



China Magnesium Corporation Limited

21 October 2013

Dear Foreign Shareholder

NOTICE OF NON-RENOUCEABLE RIGHTS ISSUE

We are writing to you in relation to your shareholding in China Magnesium Corporation Limited ("Company") (ASX:CMC).

The Company has announced to ASX the details of a pro rata non-renounceable rights issue of fully paid ordinary shares to be issued at \$0.04 each on the basis of one (1) new share for every ten (10) shares held at the record date. The purpose of the offer is to provide the Company with additional working capital.

The maximum number of new shares to be issued is approximately 14,421,449 new shares, which would raise up to approximately \$576,858 and would result in total issued shares in the Company of approximately 158,635,939 if fully subscribed. The rights issue is partially underwritten by Mr Xiping Liang (a director of the Company) to \$50,000.

In accordance with ASX listing rules and Australian corporations and securities law, the Company has decided that the offer will not be extended to shareholders with registered addresses in the United States of America ("Ineligible Shareholders") as the Company has formed the view that it would be unreasonable to extend the offer in such a way having regard to certain factors prescribed by Australian law.

Accordingly, as you are a shareholder whose registered address is in the USA, you are an Ineligible Shareholder and you will not be entitled to participate in the Offer.

The offer will be available to all eligible shareholders registered on the Company's register of members at 5:00pm (Eastern Standard Time, Queensland) on 30 October 2013 and is presently scheduled to close on 18 November 2013 (these dates are indicative only and may change without notice).

If you have any questions concerning this letter please contact the Company's share registry on + 61 8 9315 2333, or contact your stockbroker or professional advisor.

Yours faithfully,

Damien Kelly
Company Secretary

Level 10, Seabank Building 12-14 Marine Parade Southport QLD Australia 4215

Ph +61 7 5531 1808 Fx +61 7 5591 1059

ABN 14 125 236 731

www.chinamagnesiumcorporation.com

For personal use only