



\$2M NON-RENOUNCEABLE RIGHTS ISSUE OF SHARES AND LISTED OPTIONS

Highlights:

- Underwriting and firm commitments of \$1.5 million.
- All Directors will follow their rights in full together with partial underwriting of \$127k for a total of \$730k.
- Further underwriting of RMB 4.2 million (~\$816k) from other investors, none of whom are existing shareholders.
- Funds will provide additional flexibility to further CMC existing Australian and Chinese operations.
- One for ~2.4378 non renounceable rights issue of shares at \$0.025 each together with one free listed option (exercisable at \$0.05 on or before 8 December 2017) for every two new shares offered, to raise up to ~\$2 million.

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PO Box 3767
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Issued Capital:

Quoted:

195,022,849 fully paid shares

Unquoted:

Nil

Directors:

William Bass
(Non-Executive Chairman)

Tom Blackhurst
(Managing Director)

Liang Xinping
(Chief Operating Officer)

Peter Robertson
(Non-Executive Director)

Substantial shareholders:

Mr Tom Blackhurst	16.9%
Shanxi Pingyao Fengyan Group	12.8%
Mr Liang Xinping	10.7%
Mr Jia Guicheng	6.2%
Mr Li Ming	6.2%

China Magnesium Corporation Limited (ASX: **CMC**; "CMC" or "the Company") is pleased to announce a pro rata non renounceable rights issue of fully paid ordinary shares at \$0.025 each (a 20% discount to the 30 day VWAP). Rights are offered on the basis of one (1) share for every 2.4378 shares held at the record date, together with one free listed option (exercisable at \$0.05] on or before 8 December 2017) for every two (2) new shares offered ("**Offer**").

The primary purpose of the Offer is to (and the funds raised from the Offer are intended to be used to) provide the Company with additional general working capital and flexibility to further its existing Australian and Chinese operations and, if thought fit, to put it in a stronger position to build capacity and acquire assets in industries which leverage the Company's strengths and advantages.

One such industry, where CMC has developed key strategic relationships, is with organisations involved in lithium mining, processing, the manufacturing of lithium-ion batteries and energy storage. The Company wants to ensure it is in a stronger position to capitalise on future suitable opportunities that may present themselves in this regard. Since securing the Greenbushes lithium project, (funded via its Chinese network) our relationships have grown considerably. This includes Mr. Wu Jiepeng, Mr. Wang Fengjin, Mr. Wang Yuping and Mr. Ma Yingzhe who have agreed to partially underwrite any shortfall to the Offer up to a maximum of \$816,000.

As at the date of this Offer document and assuming no additional shares are issued before the record date, up to approximately 80,000,000 new shares and 40,000,000 new options may be issued pursuant to the Offer, raising up to approximately \$2 million (before the expenses of the Offer).

Although CMC remains focused on becoming a large, low cost, integrated producer of magnesium, semi coke, tar oil and other industrial products, we have and will continue to take advantage of any synergistic or value-adding opportunities as they present themselves.

Shareholders who are registered as at 7.00pm (Queensland time), Friday 4 November 2016 ("**Record Date**") will be eligible to participate in the Offer.

Messrs Liang Xinping & William Bass (Directors of the Company) have agreed to partially underwrite any shortfall to the Offer up to a maximum of \$127,000. This commitment does not include any shares and options the underwriters will subscribe for pursuant to the entitlements they will receive as existing shareholders as at the Record Date.

The Company has also received separate firm commitment undertakings from each director that they will each subscribe (or procure the subscription for) for the full entitlements offered in relation to their relevant interests in the Company. As at the date of this announcement those entitlements amounted to approximately \$337,000 for Mr. Blackhurst, \$215,000 for Mr. Liang, \$16,000 for Mr. Bass and \$34,000 for Mr. Robertson.

The total underwriting and firm commitment amounts add up to \$1,545,000.

Indicative Timetable

An indicative timetable for the Offer is set out below:*

Record Date (7:00pm EST)	4 November 2016
"Ex" date	3 November 2016
Record Date (7:00pm EST)	4 November 2016
Dispatch of entitlement and acceptance form and prospectus	8 November 2016
Closing date for acceptances (7:00pm EST)	23 November 2016
Issue date; dispatch of holding statements	30 November 2016

** The above dates are indicative only. Notwithstanding any provision of this announcement or any other announcement or offer document, and to the fullest extent permitted by law, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date or time period referred to in this offer document to such earlier or later date or for such period as the Company thinks fit whether or not the date to be varied has passed or the time period has expired.*

ENDS