



中國鎂業資源集團有限公司*
MAGNESIUM RESOURCES CORPORATION OF CHINA LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 723)

ANNOUNCEMENT ON CONVERSION OF CONVERTIBLE NOTE

The Company made this announcement pursuant to paragraph (i) under the heading “Dilution effect on Shareholders” of the Circular.

Reference is made to the circular dated 6 February 2008 (the “Circular”) of Magnesium Resources Corporation of China Limited (the “Company”). The Company made this announcement pursuant to paragraph (i) under the heading “Dilution effect on Shareholders” of the Circular. Unless the context herein otherwise requires, terms used in this announcement shall have the same meanings as in the Circular.

The Company would like to report that it has not received any notice of exercise of the conversion rights attached to the Convertible Note in the amount of HK\$1,092 million during the month of December 2008. Nevertheless, the Convertible Note was cancelled at 29 December 2008 pursuant to the agreement as detailed in the circular dated 26 November 2008 (the “November 2008 Circular”).

Save as disclosed above, there were no other new Shares issued pursuant to other transactions during the month of December 2008, including new Shares issued pursuant to exercise of options under the share option scheme of the Company.

As at 1 December 2008, the issued share capital of the Company was HK\$295,107,693.00 divided into 2,951,076,930 shares of HK\$0.10 each. Following the cancellation of 800,000,000 Repurchase Shares on 29 December 2008 and Capital Reorganization became effective on 30 December 2008 as detailed in the November 2008 Circular, the issued share capital of the Company was HK\$21,510,769.30 divided into 2,151,076,930 shares of HK\$0.01 each as at 31 December 2008.

By Order of the Board
Magnesium Resources Corporation of China Limited
Teoh Tean Chai, Anthony
Executive Director

Hong Kong, 5 January 2009

As at the date of this announcement, the Board comprises Mr. Teoh Tean Chai, Anthony and Ms. Chung Oi Ling, Stella as executive directors and Mr. Lo Chi Ho, William, Mr. Chu Kin Wang, Peleus and Ms. Lau Wa Chun as independent non-executive directors.

**For identification purpose only*