

Magontec Limited

22 November 2019

ASX Announcement

UPDATE – Qinghai Salt Lake Industries Co Ltd (QSLIC) announces strategic investors

Background

Magontec's largest shareholder and key supplier of raw material at its primary magnesium alloy project in Qinghai province, PRC, the Qinghai Salt Lake Magnesium Co Ltd (QSLM) and its parent company QSLIC are undergoing a restructuring process under PRC law.

The restructuring process was initiated by creditors of each company and approved by PRC courts in October and November. The restructuring manager, appointed by the Courts, then called for expressions of interest from strategic investors. Magontec expects that this process may lead to a change of ownership and control at each company.

In previous releases we have detailed public announcements from QSLIC, which is listed on the Shenzhen stock exchange (000792.sz) with regard to both QSLIC and QSLM.

We have also outlined to shareholders the actions that Magontec has taken to protect its interests at the Qinghai project, which include both fixed assets and long-term supply and cooperation Agreements between itself and QSLM.

QSLIC announcement

This morning QSLIC issued a release to the Shenzhen stock exchange that provided, inter alia, details of two companies that have identified themselves, prior to the 22 November 2019 registration deadline, as potential strategic investors.

The identified parties are:

- Sinochem Group Co Ltd (<http://english.sinochem.com>) and
- Shaanxi Coal & Chemical Co Ltd (<http://shccig.com>)

QSLIC state that they have "reviewed the relevant material according to the selection procedure and have started negotiations with the potential strategic investors on the matters of strategic investment".

Both companies are State Owned Enterprises.

Nicholas Andrews
Executive Chairman
Sydney, 22 November 2019

For more information please contact Nicholas Andrews on 0402 220 077