

Magontec Limited**10 December 2019****ASX Announcement****UPDATE – Shareholder Update on Golmud Project**

In the Company's release to shareholders dated 18 November 2019 (item 4c of that announcement) the Company foreshadowed a plan of action in the event that certain circumstances prevailed at close of business on 5 December 2019.

At close of business 5 December 2019, the Company had not received a notice from the QSLM Restructuring Manager advising as to the status of the project Agreements between Magontec Qinghai Limited (MAQ) and Qinghai Salt Lake Magnesium Co Ltd (QSLM). However, on that date the QSLM Restructuring Manager did provide a letter to MAQ. That letter –

- acknowledged receipt of MAQ's Claim 1 (as described in shareholder update of 18 November 2019);
- stated that in terms of certain provisions of Chinese commercial law (and separately, by a Court order dated 12 October 2019) day-to-day management of QSLM's assets and operations has passed to QSLM under the continuing supervision of the Restructuring Manager; and
- instructed MAQ to deal directly with QSLM on the matter of the status of its contracts with MAQ.

As to the first dot point, MAQ is providing further information to the QSLM Restructuring Manager to enable further consideration of that claim with a view to it being submitted to the next QSLM creditors' meeting (date of which is to be determined).

Regarding the third dot point, MAQ dispatched a letter to QSLM today seeking confirmation that the contracts with MAQ continue to be valid and will remain valid in the future according to the provisions of the various documents. This letter has stated that in terms of the provisions of Chinese commercial law, QSLM's response is required by 8 January 2020 or sooner if possible.

In the meantime -

- MAQ has advised the QSLM Restructuring Manager that MAQ's Claim 2 lodged on 15 November 2019 will continue on a conditional basis until 8 January 2020; and
- copied to the Restructuring Manager the confirmation request letter dispatched to QSLM on 10 December 2019.

We will keep shareholders informed on developments.

Nicholas Andrews
Executive Chairman
Sydney, 10 December 2019

For more information please contact Nicholas Andrews on 0402 220 077