



Highlights:

- Commenced small-scale semi coke, magnesium, calcium metal and tar oil operations at Pingyao in July 2014
- Expanded trading to include semi coke, metallurgical coke, tar oil and calcium metal– more than just magnesium
- Positive net operating cash flow of \$2M for half year
- A\$1M rights issue, including \$725,000 in subscriptions by directors and major shareholder Wang Feng
- A\$3.4M in cash at 31 December 2014
- FMW cooperation agreement expected to provide an additional boost to profit and cash flow going forward

HALF YEAR UPDATE

China Magnesium Corporation Limited ABN 14 125 236 731

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PO Box 3767
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Issued Capital:

Quoted:

195,322,119 fully paid shares
25,255,705 options (7c; 30
September 2016)

Unquoted:

Nil

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	16.7%
Mr Feng Wang	12.8%
Mr Xinping Liang	10.5%
Mr Guicheng Jia	6.1%
Mr Ming Li	6.1%

China Magnesium Corporation Limited (ASX: CMC; “**CMC**” or “the Company”) today released its Interim Financial Report for the half year ended 31 December 2014.

CMC commenced small-scale, operations at Pingyao in July 2014. An expanded business license and environmental permissions are now in place to allow production of semi coke, bricks and calcium metal at the existing site. This is a significant milestone as such permissions are difficult and very time consuming

Sales of \$11.4M (844% up on comparative period) were attributable to substantially greater trading in magnesium, semi coke, metallurgical coke, tar oil and calcium metal in the period. Deliveries have been made to Slovakia, Germany, Sweden, Holland, Korea, Taiwan, Brazil and Australia.

Significantly, CMC achieved positive operating cash flow in both the September quarter and December quarters, totaling almost A\$2M over the half year to December. Total cash reserves were A\$3.4M at the end of December

During the half year CMC also successfully completed a rights issue at 4 cents per share plus one free listed option, raising over A\$1M. Directors and major shareholder Wang Feng (Fengyan representative) subscribed for \$725,000 of this amount, which does not include up to \$1.8M from the potential exercise of the options (exercisable at \$0.07; expiring September 2016).

Since the end of the half year, in February 2015 CMC’s wholly owned subsidiary executed and commenced a Co-operation Agreement with Pingyao County Fengyan Mineral Wool Co. Ltd. (“**FMW**”). FMW is an established and profitable medium sized metallurgy company, which can produce up to 150,000 tpa of ferronickel, using the waste slag to also produce mineral (rock) wool and mineral wool acoustic board products. FMW currently purchases all CMC’s semi coke production, whilst any external ferronickel requirements in respect of CMC’s recycling and production of retorts (used for CMC’s magnesium production) are also currently supplied to CMC by FMW. Under the agreement, CMC has a 60% economic interest in the business of FMW, controls the FMW board of directors and is responsible for the management and improvement of the FMW business. It is anticipated that the FMW cooperation agreement will provide an additional boost to CMC’s profit and cash flow.

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