



## CMC COMMENCES PRODUCTION AT PINGYAO

### Highlights:

- First semi-coke cracker completed and successfully installed.
- Production has now commenced at Pingyao.
- CMC's 91%-owned sino-foreign JV company changes name to Shanxi Yushun Magnesium Company Limited.

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#### 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	15.8%
Mr Feng Wang	12.0%
Mr Xinping Liang	8.6%
Mr Guicheng Jia	7.1%
Mr Ming Li	7.1%

China Magnesium Corporation Limited (ASX: CMC; "**CMC**" or "the Company") is very pleased to announce that it has just commenced semi-coke and magnesium production at its Pingyao operations.

The first semi-coke cracker has been completed, installed and successfully tested, which has enabled CMC to commence semi-coke and magnesium production using waste semi-coke gas instead of using the coal-to-gas facilities as originally envisaged when the magnesium plant was built. These coal-to-gas units will effectively be made redundant due to the use of waste semi-coke gases in substitution for coal gas generated by the coal-to-gas units.

The new semi-coke cracker is yet another example of synergies being unlocked via the investment and cooperation agreement with Shanxi Pingyao Fengyan Coal & Coke Group Company Limited ("**Fengyan**"), which are now generating significant benefits. Rather than building two completely new semi-coke crackers from scratch, Fengyan engineers have assisted CMC to successfully adapt one of the coal-to-gas units into a fully operational semi-coke cracker.

This has significantly reduced the capex requirements to build the semi-coke crackers, and CMC has or will apply the surplus funds towards other capital equipment to further reduce operating costs.

For example CMC has purchased the necessary machinery & equipment to produce our own retorts in house. This machinery & equipment is presently being installed. Previously these retorts were leased.

CMC has purchased and installed a pneumatic loading and discharging machine. We have been working closely with the manufacturer to commercialise this machine, and in this regard CMC has signed a Technology and Co-operation Agreement to secure the intellectual property rights, which is expected to significantly reduce labour costs associated with the manual loading and unloading of the retorts.

Now that the converted semi-coke cracker has been successfully tested, the conversion of the remaining coal-to-gas units will commence. CMC does not presently intend to use coal-to-gas units in production going forward.

As previously announced, Fengyan is providing the working capital required to get back into production. It is intended by both parties that this arrangement will continue until SYMC secures direct working capital financing with a local bank.

In other developments, CMC is pleased to announce that, in accordance with the terms of the investment and cooperation agreement with Fengyan, CMC's 91.25%-owned sino-foreign joint venture company has officially changed its name from Shanxi Luyuan Magnesium Company Limited to Shanxi Yushun Magnesium Company Limited. In addition to the appointment of Mr Wang Feng as Chairman of SYMC, another Fengyan representative, Mr Li Xiangmin, has been appointed as Executive General Manager of SYMC.

CMC remains committed to becoming one of the world's largest, integrated, low cost, magnesium producers.

**ENDS**