

Magontec Limited

14 January 2020

ASX Announcement.

Update – Shareholder update on Golmud Project

Following on from the ASX Announcement issued on 16th December we can now confirm that the auction process, referred to in previous releases, has been completed and the new owner of Qinghai Salt Lake Magnesium Co Ltd* (QSLM), contingent upon final documents, is Qinghai Huixin Asset Management (QHAM).

QHAM is a holding company owned by 3 Chinese state-owned enterprises. Its shareholders include the state of Haixi (a region of Qinghai province that includes Golmud) and two other Qinghai based investment entities.

A meeting is scheduled for 16 April 2020 at which QSLM's creditors will be asked to approve a restructuring plan for the company. In the event that creditors do not agree to this plan, or that a plan has not been properly formulated by this date, the Restructuring Manager will arrange for a second meeting in July 2020. This contingency in the restructuring plan reflects the complex execution and funding tasks ahead.

Following approval of a restructuring plan by QSLM creditors, the magnesium assets are expected to be able to access the financial resources required to re-start the magnesium facility and to put into action the remediation plans developed in the second half of 2019.

In our conversations with QSLM management in Golmud in recent days we have been led to understand that the company expects to re-commence supply to Magontec Qinghai's magnesium alloy cast house in the second half of 2020.

In the meantime, Magontec Qinghai will continue to supply its customers with magnesium alloys manufactured at the Golmud facility using external raw material suppliers.

Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 14 January 2020

For more information please contact Nicholas Andrews on 0402 220 077

***QSLM is a 29% shareholder of MGL and the key supplier of raw material at Magontec's primary magnesium alloy plant.**