



Media/ASX Announcement

11 April 2011

HEATING OF FURNACES BEGINS AT MAGNESIUM PLANT

MAGNESIUM PRODUCTION EXPECTED THIS MONTH

Highlights

- Heating of two new reduction furnaces at the existing plant has now commenced and operating temperatures are expected to be achieved within 10 to 15 days.
- Upgrade of the existing plant and construction of the First Phase expansion is continuing ahead of the planned timetable.
- Magnesium production from the existing plant is expected to commence late this month.

General Information

China Magnesium Corporation Limited (**CMC** or the **Company**)(**ASX: CMC**), which plans to become one of the largest, low cost, vertically integrated producers of pure magnesium and magnesium alloy in the world, has commissioned its existing magnesium ingot production plant located at Pingyao, Shanxi Province, northern China (the **Plant**), and plans to commence magnesium production from the Plant during April.

CMC is upgrading its existing Plant and is undertaking a concurrent first phase expansion to achieve 20,000 tpa capacity by the end of CY2011 and is aiming to achieve a production capacity of 105,000 tpa at the end of three years.

Heating of the new reduction furnaces at the Plant has now commenced and will take approximately 10 to 15 days to achieve operating temperatures. Initial production of magnesium from these two furnaces is expected by late April and will initially produce approximately 2,000 tpa of magnesium. As the upgrade and expansion phases continue, capacity will gradually be increased to 20,000 tpa for these phases.

The upgrade of the Plant is progressing in accordance with expected timeframes and the work completed to date includes:

- Upgrade of the coal-to-gas plant, meeting environmental requirements and incorporating a gas cooling circuit which increases energy efficiency
- Construction of two reduction furnaces with the latest heat saving technology which also reduces downtime for maintenance of the furnaces
- Refurbishment of the rotary kiln which is used to calcine dolomite
- Refurbishment of the briquetting workshop including the ball mill and briquette machinery
- Refurbishment of the magnesium refinery workshop.

Mr Tom Blackhurst, Managing Director of CMC said:

“Commissioning of the original plant within five months of listing is a tribute to the efforts of our staff in Pingyao, and the support of our suppliers and partners in Shanxi Province. At this time we expect the upgrade and first stage expansion to be completed either on time or ahead of schedule.”



Construction of the Coal to Gas Plant



Development and Completion of the new ovens at the existing Plant

For further information, please contact:

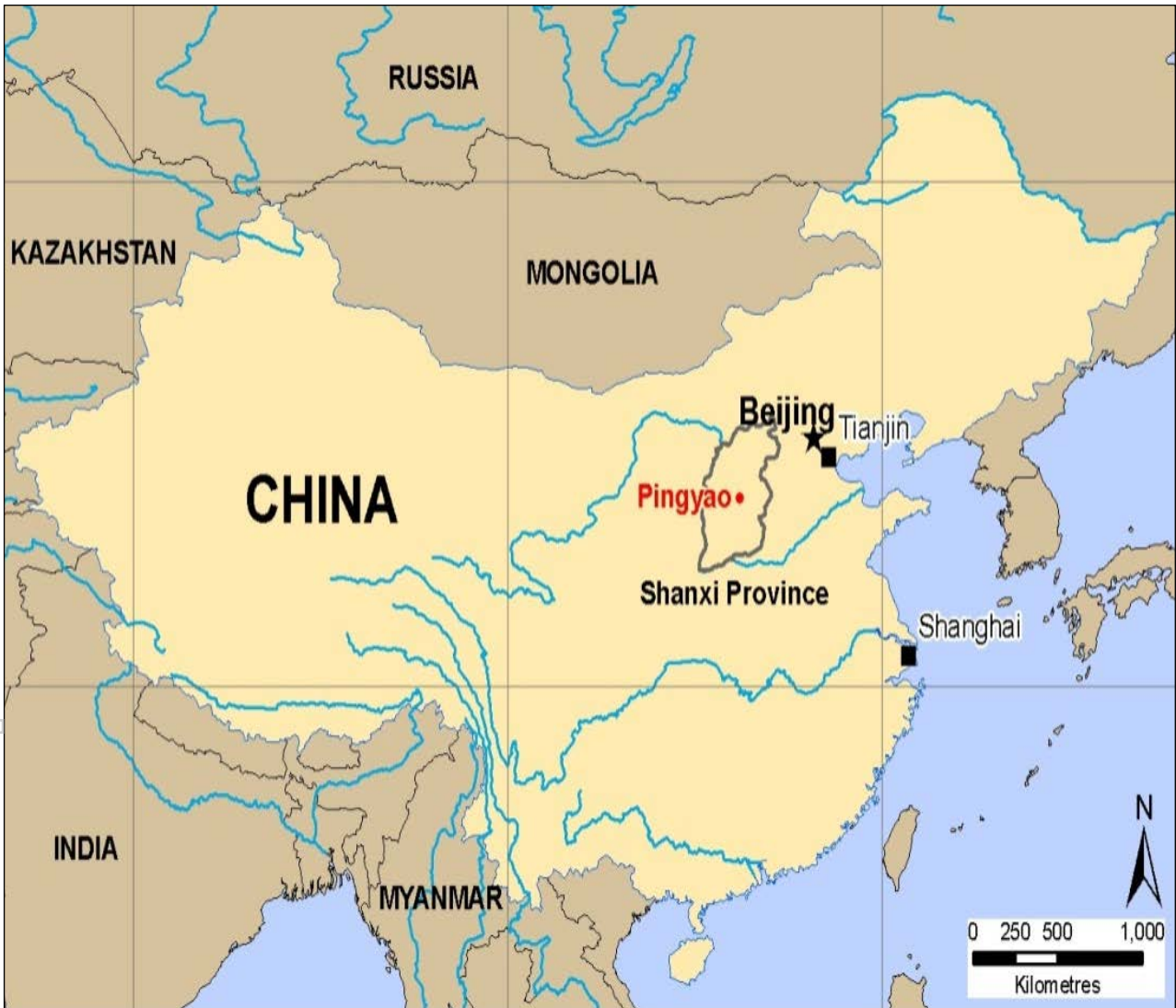
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About CMC

CMC, through its 90.7% interest in CMC China which owns a China based magnesium processing plant, plans to exploit the growing demand for magnesium and magnesium alloy by becoming one of the largest producers of pure magnesium and magnesium alloy in the world within three years. CMC China is strategically positioned in the major magnesium producing Shanxi province of Northern China.

CMC, through its interest in CMC China, has a number of competitive advantages including an environmental permit to produce up to 105,000tpa of magnesium and magnesium alloy, access to key land, ownership of operational plant using proven minerals processing technology, access to skilled labour, close proximity to feedstock and strong local demand for products including a proposed automobile production plant in the area.

CMC has assembled a management team and commercial partners with significant expertise in minerals processing and conducting business in China, and these key personnel have aligned their interests with shareholders by having material shareholdings in CMC. The local community also has a vested interest in ensuring CMC's success, with the project receiving "preferred project" status by local authorities.



Location of the CMC China's magnesium production operations in Pingyao, China

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