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

Dear Sirs,

23 November 2012

### **Magontec Limited (Company) – Partially Underwritten Renounceable Rights Issue**

Magontec Limited is pleased to announce a pro-rata renounceable rights issue to raise up to \$11,805,769.

Of the total amount to be raised, \$8,837,849 (or approximately 75%) is underwritten by Patersons Securities Limited (“Patersons”), who is the Lead Manager to the rights issue. The net proceeds of the offer will be used by the Company primarily to invest in a new magnesium alloy cast house in Qinghai Province, PRC. Proceeds of the rights issue will also be applied to debt reduction.

#### ***Key Terms of the Offer***

- A partially underwritten renounceable pro-rata entitlement offer to eligible shareholders of five new shares for every nine shares held at the Record Date, at an offer price of 5.0 cents per new share.
- Each shareholder who participates in the rights issue will also receive two free attaching options for every one new share subscribed for under the rights issue.
- The option is exercisable by the option holder at 2 cents per share at any time in the period from the date of issue of the option to the anniversary of the date of issue.
- Both the new shares and the attaching options will be listed on the Australian Securities Exchange.
- Under the rights issue, up to 236,115,374 new shares and 472,230,748 attaching options will be offered.
- The rights issue is partially underwritten to the amount of \$8,837,849 by Patersons.
- The Company will have the right to place any amounts not subscribed for under the offer, within a three-month period of the completion of the Offer, on terms consistent with the Offer.
- If fully subscribed, the offers will raise \$11,805,769 before offer costs.

The Company’s two largest shareholders, Qinghai Salt Lake Magnesium Company Limited and Allan Gray Australia are providing support to the issue to the extent of \$6,255,000 and \$2,385,000 respectively. Additionally the Executive Chairman of Magontec Limited has also committed to take up his entitlement.


Eligible shareholders may also apply for additional shares in excess of their entitlement at the same issue price of 5.0 cents per share. Full details of the entitlements issue will be set out in a prospectus that will be lodged by the Company with ASIC and ASX later today. The new shares issued under the rights issue will rank equally with existing ordinary shares on issue.

A letter will be forwarded to shareholders in the next few days providing more detail about the rights issue. On Friday 7 December the prospectus and application form will be dispatched by mail to eligible shareholders.

The proposed timetable for the rights issue is as follows:

EVENT	BUSINESS DAY	DATE
Announce rights issue. Securities quoted on "cum" basis.	0	23 November 2012
If option holders cannot participate in the Issue without first exercising their options, notify option holders of the Issue.	0	23 November 2012
Lodge Appendix 3B with ASX.	0	23 November 2012
Lodge Prospectus with ASIC and ASX.	0	23 November 2012
Send notice to shareholders containing information required by Appendix 3B.	1	26 November 2012
Securities are quoted on an "ex" basis and rights trading starts.	2	27 November 2012
Record Date to determine security holders entitled to participate in the issue.	6	3 December 2012
Despatch Prospectus and serially numbered entitlement and acceptance forms to persons entitled and announce despatch has been completed.	10	7 December 2012
Latest date to extend closing date.	14	13 December 2012
Rights trading ends.	15	14 December 2012
Securities quoted on a deferred settlement basis.	16	17 December 2012
Acceptances close at 5pm. At least 6 business days notice must be given to extend the date.	20	21 December 2012
Notify ASX of under subscriptions.	23	28 December 2012
Last day for securities to be entered into holders' security holdings. Last date for entity to confirm to ASX all information required by Appendix 3B.	26	3 January 2013
Normal trading starts.	27	4 January 2013

The above timetable is indicative only and is subject to change.



Yours sincerely,  
 Mr Nicholas Andrews  
**EXECUTIVE CHAIRMAN**  
**MAGONTEC LIMITED**