



CMC RIGHTS ISSUE OVERSUBSCRIBED

Highlights:

- Shortfall for CMC's recent rights issue has been oversubscribed by underwriters and other new investors.
- A further 39,548,960 shares and 19,774,480 options have been issued, raising an additional \$988,724 before costs.
- Over \$2.1m now raised pursuant to rights issue.
- Major vote of confidence by Directors, major shareholders and new strategic Chinese investors.
- CMC in strong position to further its existing business and capitalise on other opportunities.

China Magnesium Corporation Limited ABN 14 125 236 731

ASX Code: CMC

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PO Box 3767
Australia Fair, QLD 4215

Issued Capital:

Shares - Quoted:

279,693,676 fully paid shares

Options – Quoted

42,335,432 exercisable at \$0.05
expiring 8 December 2017

Directors:

William Bass
(Non-Executive Chairman)

Tom Blackhurst
(Managing Director)

Xinping Liang
(Chief Operating Officer)

Peter Robertson
(Non-Executive Director)

Substantial shareholders:

Mr Tom Blackhurst	16.6%
Mr Shanxi Pingyao Fengyan Group (Mr Wang Feng)	12.5%
Mr Liang Xinping	12.3%
Mr Jia Guicheng	6.1%
Mr Wu Jiepeng	5.5%

China Magnesium Corporation Limited (ASX: CMC; "CMC" or "the Company") advises that it has issued a further 39,548,960 shares and 19,774,480 options (exercisable at \$0.05 on or before 8 December 2017) pursuant to shortfall applications for its \$2 million rights issue announced 28 October 2016. The shares and options were issued to underwriters and other investors, and are in addition to the issues of shares and options announced on 30 November 2016.

Directors have now subscribed for a total of \$730,000; and substantial shareholders Mr Wang Feng (on behalf of Shanxi Pingyao Fengyan Coal & Coke Group Company Limited) and Mr Jia Guicheng followed their rights, subscribing for a total of \$373,000.

The Company also welcomes to its share register 6 new Chinese strategic investors, who contributed a total of \$857,000 in shortfall subscriptions, and includes Mr Wu Jiepeng, who is now a substantial shareholder of the Company.

The Company has now issued a total of 84,670,827 shares and 42,335,432 options pursuant to the rights issue and shortfall applications, raising a total of \$2,116,771 before costs.

The primary purpose of the issue is to provide the Company with additional general working capital and flexibility to further its existing Australian and Chinese operations and, if thought fit, to put it in a stronger position to build capacity and acquire assets in industries which leverage the Company's strengths and advantages.

CMC managing director, Mr Tom Blackhurst, said that the outcome of the rights issue, including strong participation by Directors, major shareholders and CMC's new Chinese investors, represented a major vote of confidence in CMC's future.

"We all recognize CMC's strengths and advantages in China and Australia, including our lithium project in the world-class Greenbushes area of Western Australia and our existing operations in China.

"CMC has recently added to its key strategic relationships in China, including organisations involved in lithium mining, processing, the manufacturing of lithium-ion batteries and energy storage.

"These relationships include our new Chinese investors, and because of the oversubscribed rights issue we are now in much stronger position to take advantage of any synergistic or value-adding opportunities as they present themselves," said Mr Blackhurst.

The shares and options exceeding the rights issue shortfall (4,670,827 shares and 2,335,432 options; \$116,771 in excess subscriptions) have been issued to non-related parties out of the Company's 15% placement capacity under ASX listing rule 7.1. An appendix 3B quotation application for these excess shares and options accompanies this announcement.

The issued capital of the Company following allotment is as follows:

Listed	Code	Number
Shares	CMC	279,693,676
Options (exercisable at \$0.05, expiring 8 Dec 2017)	CMCOA	42,335,432
Unlisted		
N/A		

ENDS

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

CHINA MAGNESIUM CORPORATION LIMITED

ABN

14 125 236 731

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | 1) Fully paid ordinary shares
2) Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1) 4,670,827
2) 2,335,432 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1) Fully paid ordinary shares
2) Options exercisable at \$0.05 each, expiring 8 December 2017 |

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Appendix 3B
New issue announcement

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<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>1) Yes 2) Yes</p>
<p>5 Issue price or consideration</p>	<p>1) \$0.025 2) Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To provide the Company with additional working capital and flexibility for growth – the shares and options issued represent excess shortfall applications from the Company’s recent rights issue</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
<p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A							
6f	Number of +securities issued under an exception in rule 7.2	N/A							
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A							
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A							
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A							
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	14 December 2016							
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">279,693,676</td> <td>Ordinary shares</td> </tr> <tr> <td style="text-align: center;">42,335,432</td> <td>Options exercisable at \$0.05 expiring 8 Dec 2017</td> </tr> </tbody> </table>	Number	+Class	279,693,676	Ordinary shares	42,335,432	Options exercisable at \$0.05 expiring 8 Dec 2017	
Number	+Class								
279,693,676	Ordinary shares								
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Appendix 3B
New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	N/A
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

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20		
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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Appendix 3B
New issue announcement

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 +Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A				
39	+Class of +securities for which quotation is sought	N/A				
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A				
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A				
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">N/A</td> <td></td> </tr> </tbody> </table>	Number	+Class	N/A	
Number	+Class					
N/A						

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Damien Kelly
Company Secretary
14 December 2016

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

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