



China Magnesium Corporation Limited

ASX Announcement

3 December 2012

MEMORANDUM OF UNDERSTANDING FOR SHARE PLACEMENT AND CO-OPERATION

Highlights:

- Placement to raise circa \$4.5m at \$0.35 per share (133% premium to the current share price);
- Establishes a working relationship with a Chinese conglomerate to expand CMC's operations.

China Magnesium Corporation Limited (ASX: CMC; "CMC" or "the Company") which is set to become one of the largest, low cost, vertically integrated producers of magnesium and magnesium alloy in the world is pleased to announce the signing of a memorandum of understanding ("MOU") for a share placement and co-operative working relationship:-

The MOU has been signed with Shen Zhen Te Ji Industry Co.,Ltd, ("SZTJI") a property and investment conglomerate incorporated in China.

It provides for SZTJI to subscribe for shares in CMC to the value of RMB30 million (approximately A\$4.5 million), at A\$0.35 per share. This equates to approximately 12.8 million shares or 8.1% of the post-issue capital. The additional equity funding is being sought to expand CMC's operations within China and develop opportunities in other regions

The MOU further provides that SZTJI, as a significant shareholder in CMC, will assist CMC in the development of its business interests, both inside and outside China, and that SZTJI will provide assistance to CMC by way of introductions, information and advice to CMC to advance CMC's operations and profitability for the mutual benefit of both parties.

CMC expects the placement to be completed within 90 days. This issue supersedes the proposed second tranche placement at A\$0.35 per share announced on 23 February 2012.

Commenting on the above matters, CMC Managing Director, Mr Tom Blackhurst said:

"It is extremely positive for CMC to have attracted a significant new shareholder, again at a substantial 133% premium to the current share price.

The additional capital will further strengthen the Company's balance sheet, allowing it to evaluate other opportunities in addition to the proposed acquisition of a ferrosilicon producer. However, more importantly, the MOU establishes a working relationship with SZTJI, providing CMC with further extensive contacts to identify and fund new opportunities."

ENDS

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