



ASX Announcement

5 September 2011

CHANGE OF ANNUAL GENERAL MEETING DATE

China Magnesium Corporation Limited (**ASX: CMC**), advises that the date of its Annual General Meeting has been changed to 7 October 2011.

The notice of meeting, explanatory statement and proxy form are attached and will be mailed to shareholders today.

Garry Edwards
Company Secretary

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of China Magnesium Corporation Limited (the “Company”) will be held at the Sands Room, Hotel Grand Chancellor, Cnr Surfers Paradise Blvd & Hanlan Street, Surfers Paradise Queensland at 11am (Queensland time) on Friday 7 October 2011.

ORDINARY BUSINESS

Financial statements and reports

To receive and consider the Company’s financial report, the directors’ report and the auditor’s report for the year ended 30 June 2011.

Resolution 1: Re-election of Mr Peter Robertson

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Peter Robertson, a director who retires in accordance with Listing Rule 14.4 and the Company’s Constitution, being eligible and having offered himself for re-election, be re-elected as a director of the Company.”

Resolution 2: Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

“That, the section of the report of the directors’ contained in the 2011 Annual Report dealing with the remuneration of the Company’s Directors and Senior Executives (‘Remuneration Report’) be adopted.”

The Chairman intends to vote all undirected proxies in favour of the Remuneration Report, shareholders appointing the Chairman as their proxy but do not want their proxy vote cast in favour of the Remuneration Report you should mark the against or abstain box in respect of Resolution 2.

SPECIAL BUSINESS

Resolution 3: Issue of Director Options to Mr Thomas Blackhurst

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the issue of 2,000,000 options to Thomas Blackhurst, Managing Director and Chief Executive Officer of the Company, or his nominee, on terms set out in the Explanatory Statement.”

Additional information on this resolution is contained in the Explanatory Statement attached.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

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Resolution 4: Issue of Director Options to Mr Xinping Liang

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the issue of 2,500,000 options to Xinping Liang, executive Director and Chief Operating Officer of the Company, or his nominee, on terms set out in the Explanatory Statement.”

Additional information on this resolution is contained in the Explanatory Statement attached.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

BY ORDER OF THE BOARD

Garry Edwards
Company Secretary
5 September 2011

Entitlement To Vote

Under regulation 7.11.37 of the *Corporations Regulations 2001*, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the Company's register of members at 6.00pm (Queensland time) on Wednesday 5 October 2011.

Proxies

In accordance with Section 249L of the *Corporations Act 2001*, Shareholders are advised that:

- each Shareholder who is entitled to attend and cast a vote at the meeting has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company;
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with Section 249X(3) of the *Corporations Act*, each proxy may exercise half of the votes. Fractions are disregarded;
- If you wish to appoint a proxy and are entitled to do so, please complete and return the attached proxy form;
- A corporation may elect to appoint a representative rather than a proxy, in accordance with the *Corporations Act*. In this case, the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company prior to the meeting.

The instrument appointing the proxy must be received by the Company at Level 10, 12-14 Marine Parade, Southport QLD Australia 4215, at least 48 hours before the time notified for the Meeting (proxy forms can lodged by facsimile on +61 7 5591 1059).

Voting exclusion statement

Resolution 2 – A vote must not be cast (in any capacity) on resolution 1 by or on behalf of a member of the China Magnesium Corporation’s Group key management personnel (“KMP”), details of whose remuneration is included in the Remuneration Report, or their closely related parties, whether as a shareholder or as a proxy. However a vote may be cast on resolution 1 by a KMP, or a closely related party of a KMP, if:

- It is cast as a proxy for a person who is entitled to vote, and who has specified in writing how the proxy is to vote on resolution 2; or
- It is cast by the Chairman as a proxy for a person who is entitled to vote: and
- The vote is not cast on behalf of a KMP or a closely related party of a KMP.

Resolution 3 – The Company will disregard any votes by Thomas Blackhurst and his associates.

However the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 4 – The Company will disregard any votes by Xinping Liang and his associates.

However the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

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EXPLANATORY STATEMENT

This Explanatory Statement is provided to shareholders of **CHINA MAGNESIUM CORPORATION LIMITED ACN 125 236 731 (Company or CMC)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at The Sands Room, Hotel Grand Chancellor, Cnr Surfers Paradise Blvd & Hanlan Street, Surfers Paradise Queensland at 11am Queensland time on Friday 7 October 2011.

The Directors recommend shareholders read the accompanying Notice of Annual General Meeting (**Notice**) and this Explanatory Statement in full before making any decision in relation to the resolutions.

The Notice of Meeting sets out the details of the matters to be put to Shareholders comprising the following:

Ordinary Business

- Financial statements and reports
- Resolution 1 - Re-election of Mr Peter Robertson as a Director;
- Resolution 2 - Remuneration Report

Special Business

- Resolution 3 - Approval for issue of Director Options to Mr Thomas Blackhurst
- Resolution 4 - Approval for issue of Director Options to Mr Xinping Liang.

Specific comments relating to the Resolutions are set out below.

Financial statements and reports

The *Corporations Act 2001* requires the Company's financial report, the directors' report and the auditor's report to be tabled at the Annual General Meeting of the Company. In addition, the Company's Constitution provides for such reports and statements to be received and considered at the meeting.

Apart from the matters involving remuneration of directors which are required to be voted upon, neither the *Corporations Act* nor the Company's Constitution requires a vote of members at the Annual General Meeting on such reports. However, members are given the opportunity to raise questions with respect to these reports and statements at the meeting.

The financial report, directors' report and the auditor's report may be found in the annual report for the Company, which has previously been sent to members who requested a copy and is also available on the Company's website www.chinamagnesiumcorporation.com.

Members may submit a written question to the auditor no less than 5 days prior to the Annual General Meeting which relates to the content of the auditor's report or to the conduct of the audit in relation to the financial report to be considered at the meeting.

The auditor will be attending the Annual General Meeting and will answer written questions submitted prior to the meeting.

Retirement and re-election of Directors

Mr Michael Clarey is retiring as a Director of the Company, effective as at the commencement of the Meeting. Mr Clarey is not seeking re-election.

Resolution 1 – Re-election of Mr Peter Robertson as a Director

Peter Robertson BE (Met), MBA - Non-Executive Director, age 54

Mr Robertson retires in accordance with Listing Rule 14.4 and the Company's Constitution and, being eligible, offers himself for re-election.

Independent non-executive director since 3 July 2008, Mr Robertson is an Australian metallurgical engineer with more than 28 years of experience in mineral processing, smelting and rolling of aluminium and developing new technologies for the recycling of aluminium waste material. Over the past 18 years, Mr Robertson has been involved in the manufacture and supply of consumables and consulting services to the aluminium cast house industry through his role as General Manager of Leymont Pty Ltd.

The Directors recommend that you vote in favour of the re-election of Mr Peter Robertson

Resolution 2 – Remuneration Report

Section 250R of the *Corporations Act 2001* requires that the section of the directors' report dealing with the remuneration of directors, the company secretary and up to five senior executives be put to the members for adoption by way of a non-binding vote.

The vote of the members is advisory only and does not bind the Directors of the Company.

The remuneration report may be found in the annual financial report which has been sent to members who requested a copy and the report is also available on the Company's website www.chinamagnesiumcorporation.com

Following consideration of the Remuneration Report, members will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The directors believe that the Company's remuneration policies and structures are appropriate relative to the size of the Company and its business.

The directors recommend that you vote in favour of this resolution

The Chairman intends to vote all undirected proxies in favour of the Remuneration Report, shareholders appointing the Chairman as their proxy but do not want their proxy vote cast in favour of the Remuneration Report you should mark the against or abstain box in respect of Resolution 2.

Resolution 3 - Approval for issue of Director Options to Mr Thomas Blackhurst, and Resolution 4 – Approval for issue of Director Options to Mr Xinping Liang

The Company proposes issuing options to Thomas Blackhurst, Managing Director and Chief Executive Officer of the Company, and Xinping Liang, executive Director and Chief Operating Officer of the Company, or their nominees, subject to shareholder approval.

Approval is sought for the issue of such options in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act. If approval is given under Listing Rule 10.11, it will not be required under Listing Rule 7.1.

Requirements of Corporations Act and Listing Rules

In accordance with the requirements of Chapter 2E of the Corporations Act and Listing Rule 10.11, the following information is provided in relation to the Directors' Options:

Proposed allottee:	Thomas Blackhurst or his nominee. As a director of the Company, Mr Blackhurst is a related party.	Xinping Liang or his nominee. As a director of the Company, Mr Liang is a related party.
Nature of financial benefit:	Director Options	Director Options
Maximum number of options to be issued:	2,000,000 Director Options	2,500,000 Director Options
Issue Date:	Within 1 month of the date of this meeting	Within 1 month of the date of this meeting
Issue Price:	Nil cash consideration	Nil cash consideration
Funds raised:	No funds are being raised by the grant of the Director Options	No funds are being raised by the grant of the Director Options
Terms and conditions:	As set out in Appendix A of this Notice of Meeting	As set out in Appendix A of this Notice of Meeting

Relevant interests

The relevant current interests of each of Thomas Blackhurst and Xinping Liang in the securities of the Company are set out below:

Related Party	Shares	Options
Thomas Blackhurst	24,240,000	Nil
Xinping Liang	12,000,000	Nil

Valuation

The value of the Director Options and the pricing methodology are set out in Appendix B of this Explanatory Statement. The independent valuation report ascribed a value range to the Director Options of \$0.0544 to \$0.1806, depending on the Share price achieved on the day, with an Exercise Price of \$0.45.

Based on the number of Director Options proposed to be issued, the value of the Director Options to each of the Directors is therefore as follows:

- Thomas Blackhurst: \$108,800 – \$361,200;
- Xinping Liang: \$136,000 - \$451,500.

This is set out below:

Options proposed for Thomas Blackhurst	Director Options	2,000,000	Exercise Price	\$0.450
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Assumed share price on day of exercise	\$0.30	\$0.35	\$0.40	\$0.45	\$0.50
Total value of Director Options, given various share prices on the date of issue	\$108,800	\$161,200	\$221,800	\$288,800	\$361,200
Value per Director Option	0.0544	0.0806	0.1109	0.1444	0.1806

Options proposed for Xinping Liang	Director Options	2,500,000	Exercise Price	\$0.450
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Assumed share price on day of exercise	\$0.30	\$0.35	\$0.40	\$0.45	\$0.50
Total value of Director Options, given various share prices on the date of issue	\$136,000	\$201,500	\$277,250	\$361,000	\$451,500
Value per Director Option	0.0544	0.0806	0.1109	0.1444	0.1806

Remuneration and emoluments

This is proposed to be a one-off issue of securities to Thomas Blackhurst and Xinping Liang or their nominees.

The remuneration and emoluments from the Company to Thomas Blackhurst and Xinping Liang for the previous and current financial years are:

Related Party	Current financial year	Previous financial year
Thomas Blackhurst	\$328,336*	\$40,000 excluding superannuation
Xinping Liang	\$248,000*	\$0

* paid pursuant to service contracts with the Company. No superannuation payable.

Effect of exercise of Director Options

If all of the Director Options granted to each of Thomas Blackhurst and Xinping Liang are exercised, a total of 4,500,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 127,160,000 to 131,660,000 (assuming no other options are issued or Shares are issued), with the effect that the shareholding of existing shareholders would be diluted by 3.42%.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If the Director Options are exercised and the Shares are trading on ASX at a price which is higher than the Exercise Price of the Director Options, there may be a perceived cost to the Company.

Trading history of Shares on ASX

The trading history of the Shares on ASX since 30 May 2011 is as follows:

	Price	Date (at close)
Highest	\$0.425	6 July 2011
Lowest	\$0.305	7 June 2011
Most recent	\$0.35	2 September 2011

The Share price may increase or decrease prior to the date of the Meeting.

Primary purpose of issue of Director Options

The primary purpose of the issue of Directors Options is to provide cost effective remuneration and reward to Thomas Blackhurst and Xinping Liang for their commitment and contribution to the Company in their respective roles as Directors, Chief Executive Officer and Chief Operating Officer.

The Directors believe that the proposed issue of Directors Options are in the best interests of the Company and promote the interests of the Company on the basis that senior management will be increasingly committed to improving the performance of the Company for the benefit of shareholders.

Additional information and Directors' recommendation

Resolution 3 - Approval for issue of Director Options to Mr Thomas Blackhurst

Mr Thomas Blackhurst declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholder vote in favour of Resolution 3. The Board, other than Mr Thomas Blackhurst, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interest of the Company to pass the Resolution.

The Directors consider that this Explanatory Statement contains all material information known to the Company that could reasonably be required by members in deciding how to vote on the proposed resolution.

Copies of the Notice of Meeting and the Explanatory Statement were lodged with ASIC before being sent to members.

The Directors, with Mr Thomas Blackhurst abstaining, recommend you vote in favour of Resolution 3.

Resolution 4 - Approval for issue of Director Options to Mr Xinping Liang

Mr Xinping Liang declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholder vote in favour of Resolution 4. The Board, other than Mr Xinping Liang, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interest of the Company to pass the Resolution.

The Directors consider that this Explanatory Statement contains all material information known to the Company that could reasonably be required by members in deciding how to vote on the proposed resolution.

Copies of the Notice of Meeting and the Explanatory Statement were lodged with ASIC before being sent to members.

The Directors, with Mr Xinping Liang abstaining, recommend you vote in favour of Resolution 4.

Appendix A

Terms and Conditions of Director Options

For the purposes of this Notice of Meeting, the following definitions apply:

ASX	ASX Limited
Business Day	Monday to Friday inclusive, except for any public holiday or other day that ASX declares is not a business day
Company	China Magnesium Corporation Limited ABN 14 125 236 731
Director Option:	An option issued to the directors of the Company listed below, or their nominated parties on the terms set out below, pursuant to Resolution 3, subject to shareholder approval
Directors	The current directors of the Company
Exercise Price:	The price at which a Director Option may be exercised
Explanatory Statement:	The explanatory statement accompanying the Notice of Meeting
Issue Date:	The date of issue of a Director Option by the Company
Listing Rules:	The listing rules of ASX
Share:	An ordinary share in the Company

The terms of the Director Options are as follows:

Rights:	Each Director Option gives the optionholder the right to subscribe for one Share
Right to exercise options:	<p>The Director Options may be exercised in two tranches:</p> <p>(a) up to 50% of the Director Options may be exercised at any time after 6 months from the date of issue until expiry;</p> <p>(b) the balance may be exercised at any time after 18 months from the date of issue until expiry;</p> <p>Notwithstanding the above, in the event that a takeover bid (whether on-market or off-market) is made for the Shares in the Company, the Director Options will become exercisable immediately upon formal notification of such bid to the Company, regardless of whether or not such bid is ultimately successful.</p>
Exercise Price:	\$0.45 per Director Option
Expiry Date:	<p>The Director Options will expire at 5.00pm Brisbane time, on the date which is the earlier of:</p> <p>(a) the date which is two (2) years from the Issue Date of the Director Options;</p> <p>(b) the Business Day after the expiration of three (3) months, or any</p>

longer period which the Board may determine, after the Option Holder ceases to be a Director or employee of the Company.

Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

- Method of Exercise:** Exercise of the Director Options will be effected by delivery to the Company's registered office, of:
- a written notice of exercise specifying the number of Director Options being exercised (**Exercise Notice**); and
 - a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised.

Shares will be issued pursuant to the Exercise Notice not more than 14 days after receipt by the Company of the Exercise Notice and Exercise Price.

Ability to transfer options: The Director Options may not be transferred at any time

Listing: The Director Options will not be listed

Ranking: All Shares issued pursuant to the exercise of the Director Options will rank pari passu in all respects with the Company's ordinary fully paid Shares. The Company will apply for official quotation of all Shares issued upon exercise of the Director Options.

Participation in future share issues: The holder of Director Options will not be entitled to participate in any new issue of shares or other securities in the Company unless the Director Options are exercised and the resultant shares issued prior to the record date for determining entitlements to the issue

Reorganisation of capital: On a reorganisation of capital, the rights of the option holder will be adjusted to comply with the Corporations Act and the applicable Listing Rules for the reorganisation of capital

Pro rata issue: If there is a pro rata issue other than a bonus issue, no adjustment will be made to the terms of the Director Options.

Bonus issue: If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the a Director Option is exercisable may be increased by the number of Shares which the option holder would have received if the a Director Option had been exercised before the record date for the bonus issue.

Appendix B

Valuation of Director Options

The Director Options to be issued pursuant to Resolution 3 have been independently valued.

Using the theoretical Black & Scholes option model and based on the assumptions set out in the attached independent report, the Director Options were ascribed a value range of \$0.0544 to \$0.1806 depending on the stock price achieved on the day, with an Exercise Price of \$0.45.

See attached report for further details.

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18 August 2011

The Directors
China Magnesium Corporation Limited
Level 10 Seabank Building
12 – 14 Marine Parade
Southport Qld 4215

Dear Sirs

INDEPENDENT ACCOUNTANT'S VALUATION REPORT ON THE ISSUE OF PROPOSED OPTIONS

1. INTRODUCTION

We have prepared this Independent Accountants Valuation Report (The Report) at the request of the directors of China Magnesium Corporation Limited hereafter referred to as "CMC" or "the company" for the inclusion in a notice to its members informing them of the issue of Unlisted Options.

I have been assisted in the preparation of this valuation by certain members of my firm's staff working under my supervision and this is reflected in my reference to "we" where appropriate. However, I confirm that the opinions expressed are my own.

2. SOURCES OF INFORMATION

In undertaking this valuation, the following information of CMC was considered:

- Historical Share Price of CMC
- Discussion with Executives of CMC
- Company Website
- Australian Securities Exchange Website

In completing this valuation we have relied upon information supplied by CMC management and third parties. We have not carried out procedures in relation to the various documents and financial information examined that would constitute a generally accepted audit or other verification thereof.

RWG Accountants & Advisors Pty Ltd

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3. DETAILS OF OPTION

The exercise price of the Options will be set at \$0.45

Term 2 years

Options will be unlisted

4. VALUATION METHODOLOGY

The Black-Scholes model is the most widely used and recognised method of calculating the fair economic value of Options. We would consider it the most appropriate method in this case and see no reason to vary from this process.

In view of our valuation being undertaken some two months before the Options are issued and taking into consideration the volatility of the share market, we propose to provide valuations of a share price range of \$0.30 to \$0.50 at \$0.05 intervals.

5. MODEL VARIABLES

With the Black-Scholes model there are two variables in the formula which must be considered volatility and the risk free interest rate. We have based our assumptions as follows to determine these variables:

Volatility:

To determine the volatility of the stock, we have relied upon on a method of using the closing price of the stock since it's listing and calculating the standard deviation of the return. These calculations determined the volatility index of CMC stock to be 75.54%.

We have compared our calculations with the ASX 200 Volatility Index at August 2011 of 27% and a larger listed mining company Volatility index at August 2011 of 42%. In view of CMC only being listed since November 2010 and in comparison with the ASX 200 Volatility Index and other mining companies, it is our professional opinion that a volatility index of 75.54% is not a true reflection of the volatility due to the limited amount of trading history. It is our professional opinion that a volatility rate of 50% is a truer indicator of the medium term volatility of CMC when compared to the market place.

Risk Free Interest Rate:

We reviewed the Australian Government Bonds maturing in 2013 to determine a risk free interest rate:

Bonds Maturity	Rate
15 May 2013	6.5%
15 December 2013	5.5%

Using an average of these rates, 6% would reflect a risk free interest rate for the purpose of our valuation modeling.



6. VALUATION

Share Price Range on Issue Date	Option Value
\$0.30	\$0.0544
\$0.35	\$0.0806
\$0.40	\$0.1109
\$0.45	\$0.1444
\$0.50	\$0.1806

7. CONCLUSION

From our modeling, the valuation on the issue of the proposed options would range between \$0.0544 to \$0.1806, depending on the stock price achieved on the day, with a strike price of \$0.45.

Yours faithfully
RWG ACCOUNTANTS & ADVISORS



KEVIN RODGERS
Director

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PROXY FORM
CHINA MAGNESIUM CORPORATION LIMITED
ABN 14 125 236 731

Name Address 1 Address 2 Address 3

Holder Number.....

APPOINTMENT OF PROXY

A I/we.....
 (name of shareholder)

being a member/s of CHINA MAGNESIUM CORPORATION LIMITED and entitled to attend and vote hereby appoint

the Chairman of the Meeting **OR**
 (mark with an "X")

Write here the name of the person you are appointing if this person is someone other than Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of China Magnesium Corporation Limited to be held at the Sands Room, Hotel Grand Chancellor, Cnr Surfers Paradise Blvd & Hanlan Street, Surfers Paradise Queensland at 11am (Queensland time) on Friday 7 October 2011 and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting, being 11am (Queensland time) on 5 October 2011. **The Chairman intends to vote all undirected proxies in favour of all items of business.**

B Voting directions to your proxy – please mark

		For	Against	Abstain*
Resolution 1	Re-election of Mr Peter Robertson as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adopt the Remuneration Report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approve the issue of Options to Mr Thomas Blackhurst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approve the issue of Options to Mr Xinping Liang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman intends to vote all undirected proxies in favour of all items of business.

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.
 * If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of each resolution (including any procedural resolution) to be considered by the meeting and at any adjournment of that meeting

See overleaf for signature panel and information on completing the proxy form

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C

Security holder 1 (individual)

**Sole Director and
Sole Company Secretary**

Joint Security holder 2 (individual)

**Director / Company Secretary
(Delete one)**

Joint Security holder 3 (individual)

Director

This form should be signed by the Securityholder. If a joint holding, both Securityholders should sign. If signed by the Securityholders' attorney, the power of attorney must have been previously noted by the registry or the certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and *the Corporations Act*

Contact Name

Contact Daytime Telephone

____ / ____ / ____
Date

IMPORTANT

Please complete this form where indicated **A** **B** **C** and return to the Company Secretary

IN PERSON: China Magnesium Corporation Limited
Level 10, 12-14 Marine Parade, South port QLD Australia 4215

BY MAIL: China Magnesium Corporation Limited
PO Box 3767, Australia Fair, QLD Australia 4215

BY FAX: Country code 61, area code 07, 55 911 059

Proxy forms must be received by 11am (Queensland time) on 5 October 2011.

Notes

- Insert name of proxy. The proxy must be a natural person
- A member is entitled to appoint 1 or 2 proxies to attend and vote at the meeting. If you appoint a second proxy you must delete the word "all" and insert the proportion of your voting rights given to the proxy in this form. An additional proxy form for the other proxy will be supplied on request.
- If you wish to direct your proxy how to vote, mark For, Against or Abstain for each resolution.
- All joint holders of shares must sign this form. A corporation must sign in accordance with its constitution.

The proxy form (and the original or certified copy of any power of attorney under which it is signed) must be received by the Company not later than 11am (Queensland time) on 5 October 2011.