



23 October 2018

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 provides you with the following information about a pro rata non renounceable rights issue of fully paid ordinary shares at \$0.05 each offered on the basis of one (1) new 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. The 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 through fit, to put it in a stronger position to build capacity and acquire assets in industries which leverage the Company's strengths and advantages.

The maximum number of new shares to be issued is up to 157,448,517 new shares and 157,448,517 new options, which would raise up to approximately \$7.8 million (excluding any funds from the exercise of options) and would result in total issued shares and options in the Company of approximately 472,345,551 and 157,448,517 (respectively) if fully subscribed.

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 7.00pm (Queensland time) on 25 October 2018 and is presently scheduled to close on 12 November 2018 (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

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