

**SOMERLEY GROUP LIMITED**

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10<sup>th</sup> Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong  
Telephone: 2869 9090 Fax: 2845 0614

BY FAX: 61 7 5591 1059

7 June 2011

China Magnesium Corporation Limited  
Level 10 Seabank Building  
12-14 Marine Parade  
Southport QLD 4215  
Australia

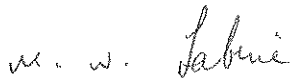
Attn: Mr. Garry Edwards / Mr. Damien Kelly  
Joint Company Secretary

Dear Sirs,

**Form 605 – Notice of ceasing to be a substantial holder**

Please find attached Form 605 from Somerley Group Limited for your attention.

Yours faithfully,  
for and on behalf of  
Somerley Group Limited



Martin Sabine  
Director

Encls.

For personal use only

**Form 605**Corporations Act 2001  
Section 671B**Notice of ceasing to be a substantial holder**To Company Name/Scheme China Magnesium Corporation LimitedACN/ARSN 125236731**1. Details of substantial holder (1)**Name Somerley Group Limited, CorporActive Fund Limited, Inteq Limited

ACN/ARSN (if applicable) \_\_\_\_\_

The holder ceased to be a substantial holder on 6/6/2011The previous notice was given to the company on 11/11/2010The previous notice was dated 11/11/2010**2. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation to change (5)	Class (6) and number of securities affected	Person's votes affected
	Please refer to Appendix 1				

**3. Changes in association**

The persons who have become associates (3) of, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	

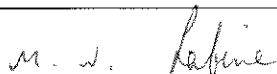
**4. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
Somerley Group Limited	10/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong
CorporActive Fund Limited	c/o Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-111 Cayman Islands
Inteq Limited	Level 6, 175 Macquarie Street, Sydney NSW 2000, Australia

**Signature**print name Martin Sabinecapacity Director

sign here

date 7/6/2011

**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 4 of the form.
- (2) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (3) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (4) Include details of:
  - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (5) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (6) The voting shares of a company constitute one class unless divided into separate classes.
- (7) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

## Changes in relevant interests

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation to changes (5)	Class (6) and number of securities affected	Person's votes affected
21/4/2011	Somerley Group Limited	Sale of shares	AUD 2,800.00	10,000 fully paid ordinary shares	10,000
	Somerley Group Limited	Sale of shares	AUD 2,900.00	10,000 fully paid ordinary shares	10,000
4/5/2011	Somerley Group Limited	Sale of shares	AUD 3,551.00	10,600 fully paid ordinary shares	10,600
	Somerley Group Limited	Sale of shares	AUD 697.62	2,114 fully paid ordinary shares	2,114
	Somerley Group Limited	Sale of shares	AUD 2,367.95	7,286 fully paid ordinary shares	7,286
12/5/2011	Somerley Group Limited	Sale of shares	AUD 3,000.00	10,000 fully paid ordinary shares	10,000
13/5/2011	Somerley Group Limited	Sale of shares	AUD 9,000.00	30,000 fully paid ordinary shares	30,000
16/5/2011	Somerley Group Limited	Sale of shares	AUD 3,050.00	10,000 fully paid ordinary shares	10,000
24/5/2011	Somerley Group Limited	Sale of shares	AUD 26,733.81	94,100 fully paid ordinary shares	94,100
25/5/2011	Somerley Group Limited	Sale of shares	AUD 24,000.00	80,000 fully paid ordinary shares	80,000
26/5/2011	Somerley Group Limited	Sale of shares	AUD 42,830.45	131,786 fully paid ordinary shares	131,786
	Somerley Group Limited	Sale of shares	AUD 6,600.00	20,000 fully paid ordinary shares	20,000
27/5/2011	Somerley Group Limited	Sale of shares	AUD 54,400.00	170,000 fully paid ordinary shares	170,000
	Somerley Group Limited	Sale of shares	AUD 6,500.00	20,000 fully paid ordinary shares	20,000
	Somerley Group Limited	Sale of shares	AUD 6,600.00	20,000 fully paid ordinary shares	20,000
	Somerley Group Limited	Sale of shares	AUD 29,700.00	90,000 fully paid ordinary shares	90,000
	Somerley Group Limited	Sale of shares	AUD 33,600.00	105,000 fully paid ordinary shares	105,000
6/6/2011	Somerley Group Limited	Sale of shares	AUD 1,577,614.20	5,258,714 fully paid ordinary shares	5,258,714

**Total : 6,079,600**