

China Magnesium Corporation Limited: Rights Issue Oversubscribed

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Brisbane, Dec 14, 2016 - [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.

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.

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		

To view the release, please visit:
<http://abnnewswire.net/lnk/8J8N26P3>

About China Magnesium Corporation Ltd

China Magnesium Corporation Limited (ASX:CMC) owns a 91.25% interest in CMC China which owns a 100% interest in a magnesium ingot production operation.

The operations are licensed to expand output to 105,000tpa, which would make it one of the world's largest magnesium producers. Studies have been completed which indicate a positive environment for CMC to conduct a major expansion of its magnesium operations.

CMC has converted its existing coal to gas plants to 5 semi-coke crackers (total semi-coke capacity 200,000 tpa) at the site of its existing 20,000 tpa capacity magnesium plant. Waste gas from semi-coke production is now used to provide the energy source required to produce magnesium. Consequently the combined semi-coke and magnesium plants are expected to significantly lower production costs than for magnesium-only production using the coal-to-gas facilities as originally envisaged when the magnesium plant was built.

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