



RIGHTS ISSUE TO BE OVERSUBSCRIBED

Highlights:

- Rights issue to raise the full \$2m offered (pre costs)
- All Directors, and major shareholders Wang Feng and Jia Guicheng, followed their rights.
- Underwriters (including Directors and new Chinese investors) will subscribe for the remaining shortfall.

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Issued Capital:

Quoted:

195,022,849 fully paid shares

Unquoted:

Nil

Directors:

William Bass

(Non-Executive Chairman)

Tom Blackhurst

(Managing Director)

Liang Xinping

(Chief Operating Officer)

Peter Robertson

(Non-Executive Director)

Substantial shareholders

(pre completion of rights issue):

Mr Tom Blackhurst 16.9%

Shanxi Pingyao Fengyan

Group 12.8%

Mr Liang Xinping 10.7%

Mr Jia Guicheng 6.2%

Mr Li Ming 6.2%

China Magnesium Corporation Limited (ASX: **CMC**; "CMC" or "the Company") today advises that under the terms of the rights issue announced 28 October 2016, shareholders were offered the opportunity to subscribe for one (1) new CMC share at \$0.025 each for every 2.4378 shares held, together with one free listed option (exercisable at \$0.05 on or before 8 December 2017) for every two (2) new shares offered, with 80,000,000 new shares and 40,000,000 new options offered to raise \$2,000,000 before costs and before exercising of the options.

Eligible shareholders have taken up 43,018,136 shares under the rights issue (54% of the shares offered), raising \$1,075,453 and leaving a shortfall of 36,981,864 shares (the "Shortfall").

Subject to ASX listing rules, the Directors reserve the right to issue the Shortfall at their discretion.

The Company has already received applications for the Shortfall amounting to 2,103,731 shares (\$52,593).

In addition to the above Shortfall applications, the Shortfall has been partly underwritten by Directors and unrelated Chinese investors to a maximum of approximately \$943,000, so that the \$2 million offer will be oversubscribed.

All Directors, and major shareholders Mr Wang Feng (on behalf of Shanxi Pingyao Fengyan Coal & Coke Group Company Limited) and Mr Jia Guicheng, followed their rights. Messrs Xinping Liang and William Bass (directors of the Company) will subscribe for a further \$127,000 of the shortfall pursuant to their underwriting commitments; and new Chinese investors Messrs Wu Jiepeng, Wang Fengjin, Wang Yuping and Ma Yingzhe will subscribe for a further RMB4,200,000 (approximately \$816,000) pursuant to their underwriting commitments.

Directors have subscribed or will subscribe for a total of \$730,000. Total subscriptions by Directors, substantial shareholders and new Chinese investors will amount to over \$1.9 million.

The Directors wish to thank shareholders for their continued support of the Company and advises that holder statements in relation to accepted entitlements will be issued on or around 30 November 2016.

ENDS