



China Magnesium Corporation Limited

Media/ASX Announcement

29 April 2011

## CMC COMMENCES MAGNESIUM PRODUCTION

### FIRST PHASE EXPANSION CONTINUING AHEAD OF SCHEDULE

#### Highlights

- Around the clock production of pure magnesium has commenced from the new furnaces at the existing plant.
- CMC believes it is the first Australian company to commercially produce pure magnesium.
- CMC continues ahead of schedule to reach its planned first phase capacity of 20,000 tpa of magnesium alloy production.

#### General Information

Further to the announcement by China Magnesium Corporation Limited (**CMC** or the **Company**)(**ASX: CMC**) on 11 April 2011, the Company announces today that it has commenced production of pure magnesium following the recent upgrade of its existing magnesium ingot production plant located at Pingyao, Shanxi Province, northern China (the **Plant**). The Company believes that in reaching this significant milestone, CMC has become the first Australian company ever to produce commercial quantities of pure magnesium despite attempts by several other Australian companies in the past.

The commissioning of the Plant has progressed as planned and initial production will be at the rate of approximately 2,000 tonnes per annum (tpa) of pure magnesium. The existing plant upgrade and first phase expansion continue to proceed ahead of the planned timetable and, as these developments continue, magnesium alloying capability will be added and capacity gradually increased to 20,000 tpa.

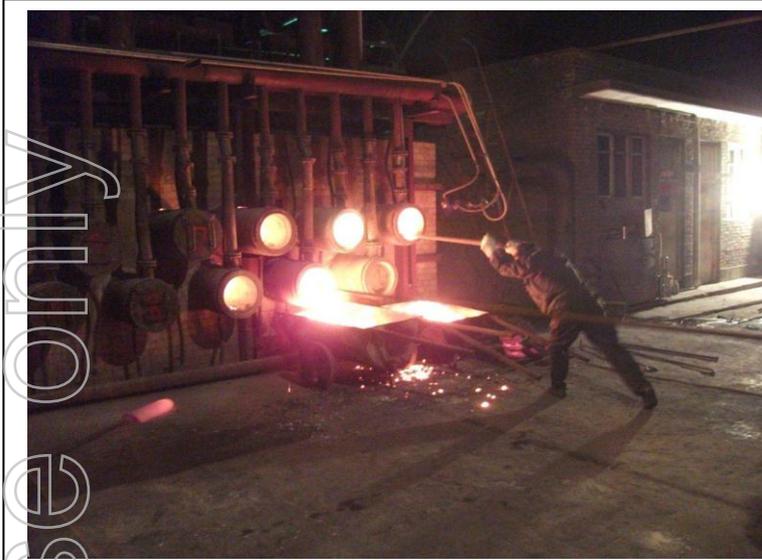
CMC, which is on track to become one of the largest, low cost, vertically integrated producers of pure magnesium and magnesium alloy in the world, is aiming to achieve a production capacity of 105,000 tpa at the end of three years.

CMC managing director, Mr Tom Blackhurst, said that the production of the first batch of magnesium from the new furnaces was a major milestone for the Company:

*"Whilst others have tried, CMC is the first Australian company to achieve commercial production of pure magnesium. CMC remains on track to become a major magnesium producer using a simple, proven process in a region with good access to skilled labour, close proximity to feedstock and strong local demand for products."*

*"This is an exciting time for the Company and its shareholders, for whom we expect to deliver significant returns over the months and years ahead,"* said Mr Blackhurst.

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**Discharging briquettes and emptying retorts at the Plant**



**Magnesium crown**

**For further information, please contact:**

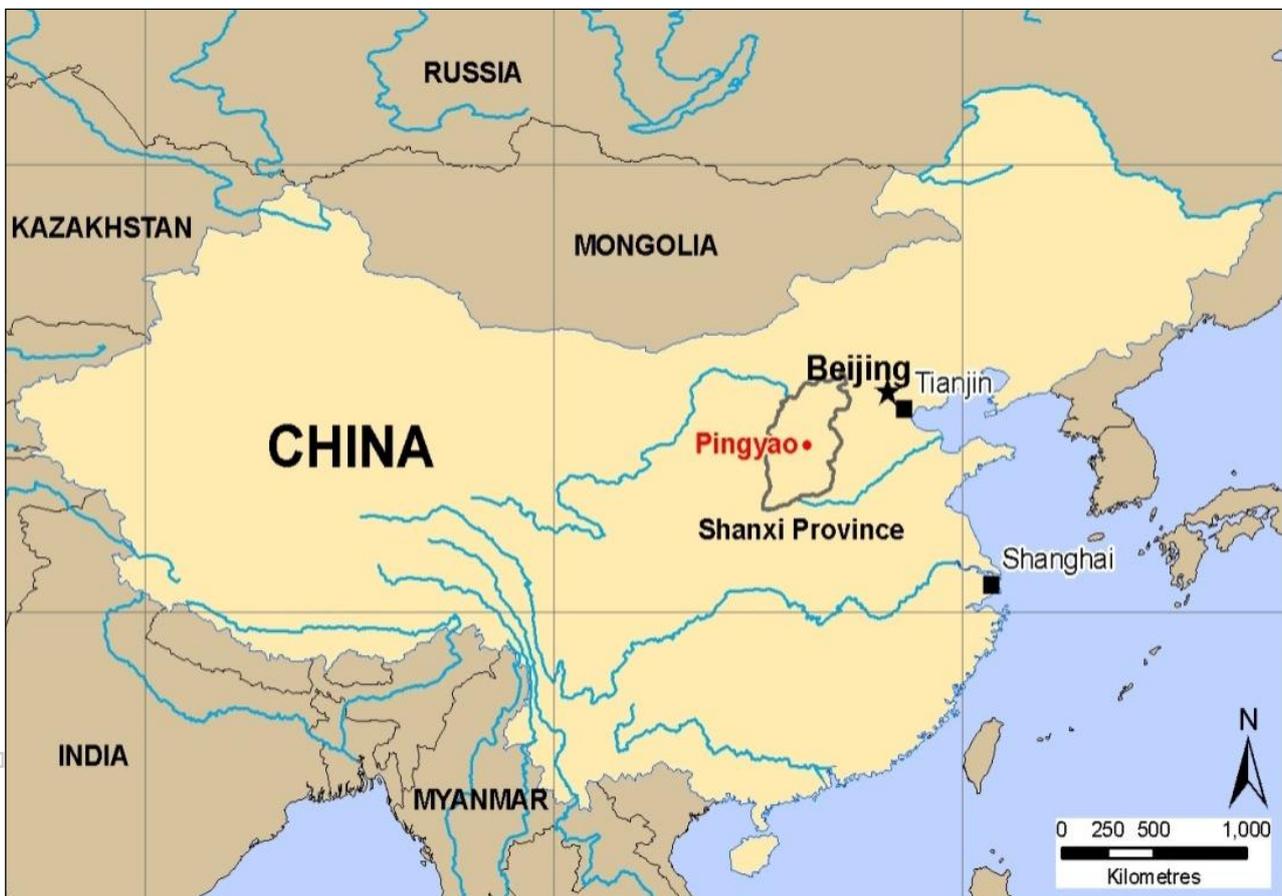
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Inteq Limited, Kim Jacobs, Alan Taylor +61 (02) 9231 3322

## **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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