



POSITIVE RESULTS FROM GREENBUSHES AEROMAGNETIC INTERPRETATION

Highlights:

- An airborne magnetic interpretation targeting lithium-rich pegmatite mineralisation has recently been completed over the Company's exploration properties in Greenbushes region of WA.
- Numerous demagnetised zones covering over 100km² in total area have been initially identified as potential pegmatite targets.

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PO Box 3767

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Issued Capital:

Shares - Quoted:

279,693,676 fully paid shares

Options – Quoted

42,335,432 exercisable at \$0.05
expiring 8 December 2017

Directors:

William Bass

(Non-Executive Chairman)

Tom Blackhurst

(Managing Director)

Xinping Liang

(Chief Operating Officer)

Peter Robertson

(Non-Executive Director)

Substantial shareholders:

Mr Tom Blackhurst 16.6%

Mr Shanxi Pingyao Fengyan

Group (Mr Wang Feng) 12.5%

Mr Liang Xinping 12.3%

Mr Jia Guicheng 6.1%

Mr Wu Jiepeng 5.5%

China Magnesium Corporation Limited (ASX: CMC; "CMC" or "the Company") is pleased to report that it has received independent interpretation of high-resolution, aeromagnetic, data conducted over its two tenements near Greenbushes WA at 200m spacing.

The geophysical interpretation was carried out by Mosman Partners, the exploration and mining consultants retained by the Company, lead by Mr William Witham.

The geophysical interpretation of the data has identified discrete demagnetised zones alongside iron-bearing bedrock that are considered to represent areas where pegmatites may be located under the surficial soil and laterite cover.

One of the main targets is located on the Company's E70/4845 (Powlalup), which is located 12kms due west of Greenbushes Lithium Mine. E70/4845 has a magnetic signature similar to the demagnetised areas at Greenbushes.

Two thirds of the ELA70/4846 (Wilga) tenement is considered to be part of the Balingup Metamorphic Belt. The Balingup Metamorphic belt area is intruded by numerous pegmatite dykes some of which contain the lithium rich mineral spodumene (including the world-class Greenbushes pegmatite). There are a number of areas on the Wilga tenement which are considered very prospective as they are demagnetised, and therefore potentially containing pegmatites.

CMC managing director, Mr Tom Blackhurst, said that the preliminary geophysical interpretation of this data has highlighted a number of large, demagnetised areas that CMC's geologists believe are prospective for lithium bearing pegmatite within the Balingup Metamorphic Belt.

"The significant size, abundance and quality of these areas are extremely encouraging," said Mr Blackhurst.

Aeromagnetic Interpretation

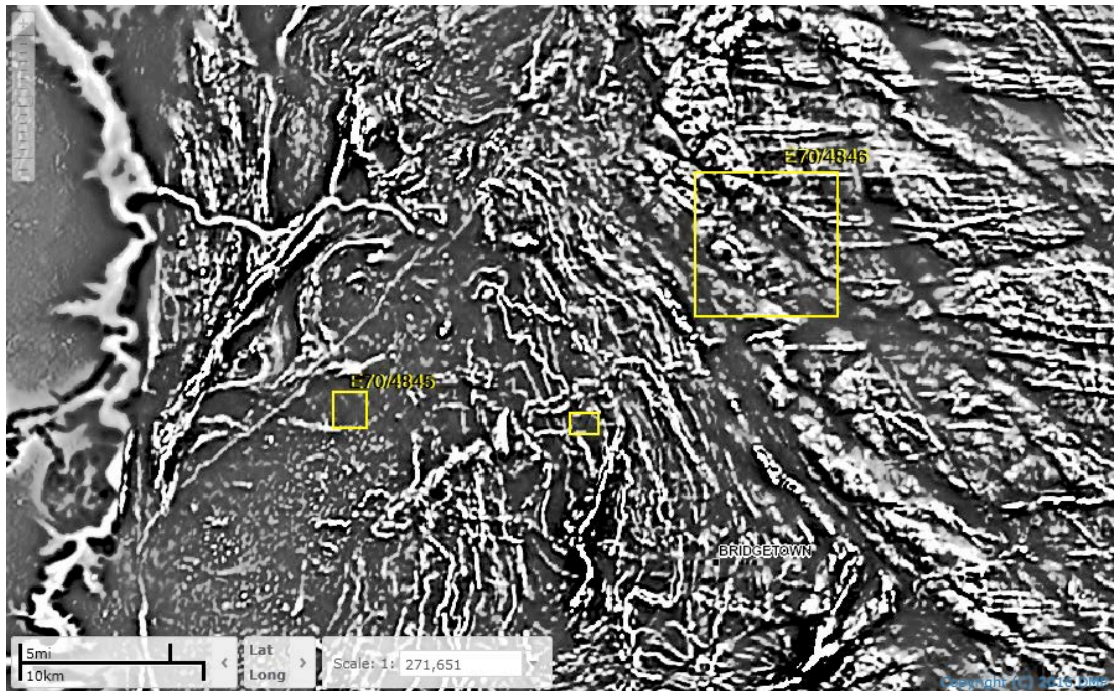


Figure 1 - First Vertical Derivative (1VD)

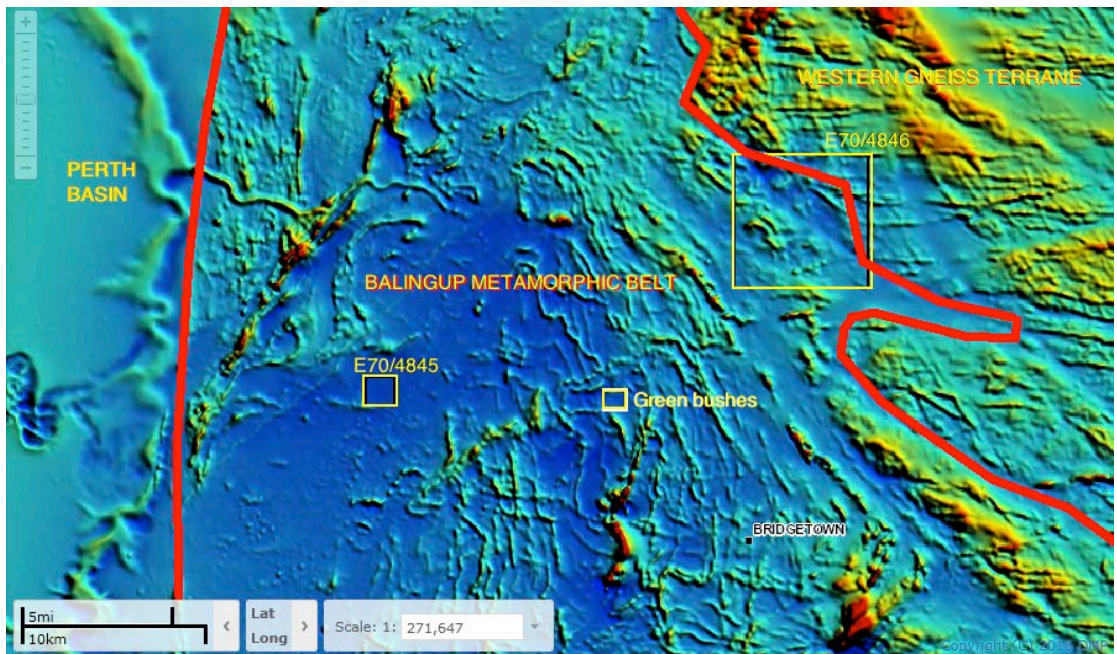


Figure 2 - Aeromagnetic interpretation

Location and Background

The Greenbushes area was first discovered as a resource of alluvial tin in the late 19th century. Subsequently, the source of the tin was recognised to be a series of pegmatites, which also contain tantalite (tantalum) and spodumene (lithium-rich mineral); the Greenbushes pegmatites belong to the Lithium-Caesium-Tantalum family. The modern Greenbushes Talison hard rock mine was established in 1983, initially focused on tantalum production, however the primary sales product is now lithium. Talison was taken over by Chinese lithium producer Chengdu Tianqi in 2012.

CMC Lithium's Greenbushes project comprises two tenements E 70/4845 and E 70/4846 ("Tenements") (E 70/4846 awaiting grant of its exploration license, which is well advanced and expected shortly). The south west corner of E 70/4846 is only 2 km from the eastern boundary of one of the mining leases owned by Tianqi/Talison, owners of the world's largest hard rock lithium mine located 9 km to the south west. E 47/4845 is located 13 km to the west of the Talison mine. The Tenements cover approximately 74 km² in total.

The Tenements are considered prospective for pegmatite-hosted lithium and tantalum deposits, being situated in the same geological terrane near to the world's largest spodumene mine at Greenbushes.

The Tenements were selected by CMC due to their close proximity to Greenbushes mine and the very limited historical exploration for lithium over the application area. CMC has been fortunate to have secured rights to such ground in an area known for its world-class lithium potential, when opportunities for new tenement applications are increasingly rare.

The Tenements' geology is characterised by various types of Archaean rocks such as porphyritic monazites, banded migmatite and quartz biotite gneiss that are considered prospective to host pegmatites. Any unexposed pegmatites that may exist within the Tenements are likely to be obscured by a thick lateritic crust and younger sedimentary cover (partially explaining the lack of lithium exploration to date), possibly including Permian-aged coal in the eastern parts of E 70/4846.

The area has excellent infrastructure including power, water and good road access.

For further information (in relation to the Greenbushes Lithium Project only), please contact:

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Competent Persons Statement

Technical information in this report is based on information compiled by Mr. William Witham B.Sc. Geology (Hons) a member of the Australian Institute of Geoscientists. Mr. Witham has sufficient exploration experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC 2012"). Mr. Witham consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

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