

## TERMINATION OF FMW CO-OPERATION AGREEMENT

### Highlights:

- Co-Operation Agreement with Shanxi Pingyao County Fengyan Coal Group (“Fengyan”) with respect to Pingyao Fengyan Mineral Wool Co. Ltd. (“FMW”) terminated with effect from 15 June 2016
- Fengyan assume responsibility for operating loss of FMW from 1<sup>st</sup> February 2015 to 24<sup>th</sup> June 2016 of RMB 44M
- Fengyan acknowledge and reconfirm the 17<sup>th</sup> December 2013 Investment and Co-Operation Agreement with CMC

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](mailto:info@chinamagnesiumcorporation.com)

PO Box 3767  
Australia Fair, QLD 4215

#### 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”) announces that it has signed an Agreement with Shanxi Pingyao County Fengyan Coal Group (“Fengyan”), to terminate the Co-Operation Agreement with respect to Pingyao Fengyan Mineral Wool Co. Ltd. (“FMW”) with effect from 24<sup>th</sup> June 2016.

For a consideration of RMB100 Fengyan will acquire CMC’s 60% interest in FMW, all rights and responsibilities of FMW, any profits/losses, including the operating loss of RMB44m incurred for the period of 1<sup>st</sup> February 2015 to 24<sup>th</sup> June 2016. CMC and Fengyan confirm that ferronickel, stockpiled from 1<sup>st</sup> February 2015 pending improved commodity pricing, has significantly contributed to any loss made during this period. Fengyan recognise the considerable contribution of CMC representatives in increasing the flexibility of the FMW plant, including the opening of marketing and distribution opportunities for FMW products.

Fengyan further acknowledge and reconfirm the 17 December 2013 Investment and Co-Operation Agreement, the offtake agreement for semi-coke/tar oil production and to continue the close co-operative and contractual relationship between Fengyan and CMC to create and share in the significant benefits and synergies afforded through such co-operation.

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.

**ENDS**