

12 July 2012

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney, NSW, 2000

Dear Sirs,

Magontec Limited (MGL) Signs Conditional Contract to Sell Its Interest in Joint Venture Entity Henan Keweier Alloy Materials Co., Limited (HNKWE)

On 11 May 2012 MGL announced that it had entered into a Heads of Agreement to sell its share of the registered capital of HNKWE to interests associated with the existing joint venture partners in HNKWE.

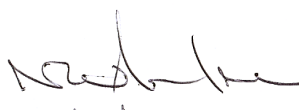
A detailed Share Purchase Agreement (SPA) has now been executed. The terms of the SPA operate from 30 June 2012 but transfer of MGL's interest in HNKWE is subject to approval by MGL shareholders (at the 2012 annual general meeting) and corporate regulatory authorities in the People's Republic of China.

The terms of the SPA reflect the Heads of Agreement signed on 9 May 2012.

The principal terms are as follows.

- i. The buyer has agreed to acquire MGL's interest for an amount equal to the lesser of \$2,100,000 and the AUD equivalent of 45% of the net assets of HNKWE as at the date of payment of the purchase price.
- ii. The purchase price is due to be paid on or before 31 December 2013.
- iii. In the period to approval (by both PRC authorities and MGL shareholders) of disposal of MGL's interest, MGL has ceded control of HNKWE to the prospective buyer and residual HNKWE shareholders. Should either of the aforementioned approvals not be forthcoming, MGL will reassume control.

Yours Sincerely



Nicholas Andrews
Executive Chairman