# China Magnesium Corporation Ltd.: Greenbushes Lithium Desktop Review Confirms World-Class Potential

01.02.2017 | ABN Newswire

Brisbane, Feb 1, 2017 - China Magnesium Corporation Limited (ASX:CMC) ("CMC" or "the Company") advises it has completed a desktop review of the available geophysical and geological data in relation to its Greenbushes Lithium project.

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

**Highlights:**

- Desktop review of available geophysical and geological data confirms the world-class potential of CMC's Greenbushes Lithium project.

- Extraordinarily little historical lithium exploration combined with the significant size, abundance and quality of demagnetized areas identified are extremely encouraging.

- Pegmatitic minerals including feldspar and beryl observed within E 70/4845.

Available data from WAMEX and other databases confirms that there has been surprisingly very limited mineral exploration undertaken in the area covered by E 70/4845 and E 70/4846 ("the Tenements").

The majority of previous exploration activity reviewed to date is surface sampling focused on bauxite, coal, gold and base metal exploration. There is no evidence of any lithium assays during past exploration programmes nor bedrock drilling programs for lithium, tin or tantalum on CMC's current day tenements.

The only evidence of past drilling on the CMC's current day tenements was for coal exploration on E70/4846.

CMC geologists believe the Tenements are highly prospective for lithium, tin and tantalum where there are thick laterite profiles. The regional geology is dominated by the Balingup Metamorphic Belt ("BMB"), which is intruded by numerous pegmatite dykes some of which contain the lithium-rich mineral spodumene (including the world-class Greenbushes pegmatite).

CMC managing director, Mr Tom Blackhurst, said that the review was a key development in understanding the geology of the Tenements and guiding the Company's exploration program going forward, which will likely include obtaining and interpretation of higher resolution geophysical data, surface mapping and sampling prior to drill testing targets.

"The review clearly met its aims, which were to understand the findings and outcomes of previous exploration programmes conducted within and around the Tenements; the identification of pegmatites in the area and their LCT fertility; and identifying where exploration for lithium and its related minerals was not carried out effectively, outlining potential areas to target during the exploration program.

"The lack of previous lithium exploration in areas of such world-class potential within our Tenements, combined with the significant size, abundance and quality of demagnetized areas and identified pegmatitic materials are extremely encouraging," said Mr Blackhurst.

Besides a desktop review of WAMEX historical exploration data, the review was also based on earlier initial field reconnaissance along public and forestry roads in conjunction with interpretation of regional aeromagnetic and satellite image interpretation. Rock material reported to be observed in E 70/4845 contains pegmatitic minerals including feldspar and beryl. In the general area there has been some regional work done on bauxite, lithium/tantalum/tin, gold and base metals. The area has good road access, and no historical stream samples or rock chips have been recorded from E 70/4845.

**The desktop review confirms:**

- There is the potential for pegmatites to exist in E70/4845 as is shown by the presence of the Ferndale pegmatite only 2 kms to the northeast and the Koala Road pegmatite a few kms to the northwest. Pegmatitic material has also been seen in road cuttings on E 70/4845. This is supported by interpretation of regional aeromagnetic data (see below).

- There has not been any recorded soil, rock-chip sampling or drilling exploration in the E 70/4845 area, with most previous companies focused on exploration for bauxite, gold and base metals. The only significant relevant exploration for lithium, tin and tantalum was undertaken by Greenbushes Tin Limited back in 1980s, but none of this was within the E 70/4845 tenement area.

- There has not been extensive soil and laterite sampling exploration within E 70/4846, with companies mainly focused on exploration for bauxite and coal, and with some minor work done on looking for gold, and base metals. There seems to have been no known exploration for tin, tantalum or lithium in the area, which is considered extraordinary considering the close proximity to Greenbushes only 10 to 15kms away to the southwest and the potential for pegmatites to exist in E 70/4846 given the aeromagnetic interpretation below. Previous regional work has slightly improved the geological knowledge of the area through the geochemical sampling, aeromagnetic surveys, gravity surveys, and regionally-spaced RAB and air core drilling defining coal measures.

- Regional aeromagnetic data images show that the tenements fall within the Balingup Metamorphic Belt and therefore share the potential of hosting pegmatites. Initial aeromagnetic interpretation has highlighted a number of large, demagnetised areas that are prospective for lithium bearing pegmatite within the Balingup Metamorphic Belt. The significant size, abundance and quality of these areas are extremely encouraging. Higher-resolution magnetic data may provide more detailed pegmatite targets. Refer to CMC's announcement of 20 Jan 2017 for further information.

**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 (SHE:002466) 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.

**About China Magnesium Corporation Ltd**

China Magnesium Corporation Limited (ASX:CMC) owns a 91.25% interest in CMC China which owns a 100% interest in a magnesium ingot production operation.

The operations are licensed to expand output to 105,000tpa, which would make it one of the world''s largest

magnesium producers. Studies have been completed which indicate a positive environment for CMC to conduct a major expansion of its magnesium operations.

CMC has converted its existing coal to gas plants to 5 semi-coke crackers (total semi-coke capacity 200,000 tpa) at the site of its existing 20,000 tpa capacity magnesium plant. Waste gas from semi-coke production is now used to provide the energy source required to produce magnesium. Consequently the combined semi-coke and magnesium plants are expected to significantly lower production costs than for magnesium-only production using the coal-to-gas facilities as originally envisaged when the magnesium plant was built.

**Contact**

China Magnesium Corporation Ltd
T: +61-7-5531-1808
F: +61-7-5591-1059
E: info@chinamagnesiumcorporation.com
www.chinamagnesiumcorporation.com