



\$1.5M NON-RENOUNCEABLE RIGHTS ISSUE OF SHARES AND LISTED OPTIONS

Highlights:

- One for ~4.54 non renounceable rights issue of shares at \$0.04 each together with one free listed option (exercisable at \$0.07 on or before 30 September 2016) for every new share offered, to raise up to ~\$1.5 million.
- 34% discount to the closing market price of 6.1 cents per share on Thursday, 28 August 2014.
- All directors and Mr Wang Feng will follow their rights in full and directors have also underwritten a further \$152,000
- Total of \$724,214 in underwritings and firm commitments from directors and major shareholders.

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Issued Capital:
Shares - Quoted:
170,125,516 fully paid shares

Share price (28/8/14): 6.1 cents

Market cap: A\$10.4m

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	15.8%
Mr Feng Wang	12.0%
Mr Xinping Liang	8.6%
Mr Guicheng Jia	7.1%
Mr Ming Li	7.1%

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 \$0.04 each (a 34% discount to the closing market price of 6.1 cents per share on Thursday, 28 August 2014) offered on the basis of one (1) share for every 4.53668 shares held at the record date, together with one free listed option (exercisable at \$0.07 on or before 30 September 2016) for every new share offered ("Offer").

As at the date of this offer document and assuming no additional shares are issued before the record date, up to approximately 37,500,000 new shares and 37,500,000 new options may be issued pursuant to the Offer, raising up to approximately \$1,500,000 (before the expenses of the 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 magnesium and semi-coking business 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.

Shareholders who are registered as at 7.00pm (Queensland time), Friday 5 September 2014 ("Record Date") will be eligible to participate in the Offer.

Messrs Xinping Liang, William Bass and Peter Robertson (directors of the Company) have agreed to partially underwrite any shortfall to the Offer up to a maximum of \$110,000, \$30,000 and \$22,000 respectively. 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 and major shareholder Mr Wang Feng (on behalf of Shanxi Pingyao Fengyan Coal & Coke Group Company Limited) 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 \$237,016 for Mr Blackhurst, \$128,658 for Mr Liang, \$6,013 for Mr Bass, \$10,527 for Mr Robertson and \$180,000 for Mr Wang.

The total underwriting and firm commitment amounts add up to \$724,214.

Indicative Timetable

An indicative timetable for the Offer is set out below:

"Ex" date	3 September 2014
Record Date (7:00pm EST)	5 September 2014
Dispatch of entitlement and acceptance form and prospectus	9 September 2014
Closing date for acceptances (7:00pm EST)	30 September 2014
Issue date; dispatch of holding statements	8 October 2014

** 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