



DISPATCH OF RIGHTS ISSUE PROSPECTUS

Highlights:

- Dispatch of rights issue prospectus with entitlement and acceptance forms.

China Magnesium Corporation Limited ABN 14 125 236 731

ASX Code: CMC

Level 10, 12 -14 Marine Pde
Southport QLD 4215

P +61 7 5531 1808

F +61 7 5591 1059

info@chinamagnesiumcorporation.com

PO Box 3767
Australia Fair, QLD 4215

Issued Capital:

Shares - Quoted:

170,125,516 fully paid shares

Share price (8/9/14): 5.6 cents

Market cap: A\$9.5m

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") advises that the prospectus (together with personalised entitlement and acceptance forms, a template for which accompanies this announcement) for the pro-rata non-renounceable rights issue (announced on 29 August 2014) has been dispatched today.

ENDS

ENTITLEMENT AND ACCEPTANCE APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
LEVEL 10
SEABANK BUILDING
12-14 MARINE PARADE
SOUTHPORT QLD 4215
AUSTRALIA

CHINA MAGNESIUM CORPORATION LIMITED

ABN: 14 125 236 731

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

Eligible Holding as at 7.00pm EST
on 5 September 2014:

Entitlement to Shares 1:4.53668:

Amount payable on acceptance
@ \$0.04 per Share:

NON-RENOUNCEABLE SHARE AND OPTION OFFER CLOSING AT 7.00PM EST ON 30 SEPTEMBER 2014

ISSUE PRICE OF \$0.04 CENTS PER NEW SHARE WITH 1 FREE LISTED OPTION
(EXPIRING 30 SEPTEMBER 2016 @ \$0.07) FOR EVERY 1 NEW SHARE ISSUED.

(1) I/We the above named being registered at 7.00pm EST on the 5 September 2014 as holder(s) of Shares in the Company hereby accept as follows:

	NUMBER OF NEW SHARES ACCEPTED/APPLIED FOR	AMOUNT ENCLOSED @ \$0.04 PER SHARE
Entitlement or Part Thereof	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/>	\$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Additional New Shares	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/>	\$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
TOTAL	<input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/>	TOTAL \$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>

- (2) I/We have enclosed/made payment for amount shown above (following the payment instructions as detailed overleaf).
 (3) I/We agree to be bound by the Constitution of the Company.
 (4) I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend, correct or complete it shall be final.
 (5) I/We declare that I/we have received a full and unaltered version of the Prospectus either in an electronic or paper format and that I/we have read the Prospectus in its entirety and this Entitlement and Acceptance form (including the reverse page).
 (6) My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER

 ()

EMAIL ADDRESS

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.

PAYMENT INFORMATION - Please also refer to payment instructions overleaf.



Bill Code: 159483

Ref:

BPAY® this payment via internet or phone banking.

Your BPAY® reference number is unique to this offer and is not to be used for any other offer.



CHEQUE/MONEY ORDER

All cheques (expressed in Australian currency) are to be made payable to **CHINA MAGNESIUM CORPORATION LIMITED** and crossed "Not Negotiable".

REGISTRY DATE STAMP

E & O.E.

PAYMENT INSTRUCTIONS



Billers Code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to 7.00pm EST (30 September 2014 unless extended). It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.



CHEQUE/MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 7.00pm EST on the closing date.

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Securities and the price payable on acceptance of each Security.
2. Your entitlement may be accepted either in full or in part.
There is no minimum acceptance.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.