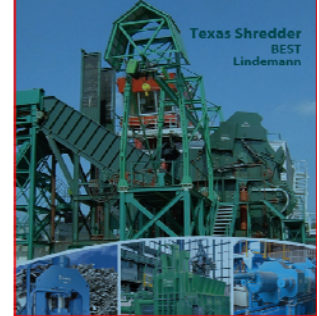
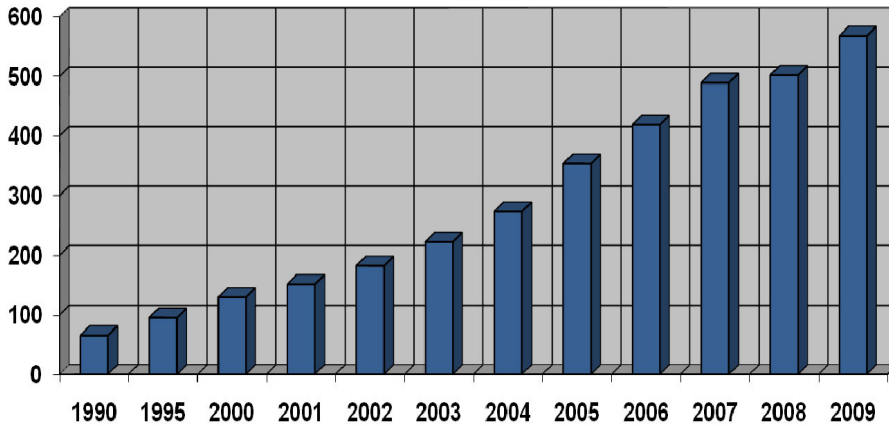
Energy costs are reduced by 74% by producing steel from steel scrap instead of iron ore

Ecological Advantage

Overall pollution released into the atmosphere is reduced by 86% by producing steel from steel scrap instead of iron ore



China's Steel Industry Growth Over Two Decades



Armco Metals Financial Highlights

	2009	2008
Revenue	\$86.9 M	\$55.3 M
Gross Profit	\$8.9 M	\$4.1 M
Net Income	\$5.12 M	\$3.33 M
EPS (Fully Diluted)*	\$0.51	\$0.44



Growth Strategies

- Expand distribution platform of ore import and distribution business. Focus sales mix on distributing higher margin ore.
- increasing customer base and leverage customer orders to maximize operating margins.
- Continue to bring on additional supplier relationships for high demand minerals.
- Metal recycling project commenced production late in Q1 2010, continue to ramp up production capacity.
- Leverage existing ore customer base to sell through more cost effective and environment-friendly recycled steel.

MANAGEMENT TEAM

Kexuan Yao – Chairman and CEO, Mr. Yao established Armco & Metawise (HK) Ltd. In 2001. Mr. Yao has been engaged in the import/export of steel and mineral products since 1996 with over fourteen years of experience in this industry. Mr. Yao has imported more than 5,000,000 tons of iron ore and scrap as well as metal ore totaling over 1,000,000 tons. Mr. Yao obtained a bachelor's degree from Henan University of Agriculture in 1996.

Jinlei Zhang – Vice President of Import Operations. Mr. Zhang has been the vice president of Armco & Metawise (HK) Ltd. Since January, 2003. Mr. Zhang oversees all import operations. Prior to joining Armco, Mr. Zhang served as a sales manager of Qinghai Minerals Co., Ltd. Where he was responsible for importing over 2,000,000 tons of iron ore and steel scrap. Mr. Zhang graduated with a bachelor's degree from Beijing University of Foreign Languages in 1989.

Fengtao Wen – Vice President of Finance, Mr. Wen has served as VP of Finance for Armco & Metawise (HK) Ltd. Since 2005. Mr. Wen supervises all financial operations of the company. Mr. Wen was the manager of the financial department of Zhengzhou Smithing Co., Ltd from 1996 to 2005. Mr. Wen graduated from the Economics Department at Zhengzhou University in 1996.

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