



\$4.35M SUBSCRIPTION AGREEMENT

China Magnesium Corporation Limited ABN 14 125 236 731

ASX Code: CMC

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Issued Capital:

Shares - Quoted:

352,438,556 fully paid shares

Options – Unquoted

37,541,522 exercisable at \$0.10
expiring 15 February 2019

Directors:

William Bass

(Non-Executive Chairman)

Tom Blackhurst

(Managing Director)

Xinping Liang

(Chief Operating Officer)

Substantial shareholders:

Mr Tom Blackhurst 12.2%

Mr Feng Wang 9.9%

Mr Xinping Liang 9.8%

China Magnesium Corporation Limited (ASX: CMC; “CMC” or “the Company”) is pleased to announce that it has entered into a \$4.35 million subscription agreement with Winshine Science Company Limited, a company listed on the Hong Kong Stock Exchange.

Winshine has agreed to subscribe for 87,000,000 ordinary shares at \$0.05, together with 87,000,000 free attaching options (exercisable at \$0.10, expiring 15 Feb 2019), which will be placed out of the shortfall from the rights issue announced 18 October 2018.

As a Hong Kong-based and Hong Kong Stock Exchange (HKSE) listed investment holding company, Winshine is principally engaged in securities investment and toy manufacture. The securities investment segment is engaged in equity securities investment. The toys segment is engaged in the manufacture and trading of toys. It operates businesses in Hong Kong, China, America, Canada and Japan, amongst others.

Immediately after completion (expected prior to Christmas), Winshine will hold approximately 19.8% of the issued shares of CMC and will be the largest shareholder.

CMC Managing Director, Mr. Tom Blackhurst, said he was looking forward to welcoming Winshine to the CMC share register as major shareholders.

“This is a great vote of confidence in CMC by a Hong Kong listed company”.

Agreement Conditions

The agreement is subject to various conditions and warranties (set out below) that CMC is comfortable have been or will be satisfied:

1. no objection being received by Winshine for the entering into of the agreement and the transactions contemplated thereunder;
2. approval by the board of directors of CMC;
3. the shares of CMC remaining listed and traded on the ASX;
4. all necessary consents and approvals required to be obtained by CMC in respect of the subscription having been obtained;
5. there being no material adverse change in the financial position, business or operations of CMC, its subsidiaries or associated companies; and
6. certain warranties given by CMC continuing to be true, accurate and not misleading in all aspects.

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