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CHINA MAGNESIUM IPO CLOSSES SUCCESSFULLY, TO LIST ON ASX

China Magnesium Corporation Limited (CMC), an Australian public company, that is set to become one of the largest, low cost, vertically integrated producers of magnesium alloy in the world, successfully closed its \$12 million Initial Public Offering on 27 October 2010.

Inteq Limited, the Sydney based boutique advisory house, lead-managed the capital raising. CMC will start trading on the Australian Securities Exchange in early November.

Proceeds from the IPO will go directly to upgrading CMC's current 5,000 tpa magnesium plant in China and then expanding it to an initial capacity of 20,000 tpa by the end of 2011. CMC intends to expand the facility to meet demand to the full licenced capacity of 105,000 tpa by the end of 2013.

"It is important to remember that not only do we have preferred project status from the Shanxi Government, but we also have access to skilled labour and land usage. We are in close proximity to feedstock and strong local demand for products, including two automobile production plants that are to be constructed in the area which we believe will require 80,000 tonnes per annum of magnesium alloy in addition to the existing demand of 50,000 tonnes per annum for which we have letters of intent" said Managing Director of CMC, Mr Tom Blackhurst . *"We have been "shovel ready" for some time and now we can start ordering the plant and equipment to expand our production facilities."* Mr Blackhurst further stated that CMC will be one of the very few small cap industrial mineral stocks on the ASX with a market capitalisation of less than \$40 million that will be able to enjoy early and strong cash flows as well as the potential for excellent shareholder returns in the short, medium and long term without having to go back to the market place for more funds".

CMC expects to generate early cash flows and sell all of its production within 100km from its facilities, with operating profit margins in excess of \$700 per tonne.

Inteq Managing Director, Mr Kim Jacobs, said he was pleased the IPO received strong support with investors recognising the potential of CMC as an investment opportunity as well as the strength of the company's management team.

“This successful IPO demonstrates Inteq’s ability in delivering successful outcomes for clients and further underlines our expertise in working with Australian companies that have operations in other parts of the globe,” said Mr Jacobs.

“At a time when much focus in Australia is about corporate relationships with Asia, we are pleased to have assisted an Australian company that is set to become a significant player in the China growth story.”

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