



MAGNESIUM LITHIUM ALLOY AGREEMENT

Highlights:

- Securing of technology to produce magnesium lithium (MgLi) alloys with Xi'an Nonferrous Metallurgical Design & Research Institute
- Commencement of construction of MgLi plant at Pingyao
- Letter of intent entered into with Jinsheng Industrial Co. Ltd
- Technology provides access to range of additional high technology markets including aerospace

China Magnesium Corporation Limited
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ASX Code: CMC

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PO Box 3767
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Issued Capital:

Quoted:
279,706,121 fully paid shares

Unquoted:
Nil

Directors:

William Bass
(Non-Executive Chairman)

Tom Blackhurst
(Managing Director)

Xinping Liang
(Chief Operating Officer)

Peter Robertson
(Non-Executive Director)

Substantial shareholders:

Mr Tom Blackhurst	16.6%
Shanxi Pingyao Fengyan Group	12.5%
Mr Xinping Liang	12.3%
Mr Guicheng Jia	6.1%

1. Securing of technology to produce magnesium lithium alloy

China Magnesium Corporation Limited (ASX: **CMC**; "CMC" or "the Company") has secured rights under a cooperation agreement to employ proprietary technology for the production of a range of high purity magnesium lithium (MgLi) alloys.

The agreement with Xi'an Nonferrous Metallurgical Design and Research Institute (XNM) necessitates XNM providing technical cooperation pertinent to the MgLi smelting and purification process.

XNM is responsible for delivery of a turn-key production facility, including installation and commissioning of the plant, as well as training and ongoing technical support.

Implementation of this technology allows for production of high purity MgLi alloys.

2. Commencement of construction of magnesium lithium plant

Prior to CMC and XNM signing the agreement a feasibility study was completed by XNM into building a MgLi plant with a nominal capacity of 108 tpa at the Pingyao plant location, making use of existing equipment, common facilities and land.

Pursuant to the XNM agreement an initial facility, with a capacity of 108 tpa is under construction.

CMC advises that much of the required plant is already installed at the Pingyao site and construction of the remaining specialised equipment is well advanced. The plant will access electricity from the State electricity grid and will accordingly be compliant with all relevant EPP regulations.

3. Letter of intent

CMC has entered into a Letter of Intent with Jinsheng Industrial Co. Ltd (JIC). The LOI provides for JIC to conduct quality testing on CMC's Pingyao plant MgLi output against prescribed high purity standards. Subject to the successful outcome of quality testing in production, JIC will enter into a further agreement for both supply of raw material and offtake of processed MgLi alloy

4. Background to MgLi alloys

Managing Director Mr. Tom Blackhurst noted that the high value MgLi alloys that will be produced will lead CMC into a number of new and exciting market opportunities.

The key characteristics of Mg-Li alloys include:-

- Weighs :- 50% less than Aluminium
- Weighs :- 30% less than Magnesium
- Ultralow density
- Ultrahigh ductility

MgLi alloys have excellent electromagnetic shielding performance and outstanding noise reduction performance. For this reason they are most significantly used in the pioneering technology markets of Aviation, Aerospace, Military Equipment and Consumer Electronics.

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