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Company Announcements Office
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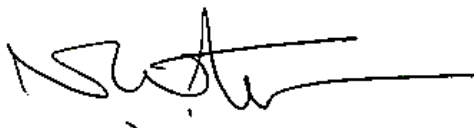
Dear Sirs,

Magontec Qinghai - Production Update
New primary magnesium alloy facility

In the middle of August, the cast house team at Magontec Qinghai began to commission the first of two continuous refinery furnaces (CRFs). The preparation process, including pre-heating and subsequent charging with electrolyte, proceeded smoothly and on 14th September the CRFs were charged with initial quantities of liquid magnesium alloys.

The commissioning of the CRFs is a critical precursor to the commencement of production of magnesium alloy for commercial sale. Through September the Magontec Qinghai cast house team has continued to produce trial loads of magnesium alloy ingots and after the Chinese National Day holiday break expect to commence production for sale to customers in China.

Yours sincerely



Nic Andrews
Executive Chairman and CEO
Magontec Limited