



China Magnesium Corporation Ltd.

ABN 14 125 236 731

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of China Magnesium Corporation Limited (the "Company") will be at held at the Sands Room, Hotel Grand Chancellor, Cnr Surfers Paradise Blvd & Hanlan Street, Surfers Paradise Queensland at 9am (Queensland time) on Wednesday 21 November 2012.

### 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 2012.

#### Resolution 1: Re-election of Mr William Bass

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

"That Mr William Bass, 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 2012 Annual Report dealing with the remuneration of the Company's Directors and Senior Executives ('Remuneration Report') be adopted."

*Under Section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the Directors of the Company*

### SPECIAL BUSINESS

#### Resolution 3: Ratification of share issues

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

"that for the purpose of Listing Rule 7.4 and for all other purposes, members ratify the previous issues of a total of 13,197,348 fully paid ordinary shares at \$0.30 in two placements to overseas professional investors on 25 June and 3 July 2012".

### 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  
19 October 2012

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### 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 Monday 19 November 2012.

### 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 be lodged by facsimile on +61 7 5591 1059).

### Voting exclusion statements

**Resolution 2** – A vote must not be cast (in any capacity) on resolution 2 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 2 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 appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP; 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 any person who participated in the issues and any of their 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.

## 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 9am Queensland time on Wednesday 21 November 2012.

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 William Bass as a Director;
- Resolution 2 - Remuneration Report

### Special Business

- Resolution 3 – Ratification of share issues

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](http://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.

### Resolution 1 – Re-election of Mr William Bass as a Director

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

Mr Bass has been an independent non-executive director since 15 February 2010 and Chair since 10 March 2010. He has considerable corporate and listed company experience. Mr Bass brings extensive commercial and financial management experience from a range of leading Australian and international public companies including General Electric, Billabong, 1300SMILES, Country Road and On Card International.

*The Directors (with Mr Bass abstaining) recommend that you vote in favour of the re-election of Mr Bass*

## **Resolution 2 – Remuneration Report**

Section 250R of the *Corporations Act 2001* requires that the section of the directors' report dealing with the remuneration of key management personnel 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 2012 annual financial report which has been sent to members who have requested a copy and the report is also available on the Company's website [www.chinamagnesiumcorporation.com](http://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*

## **Resolution 3 – Ratification of share issues**

The Company issued a total of 13,197,348 fully paid ordinary shares at \$0.30 in two placements to overseas professional investors on 25 June and 3 July 2012. The shares rank equally in all respects with the existing ordinary shares on issue. The funds raised will be used for working capital.

The Company will disregard any votes by any person who participated in the issues and any of their associates.

If members ratify these previous issues of shares under Listing Rule 7.4, the issues will be treated as having been approved by members under Listing Rule 7.1 and the Company's ability to issue up to 15% of the shares on issue, under Listing Rule 7.1, will be refreshed.

*The directors recommend that you vote in favour of this resolution*

END OF EXPLANATORY STATEMENT



## NOTES

### 1. Name and Address

This is the name and address on the Share Register of China Magnesium Corporation Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of China Magnesium Corporation Limited.

### 3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

### 5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by the Company no later than 9:00am on 19 November 2012, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

**China Magnesium Corporation Limited**  
**PO BOX 3767**  
**Australia Fair QLD 4215**

**Street Address:**  
**Level 10**  
**12 – 14 Marine Parade**  
**Southport QLD 4215**

**Telephone** +61 7 5531 1808

**Facsimile** +61 7 5591 1059

**Email** [info@chinamagnesiumcorporation.com](mailto:info@chinamagnesiumcorporation.com)

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.