



ASX Announcement

18 May 2020

CMC Applies to be Removed from the Official List of ASX and Considers Listing on an Alternative Exchange

As previously announced to the market on 1 July 2019, the securities of China Magnesium Corporation Limited (ASX:CMC) (**CMC** or the **Company**) have been suspended from trading on the official list (**Official List**) of the Australian Securities Exchange (**ASX**) pursuant to ASX Listing Rule 17.3 (**Suspension**).

Over the past few months, CMC has been in the process of divesting its offshore operations and focusing on its commodities trading business. As part of this process, the directors of CMC (**Board** or **Directors**) have conducted a strategic review to manage the cost of operating as appropriate.

As part of this extensive review, the Board has considered a number of cost improvement measures which, in the Board's view, will bring more value to shareholders. To this end, the Board has been in discussions to switch the listing of CMC's securities from the Official List (**Delisting**) to the official list of the Sydney Stock Exchange (**SSX**) (**Listing**).

The Company is in discussions with ASX in relation to a potential Delisting and has today submitted an application to be removed from the Official List. Contemporaneously, it is in discussion with the SSX in respect of the Listing. Whilst they are all subject to final approvals from the ASX and SSX, those discussions are continuing and are well-advanced. The Company notes that the ASX is not required to act on the Company's application for removal from the Official List and will require certain conditions be satisfied before it will act on that request including shareholder approval by way of a special resolution. The Company will update the market if the ASX advises of any further conditions. The Company's expectation is that if the Company is admitted to the official list of the SSX, the Company's shares would be readily tradable on the SSX.

The Delisting and a subsequent Listing will be subject to shareholders' approval by way of a special resolution at an extraordinary general meeting. The Company intends to despatch a notice of meeting and explanatory statement as soon as it is in position to do so, following further discussions with the ASX and SSX. The Board anticipates that the shareholders' meeting will be held in June 2020, and subject to receipt of all approvals necessary, a Listing soon thereafter.

Parallel with the Listing, the Board proposes a change to the Company's name to "Sovran White International Limited." The name change reflects the fact that the Company's main undertaking is not in the magnesium industry. The name change will be subject to shareholder approval.

Why switch from the ASX?

The Board considers that it is prudent management for the ongoing financial, administrative and compliance obligations and costs associated with listing on the Official List to be minimised moving forward. The costs associated with maintaining quotation on the SSX are in the order of 30% less than those associated with a listing on the ASX. Like the ASX, the SSX is another ASIC regulated tier one stock exchange in Australia.

As the Company's shares are currently suspended from trade due to the imposition of the Suspension, the Board is of the view that the Listing is a faster and more cost effective path to the Company's shareholders recommencing the trading of their shares in the Company on a securities exchange.

Given the potential cost savings and the ability of the Company's securities to be traded upon a Listing, the Board believes a switch is in the best interests of the Company and its shareholders. If the Listing is successful, the Company would remain subject to "continuous disclosure" requirements as required under the SSX listing rules and the *Corporations Act 2001* (Cth) (**Corporations Act**). The SSX uses the same CHESS platform as the ASX with the same SRN and HIN structure and access to the same share registries.

Delisting process and consequences of Delisting

The Board does not intend to implement a formal share buy-back, sale facility or other similar arrangement which would enable the Company's shareholders to dispose of their shares prior to the Delisting and potential subsequent listing on the SSX.

Following the Delisting, shareholders will be unable to trade securities of the Company on the ASX. However, the Company has applied to list its securities on the official list of the SSX, and shareholders would then have the opportunity to trade their securities.

If shareholders do not approve the Delisting, the Company would not be removed from the Official List and its securities will remain suspended, and as a result, it is unlikely that the Company's securities will be able to be traded on any marketplace in the near future.

Shareholder remedies under the Corporations Act

If a CMC shareholder considers the Delisting to:

- be contrary to the interests of CMC shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or a group of shareholders, that shareholder may be able to seek relief under Part 2F.1 of the Corporations Act (*Oppressive conduct of affairs*); or
- involve "unacceptable circumstances" (as that term is defined in the Corporations Act), it may or may not be able to apply to the Takeovers Panel to seek a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act.

Prior to seeking the above remedies, Shareholders may wish to seek legal advice in respect of those remedies.

Timing

The timing of the Delisting has yet to be finally determined (and may include certain requirements set by ASX) but it is anticipated by the Board that events leading up to the Delisting may occur in accordance with the table below.

Important Dates	
Notice of general meeting, explanatory memorandum and proxy forms to be provided to Shareholders	22 May 2020
General meeting of shareholders to obtain approval for Delisting and other ancillary resolutions	19 June 2020
Announcement of results of general meeting released to market	19 June 2020
Delisting from the ASX (subject to ASX approval)	22 June 2020

We note that, since the Company's shares are suspended from trading, ASX has advised that the Company will not need to comply with the usual condition that removal from the Official List will not take place any earlier than one month after shareholder approval has been obtained in respect of the Delisting.

The timetable is indicative only and remains subject to change. Further updates will be provided to the market in due course.

Further queries

For further details regarding the Delisting, please contact Peter Tay on +61 7 3011 6335.

This ASX announcement has been authorised for release by the Board.

Peter Tay
Company Secretary