

Code of Conduct

China Magnesium Corporation Limited ACN 125 236 731 ("Company")

1. Introduction

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its officers and employees to be familiar with and have a personal commitment to meeting these standards.

2. Purpose of this Code

The Board has adopted this Code of Conduct to define basic principles of business conduct. The Code requires officers and employees to abide by the policies of the Company and to the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour.

The Board will regularly review and update this Code of Conduct.

3. Business Ethics

Openness, honesty, fairness and integrity - Officers and employees will conduct themselves with openness, honesty, fairness and integrity in business transactions and in dealings with others.

Mutual respect - Employees are expected to treat everyone else with whom they interact in their work with courtesy and respect.

Ethical conduct - Officers and employees will act ethically in their approach to business decisions.

Compliance with Laws - Employees are expected to comply with all laws and regulations that govern the Company's business and the policies that the Company adopts from time to time.

4. Business Conduct

Officers and employees will observe appropriate principles of behaviour when conducting Company business and interacting with others.

Compliance with laws and regulations – Directors, officers and employees will act in compliance with all laws and regulations that apply to the Company's business. Directors, officers and employees should discuss with their manager and if necessary obtain the consent of the Managing Director or Chairman to seek advice from one of the Company's legal advisors if they are unclear about any laws or regulations relating to their work.

Trading in Shares – Any trading of the Company's shares must be done in accordance with the Share Trading Policy.

Privacy and Intellectual property - Each officer and employee is responsible for protecting the Company's intellectual property rights. All intellectual property that an employee or contractor generates in relation to the Company is the property of the Company.

5. Personal and Professional Conduct

Financial integrity - The Company has stringent financial accounting procedures that are overseen by management, the audit committee and the external auditor. The use of Company funds or assets for any unethical purpose is prohibited.

Giving gifts – The Company does not allow the making of payments or payments in kind (gifts, favours etc) to induce individuals to award business opportunities to the Company or to make a decision in the Company's favour.

The Company recognises that it is accepted business practice that entertainment and small gifts may be extended to customers and other third parties with whom the Company has a relationship. However, any such gifts must be made for a proper purpose.

Accepting gifts - Officers and employees should not accept personal gifts or extraordinary hospitality, accommodation or travel which may influence, or appear to influence, a business decision.

Business agreements and contracts – The Company expects to compete fairly and ethically for all business opportunities. Officers and employees involved in the negotiation of agreements and contracts must ensure that they act in accordance with the law.

All appropriate approvals must be obtained before contracts are executed. The Company is committed to meeting its contractual obligations.

Confidentiality - Officers and employees may not at any time, directly or indirectly, profit from confidential information obtained during the course of duties they perform on behalf of the Company.

Each employee must safeguard confidential information of the Company by not transferring, publishing, using or disclosing it other than when necessary in the ordinary course of business, or as specifically directed or authorised. All confidential or proprietary information that has been entrusted to the Company by a third party must be treated as if it was the Company's confidential information.

Public Statements – Public statements have the potential to breach the Company's obligations in respect to confidential information, share trading and continuous disclosure.

Officers and employees should not make public statements unless authorised by the Chairman or Managing Director.

Smoking and the use of drugs and alcohol – A safe and healthy work environment is the responsibility of every employee. This obligation includes responsible behaviour with respect to the use of alcohol, drugs and tobacco when conducting Company business and at Company sponsored activities.

Smoking and the use of recreational or non-prescription drugs is not permitted on Company premises. A moderate amount of alcohol consumption only is permitted on Company premises.

Gathering information on the Company's competitors - Information should not be gained through unlawful or deceitful means.

Conflict of interest - All officers and employees have an obligation to seek to avoid financial, business or other relationships which might be opposed to the interests of the Company or which may conflict with the performance of their duties.

If you have any doubt about conflicts of interest, you should contact your manager or the Company Secretary.

Use of Company's resources - Employees must use all Company assets for proper purposes during their employment with the Company.

No property of the Company may be sold, loaned, given away, or otherwise disposed of, without proper authorisation.

E-mail and Internet – The Company's email and internet systems have been developed to assist communication with customers, suppliers and between staff. These facilities may not be used for personal gain or in a manner which may breach the law or is inappropriate for an officer or employee of the Company.

6. Respect for others

The Company and its employees – The Company actively supports the principle of equal employment opportunity and expects its officers and employees to practise and support this principle. The Company's policy is to ensure that it does not engage in discriminatory practices and to make employment and career decisions on the basis of individual ability, performance, experience, and Company requirements.

The Company regards personal, physical or sexual harassment as unacceptable. The Company expects and requires its officers and employees to comply with Occupational Health and Safety laws and Company policies.

The Company and partners, customers and suppliers – The Company's partners, customers and suppliers will be treated fairly and with respect. The Company strives to maintain open and frank business dealings and to develop mutually advantageous relationships.

7. Improper Behaviour

Ensuring compliance with this Code is not always easy and we therefore ask for your help.

If you suspect that any fraudulent or unethical behaviour has occurred, you should contact any member of the Board, the Managing Director, your manager or the Company Secretary. All communications will be treated with the strictest confidence.

8. More information

If you wish to obtain more information regarding any aspect of the Company Code of Conduct, please ask your manager or consult the Company Secretary.