

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of China Magnesium Corporation Limited ("Company" or "CMC") will be at held at the offices of BDO, Level 10, 12 Creek St, Brisbane, Queensland (Australia) at 10am (Queensland time) on Tuesday 25 November 2014.

ORDINARY BUSINESS

Financial statements and reports

To receive and consider the Company's financial report, the directors' report and the auditor's report for the year ended 30 June 2014.

Resolution 1: Re-election of Mr Peter Robertson

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Peter Robertson, a director who retires in accordance with Listing Rule 14.4 and the Company's Constitution, being eligible and having offered himself for re-election, be re-elected as a director of the Company."

Resolution 2: Remuneration Report

To consider and, if thought fit, pass the following advisory resolution:

"That, the section of the report of the directors' contained in the 2014 Annual Report dealing with the remuneration of the Company's Directors and Senior Executives ('Remuneration Report') be adopted."

Under Section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the Directors of the Company

Resolution 3: Ratification of share issue

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"To, for the purposes of ASX listing rule 7.4 and for all other purposes, approve and ratify the issue of 20,415,062 fully paid ordinary shares to Mr Wang Feng pursuant to the placement announced to ASX on 29 April 2014 and as described in the explanatory statement accompanying this notice."

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

BY ORDER OF THE BOARD

Damien Kelly Company Secretary 16 October 2014

Entitlement to vote

Under regulation 7.11.37 of the *Corporations Regulations 2001*, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the Company's register of members at 10.00am (Queensland time) on Sunday 23 November 2014.

Proxies and Body Corporate Representatives

In accordance with Section 249L of the Corporations Act 2001, Shareholders are advised that:

- each Shareholder who is entitled to attend and cast a vote at the meeting has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company;
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with Section 249X(3) of the *Corporations Act*, each proxy may exercise half of the votes. Fractions are disregarded;
- If you wish to appoint a proxy and are entitled to do so, please complete and return the attached proxy form;
- A corporation may elect to appoint a representative rather than a proxy, in accordance with the
 Corporations Act. In this case, the Company will require written proof of the representative's
 appointment.

The instrument appointing the proxy or corporate representative must be received by the Company at Level 10, Seabank Building, 12-14 Marine Parade, Southport QLD Australia 4215, at least 48 hours before the time notified for the Meeting (proxy forms can lodged by facsimile on +61 7 5591 1059).

Voting exclusion statements

Resolution 2 – A vote must not be cast (in any capacity) on resolution 2 by or on behalf of a member of the China Magnesium Corporation's Group key management personnel ("KMP"), details of whose remuneration is included in the Remuneration Report, or their closely related parties, whether as a shareholder or as a proxy. However a vote may be cast on resolution 2 by a KMP, or a closely related party of a KMP, if:

- It is cast as a proxy for a person who is entitled to vote, and who has specified in writing how the proxy is to vote on resolution 2; or
- It is cast by the Chairman as a proxy for a person who is entitled to vote and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP; and
- The vote is not cast on behalf of a KMP or a closely related party of a KMP.

Resolution 3 – The Company will disregard any votes cast on resolution 3 by Mr Wang Feng (and any associates of Mr Wang). A vote must not be cast (in any capacity) on resolution 3 by or on behalf of Mr Wang Feng (and any associates of Mr Wang). However a vote may be cast and the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides

EXPLANATORY STATEMENT

This Explanatory Statement is provided to shareholders of **CHINA MAGNESIUM CORPORATION LIMITED ACN 125 236 731** ("**Company**" or "**CMC**") to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of BDO, Level 10, 12 Creek St, Brisbane, Queensland (Australia) at 10am (Queensland time) on Tuesday 25 November 2014.

The Directors recommend shareholders read the accompanying Notice of Annual General Meeting ("Notice") and this Explanatory Statement in full before making any decision in relation to the resolutions.

The Notice of Meeting sets out the agenda of the matters to be put to Shareholders

Specific comments relating to the agenda items are set out below.

Financial statements and reports

The Corporations Act 2001 requires the Company's financial report, the directors' report and the auditor's report to be tabled at the Annual General Meeting of the Company. In addition, the Company's Constitution provides for such reports and statements to be received and considered at the meeting.

Apart from the matters involving remuneration of directors which are required to be voted upon, neither the *Corporations Act* nor the Company's Constitution requires a vote of members at the Annual General Meeting on such reports. However, members are given the opportunity to raise questions with respect to these reports and statements at the meeting.

The financial report, directors' report and the auditor's report may be found in the annual report for the Company, which has previously been sent to members who requested a copy and is also available on the Company's website www.chinamagnesiumcorporation.com.

Members may submit a written question to the auditor no less than 5 days prior to the Annual General Meeting which relates to the content of the auditor's report or to the conduct of the audit in relation to the financial report to be considered at the meeting.

The auditor will be attending the Annual General Meeting and will answer written questions submitted prior to the meeting.

Resolution 1 – Re-election of Mr Peter Robertson as a Director

Mr Peter Robertson retires in accordance with Listing Rule 14.4 and the Company's Constitution and, being eligible, offers himself for re-election.

Mr Robertson has been an independent non-executive director since 3 July 2008, He is an Australian metallurgical engineer with more than 30 years of experience in mineral processing, smelting and rolling of aluminium and developing new technologies for the recycling of aluminium waste material. Over the past 21 years, Mr Robertson has been involved in the manufacture and supply of consumables and consulting services to the aluminium cast house industry through his role as General Manager of Leymont Pty Ltd.

The Directors recommend that you vote in favour of this resolution

Resolution 2 - Remuneration Report

Section 250R of the *Corporations Act 2001* requires that the section of the directors' report dealing with the remuneration of directors, the company secretary and up to five senior executives be put to the members for adoption by way of a non-binding vote.

The vote of the members is advisory only and does not bind the Directors of the Company.

The remuneration report may be found in the 2014 annual financial report which has been sent to members who have requested a copy and the report is also available on the Company's website www.chinamagnesiumcorporation.com

Following consideration of the Remuneration Report, members will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The directors believe that the Company's remuneration policies and structures are appropriate relative to the size of the Company and its business.

The Directors recommend that you vote in favour of this resolution

Resolution 3 – Ratification of share issue

Resolution 3 has been proposed so that members may consider and if thought fit approve and ratify, for the purposes of Listing Rule 7.4, and for all other purposes, the issue by the Company of 20,415,062 ordinary shares to Mr Wang Feng pursuant to the placement announced to ASX on 29 April 2014 ("Wang Placement"). The placement was made pursuant to the investment and cooperation agreement with Shanxi Pingyao Fengyan Coal & Coke Group Company Limited ("Fengyan") announced on 17 December 2013, with updates announced on 16 January 2014, and in the Half Year Report and Accounts dated 25 February 2014.

For the purposes of Listing Rule 7.5, further information is provided as follows:

- (a) the Wang Placement shares were issued on 30 April 2014;
- (b) the Wang Placement shares are fully paid ordinary shares and rank equally in all respects with the Company's existing fully paid ordinary shares on issue;
- (c) the Wang Placement shares were issued to Mr Wang Feng, as representative of Fengyan;
- (d) the Wang Placement shares were issued for a total issue price of RMB15 million (approximately A\$2.6 million at the time or A\$0.127 per share);
- (e) the funds were and are being used by the Company for the construction of semi-coke crackers (by the conversion of coal-to-gas units into semi-coke crackers) and their auxiliary facilities at the Company's magnesium production facilities (located in Pingyao, China), the construction and building of an overhead transmission line to connect the Company's site to the Fengyan power grid, and towards other capital equipment to reduce operating costs; and
- (f) a voting exclusion statement is included in the Notice.

The Directors recommend that you vote in favour of this resolution

END OF EXPLANATORY STATEMENT

PROXY FORM

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

CHINA MAGNESIUM CORPORATION LIMITED

REGISTERED OFFICE: 12-14 Marine Parade Southport QLD 4215

14 125 236 731

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd 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

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1. Re-election of Mr Peter Robertson]				
2. Remuneration Report]				
3. Ratification of share issue]				
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NOTES

Name and Address

This is the name and address on the Share Register of China Magnesium Corporation Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of China Magnesium Corporation Limited.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company on +61 7 5531 1808 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

5. Signing Instructions

<u>Individual:</u> where the holding is in one name, the Shareholder must sign.

<u>Joint Holding:</u> where the holding is in more than one name, all of the Shareholders must sign.

<u>Power of Attorney</u>: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

<u>Companies:</u> where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy or Certificates of Appointment

Proxy forms and certificates of appointments of corporate representatives (and any Power of Attorney under which the proxy or certificate form is signed) must be received by the Company no later than 10:00am on 23 November 2014, being 48 hours before the time for holding the meeting.

China Magnesium Corporation Limited PO BOX 3767 Australia Fair QLD 4215

Street Address: Level 10, Seabank Building 12 – 14 Marine Parade Southport QLD 4215

Telephone +61 7 5531 1808

Facsimile +61 7 5591 1059

Email info@chinamagnesiumcorporation.com

PRIVACY STATEMENT

Personal information is collected on this form by the Company for the purpose of maintaining registers of securityholders, facilitating proxy management and voting at general meetings 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 the Company or you would like to correct information that is inaccurate please contact them on the address on this form.