



FINE CHEMICALS/FERTILISER AGREEMENT

Highlights:

- CMC business expansion into production and distribution of fine chemicals and fertilisers
- CMC has entered into a conditional agreement to lease two production plants located in Shanxi Province and Shandong Province, China for a period of 20 years.
- CMC has signed a lease agreement for the plant located in Shanxi and will take effect on the 1st March 2016.
- Discussions are well advanced for the plant located in Shandong.
- CMC will issue 10M shares for the goodwill of the business and production facilities

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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	16.8%
Mr Feng Wang	12.7%
Mr Xinping Liang	10.7%
Mr Guicheng Jia	6.1%
Mr Ming Li	6.1%

China Magnesium Corporation Limited (ASX: CMC; “CMC” or “the Company”) is pleased to announce that it has signed a conditional Agreement with Taiyuan Hailifeng Science & Technology Co. Ltd (“Hailifeng”), a significant Chinese energy and chemical technology group based in Taiyuan, Shanxi Province.

Under the Agreement CMC will lease the existing business and production facilities in the Taiyuan High-tech Industrial Development Zone for 20 years from the 1st March 2016.

The Agreement also provides for CMC to acquire exclusive access to a number of patents and technical documents owned by Hailifeng.

The plant is currently used for the production of Tetra Kis (methoxymethyl) Glycoluril (“G3”) and Glycoluril (“G1”). G3 is used as a cross-linking agent in powder coatings for various indoor and outdoor applications. G1 is used in water treatment, in paints and coatings, and occasionally as a slow-release fertilizer. The plant can also produce bactericide, which is used as an additive in industrial coatings & corrosion inhibitors and Urea formaldehyde resin which is used in adhesives, MDF and the manufacturing of various other particle boards.

CMC is well advanced in securing a 20 year lease of a second plant in Shandong. The plant produces Magnesium Nitrate, Barium Nitrate, Sodium Nitrate, Calcium Ammonium Nitrate and Calcium Nitrate. It is proposed that this will be expanded into ammonium nitrate additives, oxygenates, water treatment agents.

In consideration of the head leases, production facilities and goodwill of the business, CMC will issue 10M shares at the VWAP of the previous 5 days.

Hailifeng is providing the working capital required for existing and forward production.

This Agreement is expected to make an immediate contribution to profit. It is anticipated that this Agreement will create further synergies and efficiencies with CMC's established operations.

CMC Managing Director, Mr Tom Blackhurst, said that the Agreement brings an exciting new business to complement the existing range of products.

CMC remains committed to becoming one of the world's largest, integrated, low cost, magnesium producers, whilst building capacity in industries such as calcium metal, pig iron, semi coke and industrial chemicals which can further leverage our strengths and advantages.

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