



LITHIUM PROJECT FUNDING COMPLETED

Highlights:

- ~A\$1m placement in CMC Lithium Pty Ltd has been completed
- Exploration expected to commence as soon as practicable
- CMC has secured World rights, other than China, to patented technologies to produce high purity, low cost Battery Grade Lithium Carbonate (BG LiCO₃) with zero resultant effluent.
- Technologies already commercialized and Chinese plant already operating, producing from lepidolite concentrate
- Technologies allow production, at low cost, of BG LiCO₃ from low lithium bearing concentrates, of lepidolite and Petalite, tantalum tailings, as well as Spodumene concentrates.
- Feasibility study conducted at Pingyao plant to produce 5000 t/a BG LiCO₃ utilizing some existing equipment, plant and land.
- CMC in a position to produce lithium metal by using existing equipment from original Pingyao magnesium plant.

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Issued Capital:

Quoted:

279,706,121 fully paid shares

Unquoted:

Nil

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%

Shanxi Pingyao Fengyan
Group 12.5%

Mr Xinping Liang 12.3%

Mr Guicheng Jia 6.1%

1. Completion of funding for Greenbushes WA lithium-tantalum exploration project

China Magnesium Corporation Limited (ASX: **CMC**; "CMC" or "the Company") is pleased to advise of the satisfaction of all conditions and completion of funding for 60% of the lithium-tantalum exploration project at Greenbushes, WA. Please also refer to our announcement to the ASX of 29 September 2016.

CMC will continue to hold a 40% interest in the exploration project.

Pursuant to this completion, CMC propose to fast-track exploration of the Greenbushes tenements as soon as practicable. The area is known for its world-class lithium potential, and has excellent infrastructure including power, water and good road access.

2. Securing of rights to patented technology to produce Battery Grade Lithium Carbonate (BG LiCO₃).

CMC has secured exclusive rights outside of China to patented technologies of Hubei Hui Li Metallurgical Technology Ltd (HHL) for the production of BG LiCO₃

HHL specialises in the promotion of clean metallurgical production and the construction of new projects, including extraction of lithium from lithium mica.

The technology improves the process extraction efficiency of lithium carbonate to over 85% compared with existing major methods which have an efficiency of approximately 60%. The process achieves zero effluent discharge, a comprehensive utilisation of ore residue and accredited emissions, meeting environmental protection emission standards.

Implementation of this technology allows production, at low cost, of BG LiCO_3 from low lithium bearing concentrates of lepidolite and petalite, tantalum tailings and spodumene concentrates.

The lithium carbonate thus produced meets the stringent specifications for making lithium-ion batteries. HHL have commercialized the technologies and already operate their own BG LiCO_3 production facility.

3. Feasibility study conducted to produce BG LiCO_3 plant

CMC and HHL have conducted a feasibility study into building a BG LiCO_3 plant with a nominal capacity of 5,000 t/a at the Pingyao plant location, making use of existing equipment, common facilities and land. The feasibility took into account the feedstock of Lepidolite, Petalite and Spodumene concentrates.

4. Production of Lithium metal

Independent of the above-mentioned BG LiCO_3 production, Xi'an Nonferrous Metal Design and Research has provided technical expertise and advice to CMC regarding modifications to the old, existing plant to enable production of lithium metal. CMC has been advised, existing equipment can be utilised and that little work is required to modify the plant to enable Lithium metal production.

No change to CMC primary strategy

CMC remains focused on becoming a large, low cost, integrated producer of magnesium, semi coke, tar oil and other industrial products. CMC will however continue to take advantage of appropriate synergistic or value-adding opportunities as they present themselves from time to time.

The Greenbushes WA project, when married with access to these technologies to produce battery grade lithium carbonate and lithium metal, is an example of such an opportunity.

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