



\$7.8M NON-RENOUNCEABLE RIGHTS ISSUE OF SHARES AND UNLISTED OPTIONS

Highlights:

- 1 for 2 non-renounceable rights issue of shares at \$0.05 each together with one free unlisted option (exercisable at \$0.10 on or before 15 February 2019) for every 1 new share offered, to raise up to ~\$7.8 million.
- 92 % premium to yesterday's closing price.
- Funds will provide additional flexibility to further Australian and Chinese operations and general working capital.

China Magnesium Corporation Limited ABN 14 125 236 731

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Issued Capital:

Quoted:

314,897,034 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 14.7%

Shanxi Pingyao Fengyan
Group

11.1%

Mr Xinping Liang

10.9%

Mr Guicheng Jia

5.4%

China Magnesium Corporation Limited (ASX: **CMC**; "**CMC**" or "**the Company**") is pleased to announce a pro rata non-renounceable rights issue of fully paid ordinary shares at \$0.05 each (a 92% premium to yesterday's closing price). Rights are offered on the basis of one (1) share for every two (2) shares held at the record date, together with one free unlisted option (exercisable at \$0.10) on or before 15 February 2019) for every one (1) new share offered ("**Offer**").

The primary purpose of the Offer is to (and the funds raised from the Offer are intended to be used 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.

This is likely to include expenditure on or related to:

- the Company's corporate expenses in Australia and China; and
- other general working capital, including working capital for the Company's magnesium-lithium plant in China.

As at the date of this offer document and assuming no additional shares are issued before the record date, up to approximately 157,448,517 new shares and 157,448,517 new options may be issued pursuant to the Offer, raising up to approximately \$7.8 million (before the expenses of the Offer).

Shareholders who are registered as at 7.00pm (Queensland time), [25] October 2018 ("**Record Date**") will be eligible to participate in the Offer.

Indicative Timetable

An indicative timetable for the Offer is set out below: *

"Ex" date	[24] October 2018
Record Date (7:00pm EST)	[25] October 2018
Dispatch of entitlement and acceptance form and prospectus	[30] October 2018
Closing date for acceptances (7:00pm EST)	[12] November 2018
Issue date	[19] November 2018

* The above dates are indicative only. Notwithstanding any provision of this announcement or any other announcement or offer document, and to the fullest extent permitted by law, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date or time period referred to in this offer document to such earlier or later date or for such period as the Company thinks fit whether or not the date to be varied has passed or the time period has expired.

ENDS