

2 February 2015

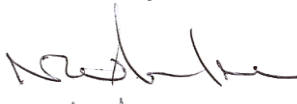
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney, NSW, 2000

Dear Sirs,

Presentation for investor meetings

Please find attached a presentation on the activities of Magontec Limited for the purposes of investor meetings.

Yours sincerely



Nicholas Andrews
Executive Chairman
Magontec Limited

For more information please contact

Nicholas Andrews, on 0402 220 077
John Talbot (CFO) on 0405 317 594



Magontec Limited (MGL)

February 2015

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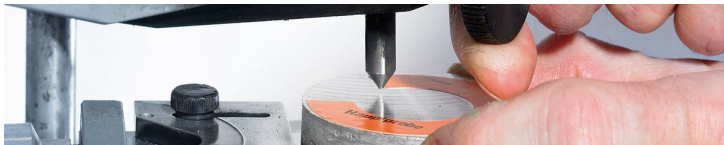
Content



1. Company



2. Qinghai Project



3. Research & Development



4. Industry Overview

1. Company



Go beyond.

Corporate dashboard (Financial numbers as at 30 June 2014)

Corporate profile					
Listed in Australia Market capitalisation Shares on issue Gross assets Annual revenues	MGL.AX A\$22 million (@2c) 1,115 million A\$83 million A\$133 million	Substantial shareholders			
		Qinghai Salt Lake Magnesium		30%	
		Allan Gray Australia		19%	
		Straits Resources Limited		15%	
		MGL Management		3%	
	Principal activities				
	Magnesium alloy manufacturing Magnesium alloy scrap recycling Magnesium & Titanium anode manufacturing (CCP)				
	Financial ratios (30 June '14)			Global presence	
	Net Debt-to-Equity NTA per share	44% 2.8c		China Germany Romania	Xi'an, Suzhou, Jishan, Qinghai (under construction) Bottrop Santana
Research & Development					
Mg alloy research - Australian Govt Grant - Industry partners CCP research - Ti & Mg application technologies - Product customisation		Mg alloy patent portfolio CCP patent portfolio			
				Group statistics	
				Employees Manufacturing locations Shareholders	450 5 14,000

What does Magontec do?

- Buys pure magnesium (Mg) and Mg alloy scrap to produce Mg alloy ingots

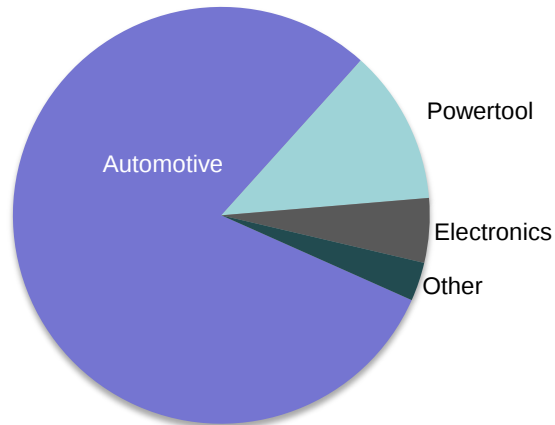


- Manufactures magnesium and titanium anodes
(Cathodic Corrosion Protection – CCP)



Who are Magontec's customers?

- Sells Mg alloy ingots to OEMs and Tier 1's in the die cast industry

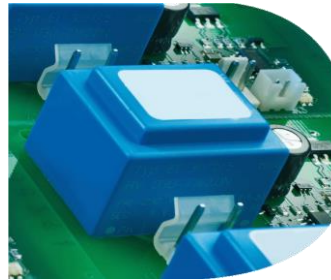


Gearbox housing



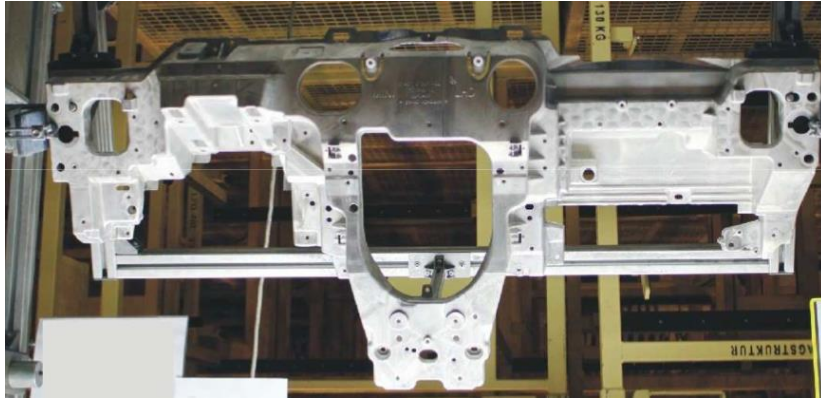
Steering wheel armature

- Sells Mg & Ti anodes to gas, electric and solar hot water tank makers



Common applications made from magnesium AM50/60, AZ91, AS31

Instrument panel structures ("IP Beam")



Steering wheel armatures



Transmission housing



Centre console

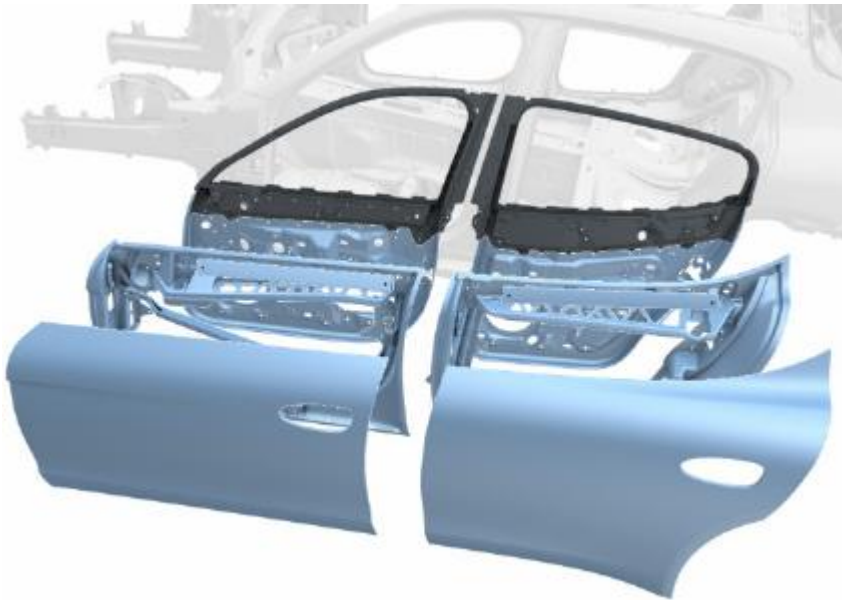


MAGONTEC

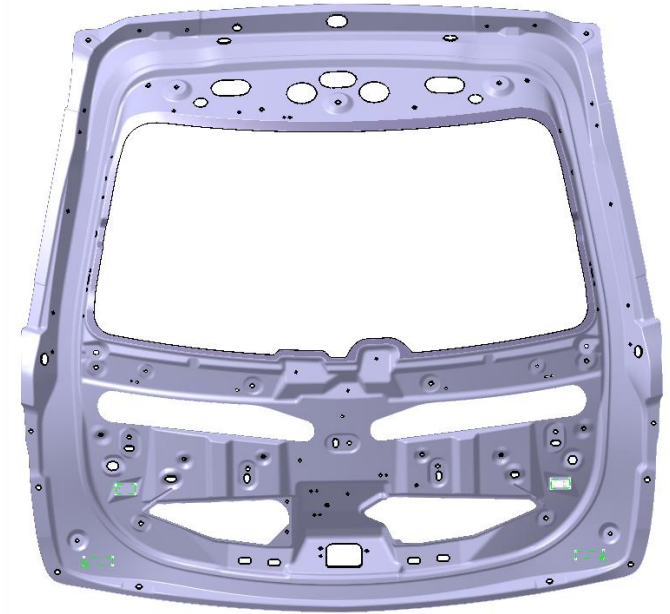
Manufacturers use Mg because it is a lightweight metal

New applications made from magnesium alloys

Window frame



Tailgate



Locations and capacities

- HQ
- Production
- Sales Office
- Technology Centre
- Cast House Project
- Alloy/Recycling Capacity
- Anode Capacity

1 CAST is a Technology Association

2 kt = thousands of tonnes

MAGONTEC



Bottrop
15 kt ■

Santana
6 kt ■ 1 kt ■

Xi'an
5 kt ■ 1 kt ■

Suzhou
8 kt ■

Shanxi
30 kt ■

Sydney
CAST ¹ ●

Strategic position

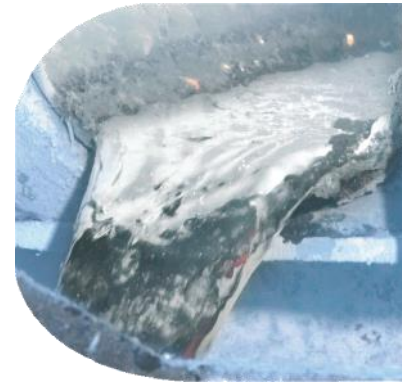
✧ A global magnesium alloy company

Only Western magnesium alloy producer

- Own Chinese primary Mg alloy manufacturing base
- Own Mg alloy recycling facilities in Europe & Asia
- Global logistics and sales capabilities
- Comprehensive Mg alloy product portfolio
- Active commitment to Research & Development

From commencement of Qinghai Project (2015/16)

- Exclusive Mg alloy production from electrolytic smelter
- World's lowest CO² footprint Mg metal
- Long-term price offering for volume customers



Strategic actions 2013 - 2016

Magnesium alloy manufacturing and recycling

Building a competitive advantage in a global growth industry

- Recycling capacity in new die cast regions ➤ Romania, China ++
- Reduce manufacturing costs ➤ Process change, automation
- New primary magnesium alloy capacity ➤ Golmud, Qinghai Province



Magnesium and Titanium anodes

Raise barriers to entry for smaller competitors

- Reduce conversion & fabrication costs ➤ Romania, automation, process
- Scale economies through increased volume ➤ New markets & products
- Increase product sophistication ➤ ICAS, electronics



2. Qinghai Project

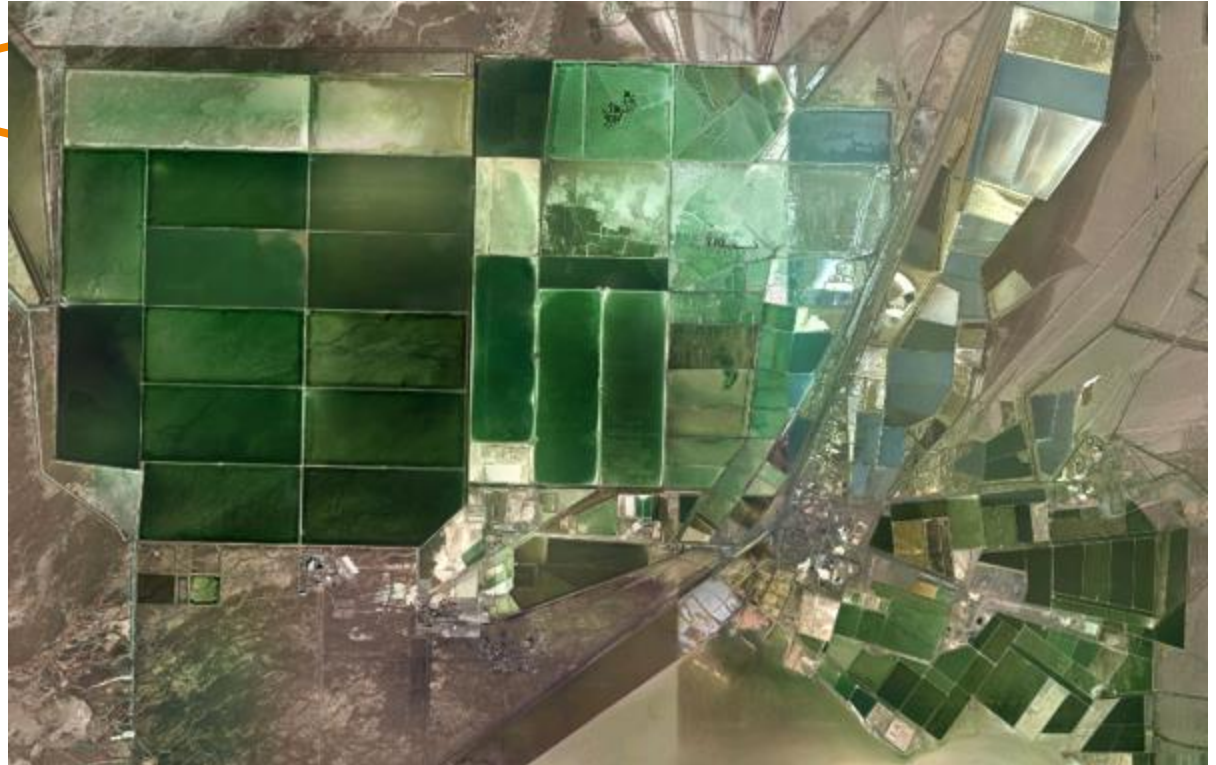


Go beyond.

Qinghai Project – manufacturing and resource location

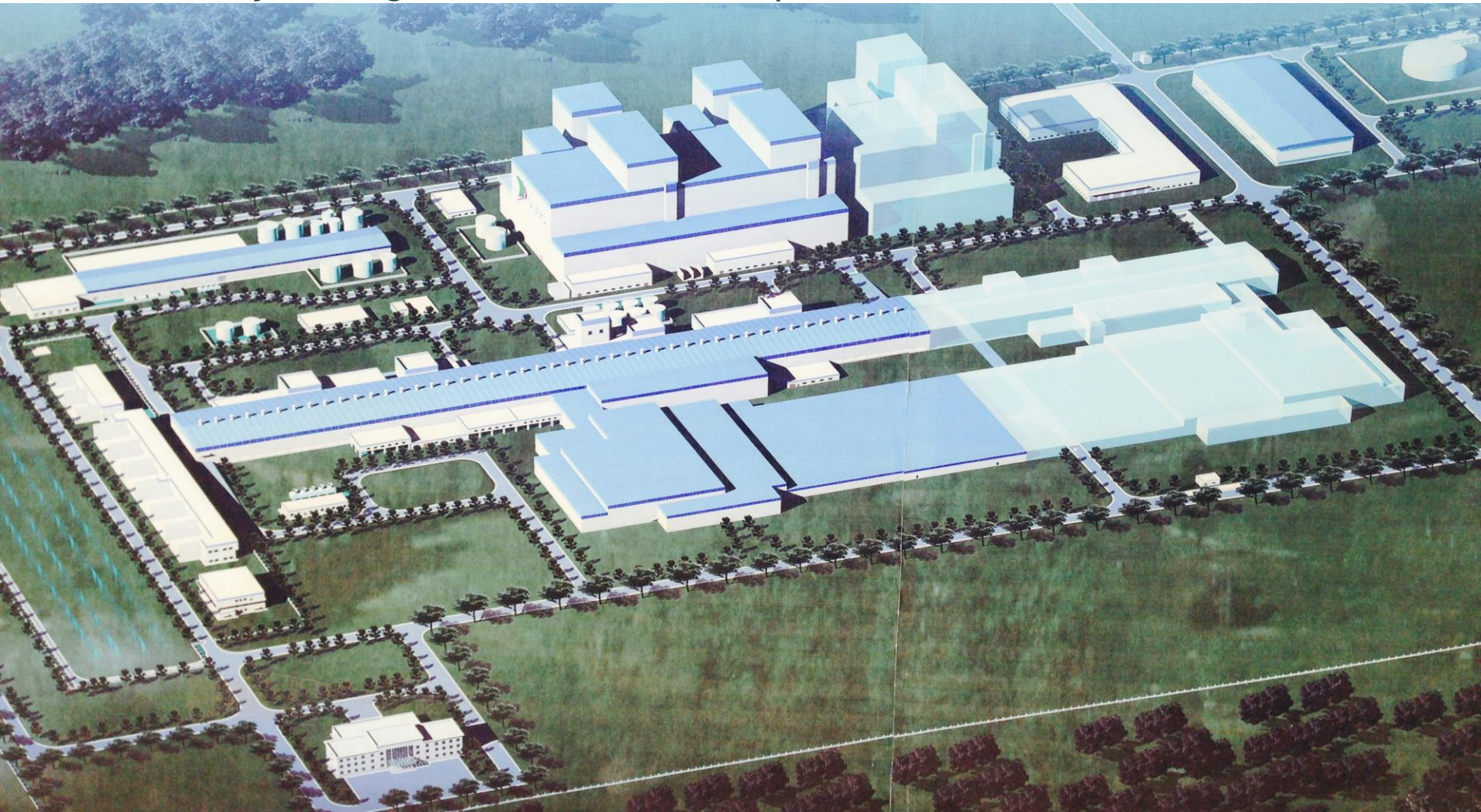


- Situated on a substantial resource in western China
- An established industrial location for > 50 years
- Electrified rail links to domestic and export markets
- Sponsored by Provincial and National governments



*Brine content > 20% $MgCl_2$ / Mean Mg content of 58g/litre
4 bil tonnes of $MgCl_2$ at Golmud of which 1 bil tonnes is pure Mg*

Electrolytic magnesium smelter complex and cast house schematic

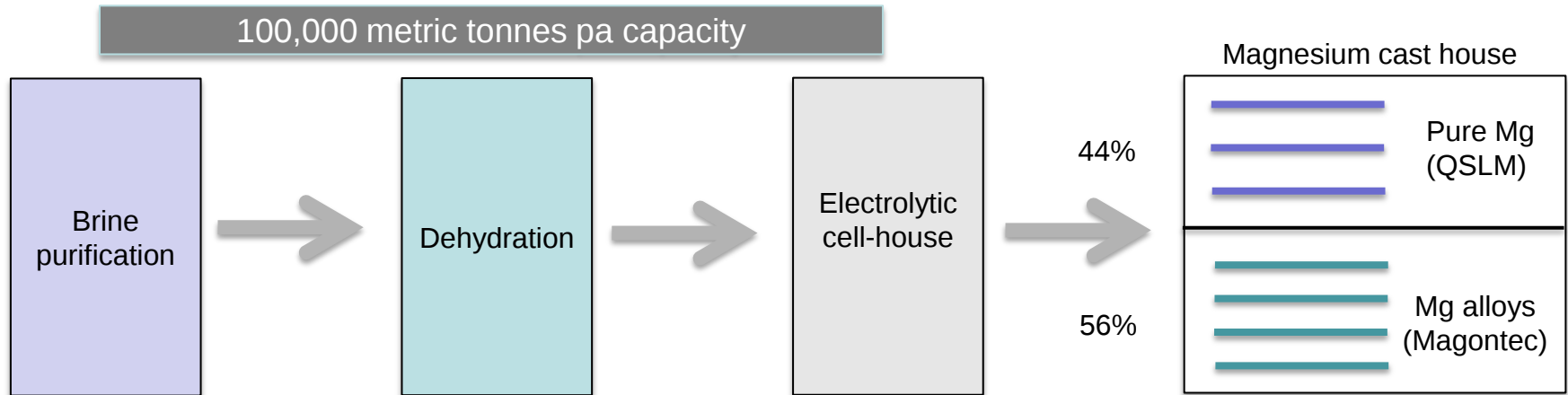


Electrolytic magnesium smelter complex and cast house

- Mg complex constructed, owned and operated by QSLM
- Mg alloy cast house equipment installed, owned and operated by Magontec

Cost US\$4 + billion

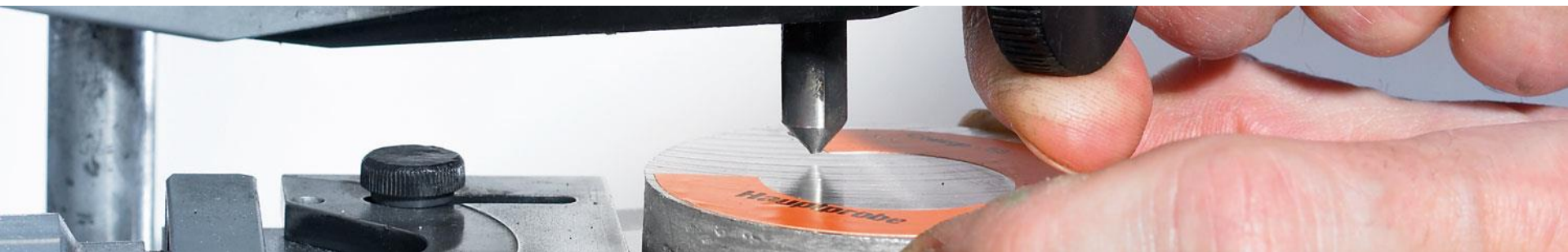
Cost US\$12 million



Qinghai & Magontec have signed 3 Agreements



- Defines working relationship
- Defines pricing benchmark & formula
- Provides absolute exclusivity
- Foundation documents for future prosperity
- 10 year + 10 year option duration
- Arbitration in Hong Kong



Golmud Cast House – ready for Phase A installation

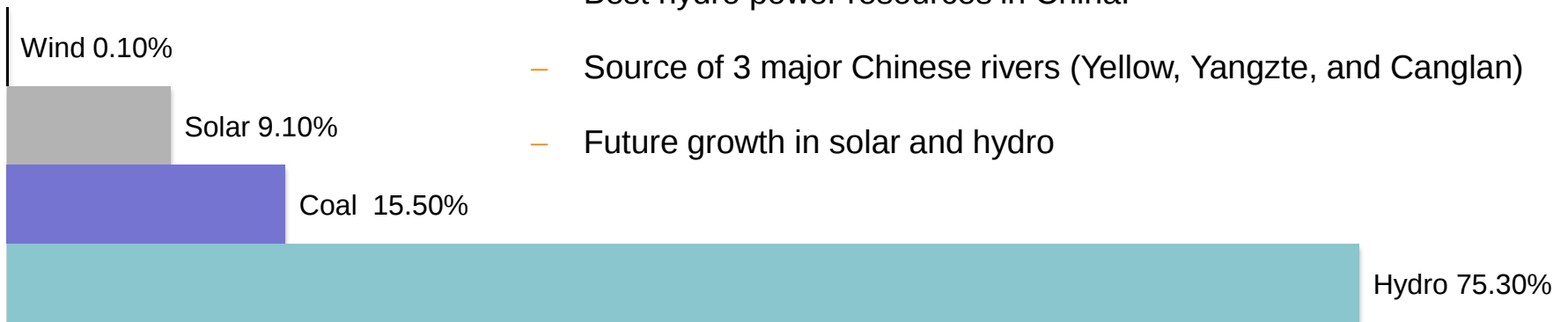
January 2015



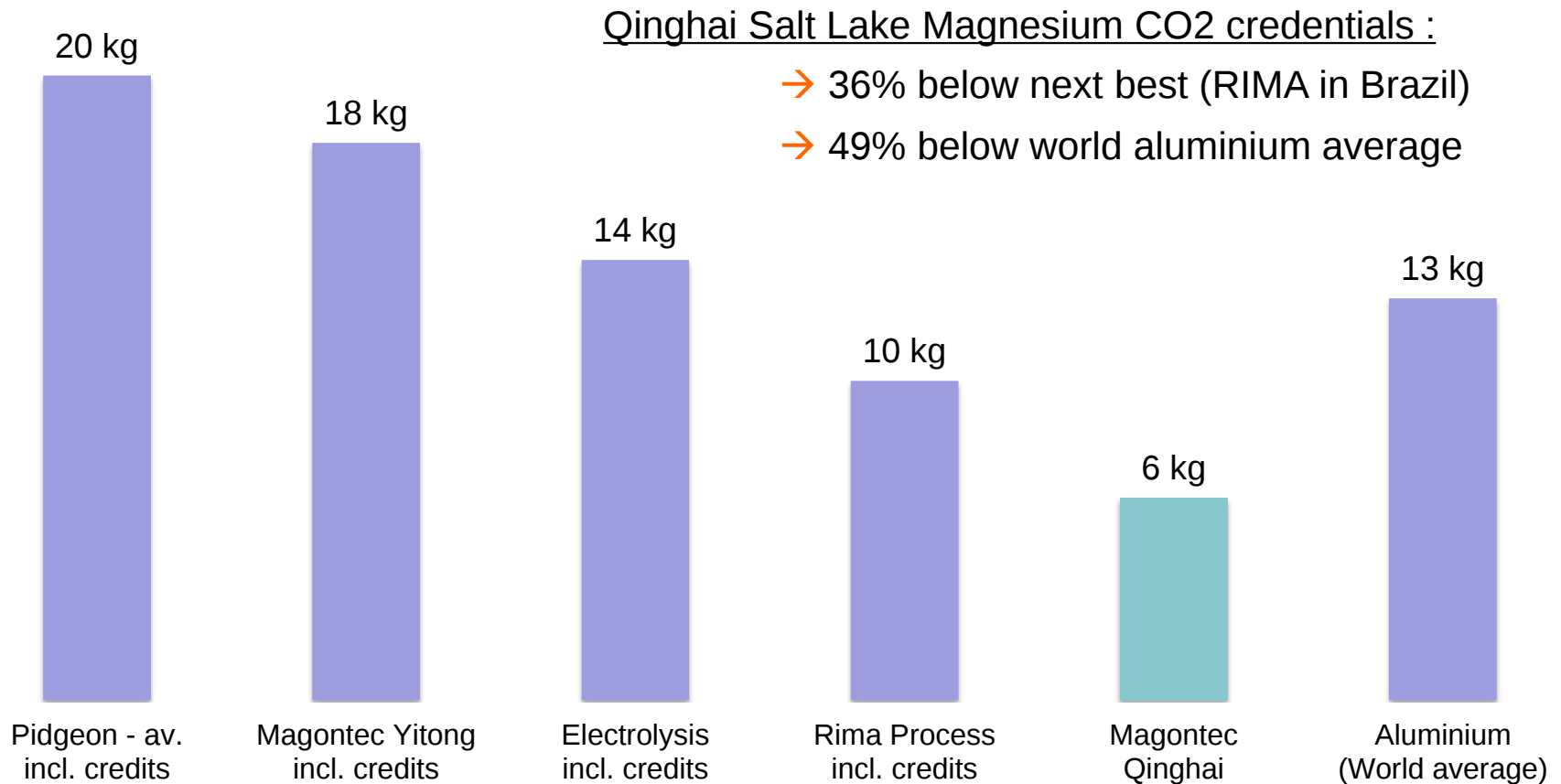
The Qinghai Project is an environmental model



- Best hydro power resources in China.
- Source of 3 major Chinese rivers (Yellow, Yangzte, and Canglan)
- Future growth in solar and hydro



Comparison CO₂ eq / kg Magontec Qinghai² vs Various Mg¹ + Al¹



1 Source IMA LCA study 2013
2 Source Hatch/Qinghai project

Qinghai timetable – current estimate

Installation and commissioning timetable

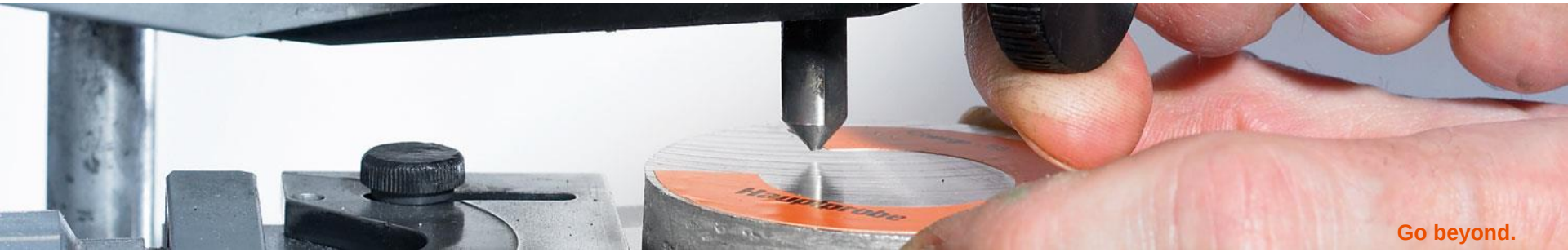
Jan	Magontec Phase A equipment acquired and on-site (Line 1 – 14k mt)	2015
Feb/Mch	Phase A equipment installation	
Apr/May	Dehydration units & electrolysis cell house completion	
May to Nov	Commissioning phase for dehydration and electrolysis	
Sep/Oct	Magontec Phase B equipment arrives on site (lines 3 & 4 – 27k mt)	
Dec/Jan	First commercial production dehydration & electrolytic cell	2016
Feb/Mch	Magontec Phase C equipment arrives on site (Line 2 – 15k mt)	

Qinghai summary

A profound impact on Magontec:

- Competitive in every global magnesium alloy market
- Triple magnesium alloy production volume
- Transform profitability of PRC activities
- Improve profitability in downstream activities

3. Research & Development



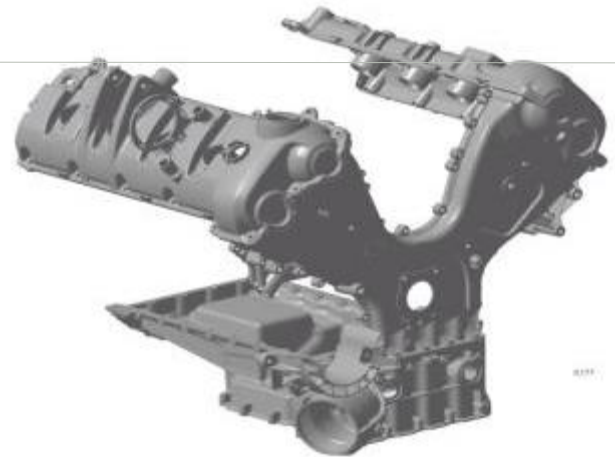
A strong focus on the future and on quality

- R&D teams in Germany, China and Australia
- Production & process experts in each business
- R&D partnerships with universities, research institutes & customers
- 3-year product development program with Australian Research Council, 2 European manufacturers and 5 Universities in Australia and Germany
- Developing Mg alloy technologies for future applications
- Developing new corrosion protection technologies using Mg and Ti anodes
- Working with customers to optimise outcomes

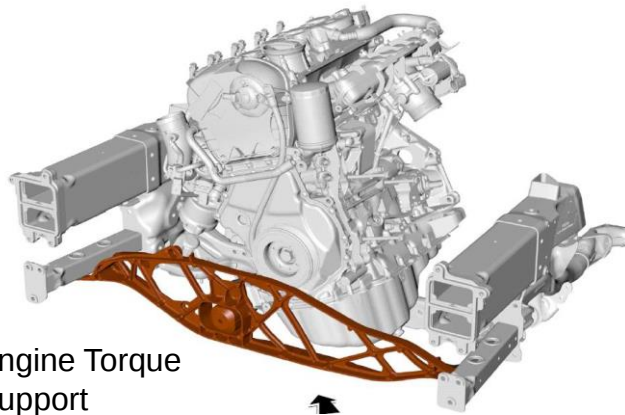


Magontec high-temperature alloys

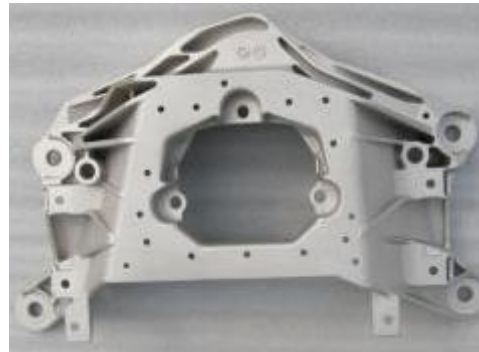
- AE44 alloy family
 - Enhances castability, mechanical properties and high temperature resistance
 - Potential to become foundation for future Mg alloy developments
- AE44 alloy applications increasingly used by Porsche, Audi, BMW and GM



Engine Covers



Engine Torque Support



Tunnel bracket



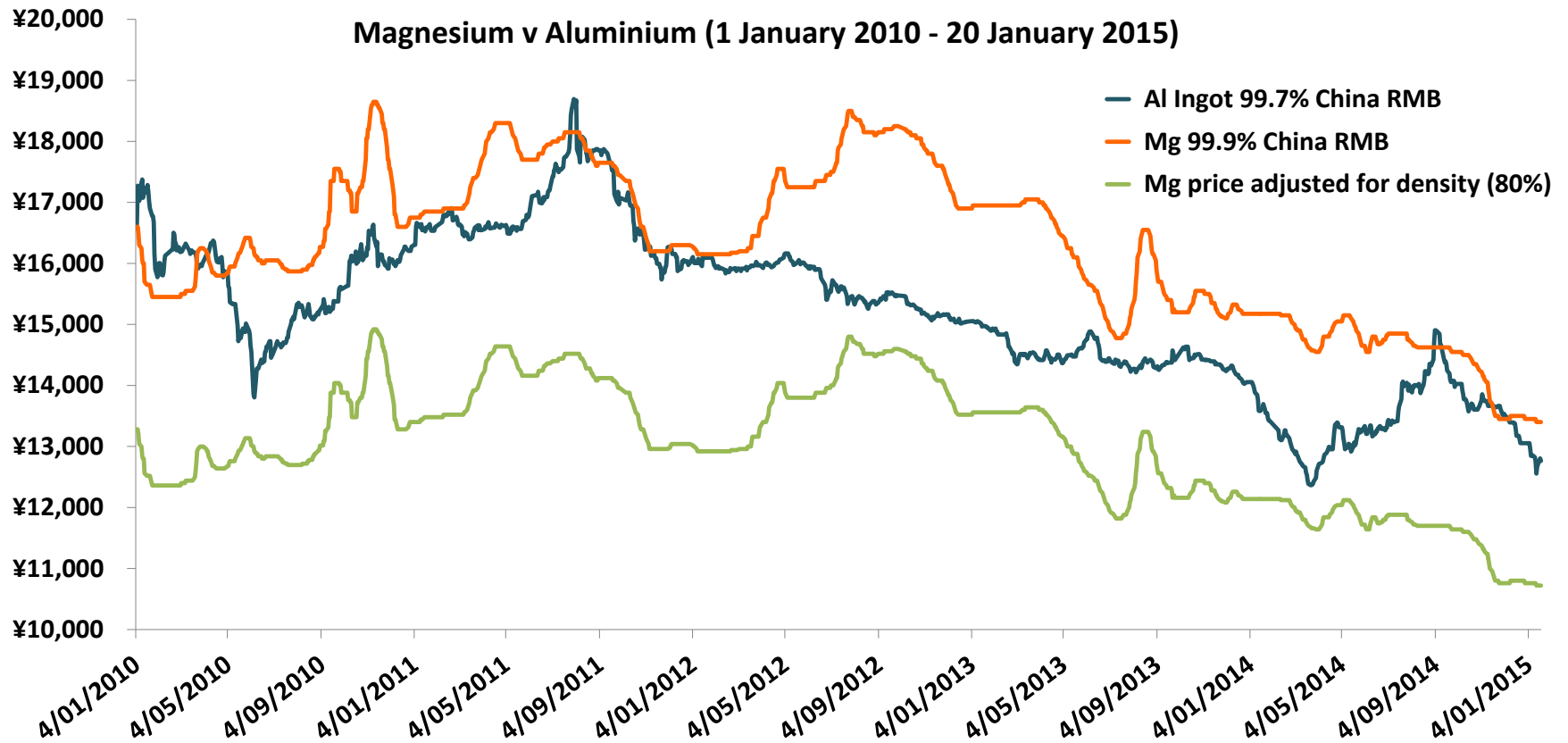
Engine Cradle

3. Industry Overview

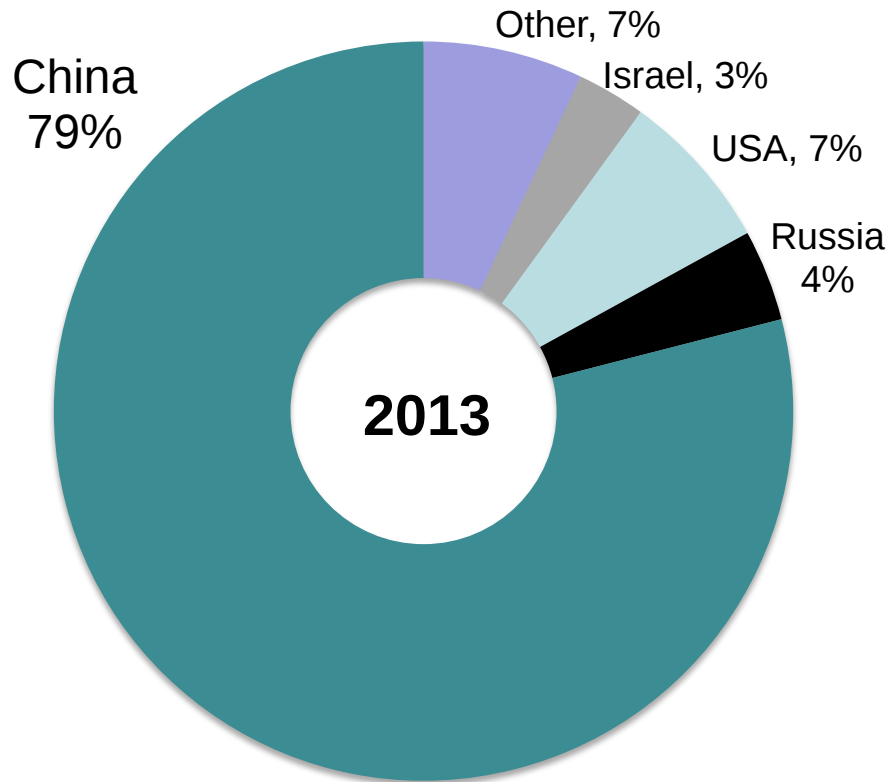


Go beyond.

Chinese pure Magnesium Vs pure Aluminium ingot prices



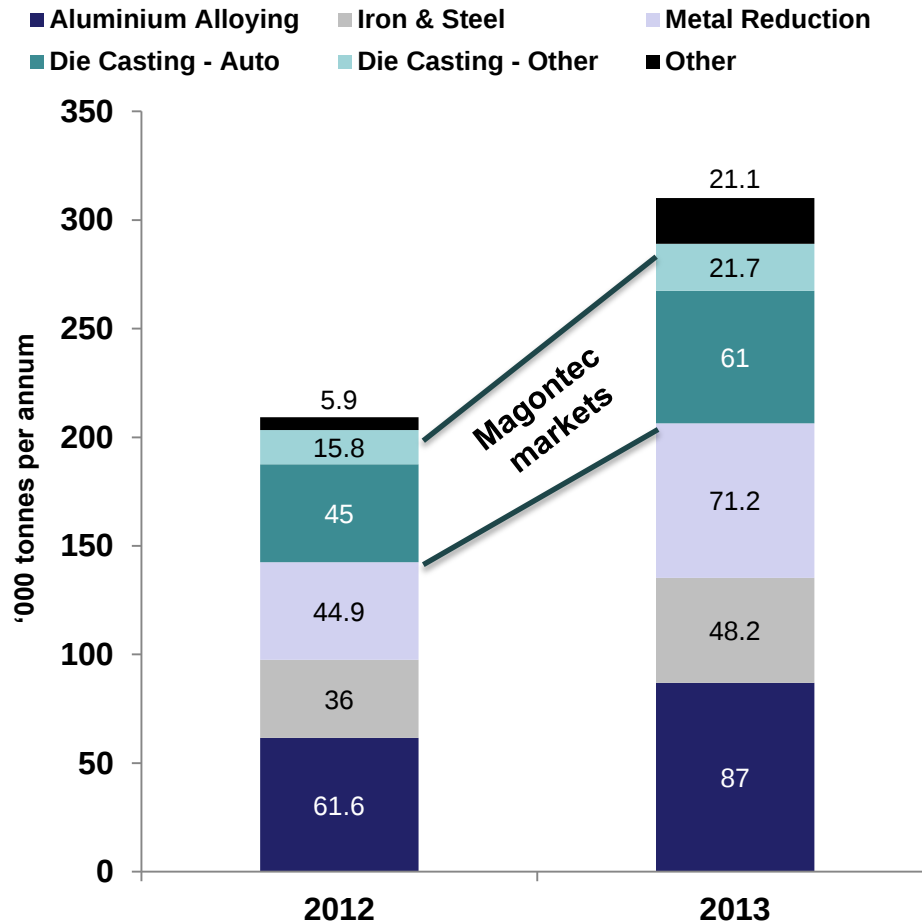
Pure magnesium supply



All data from CM Group 2012 and 2013 presentations to IMA Conference

- Global supply was 861Kt in 2013, of which China produced 681Kt
- Global supply rose 18.4% year-on-year in 2013
- Chinese capacity declined 6% to 1.9 MTPY, of which 67% (1.3 MTPY) is active and 17% unlikely to re-start
- Planned capacity at Qinghai (100Kt pa electrolytic), Xinjiang, IM, Ningxia and Shaanxi (>100Kt pa Pidgeon)
- ~420,000 producing at or below break-even as at March 2014

Chinese magnesium consumption

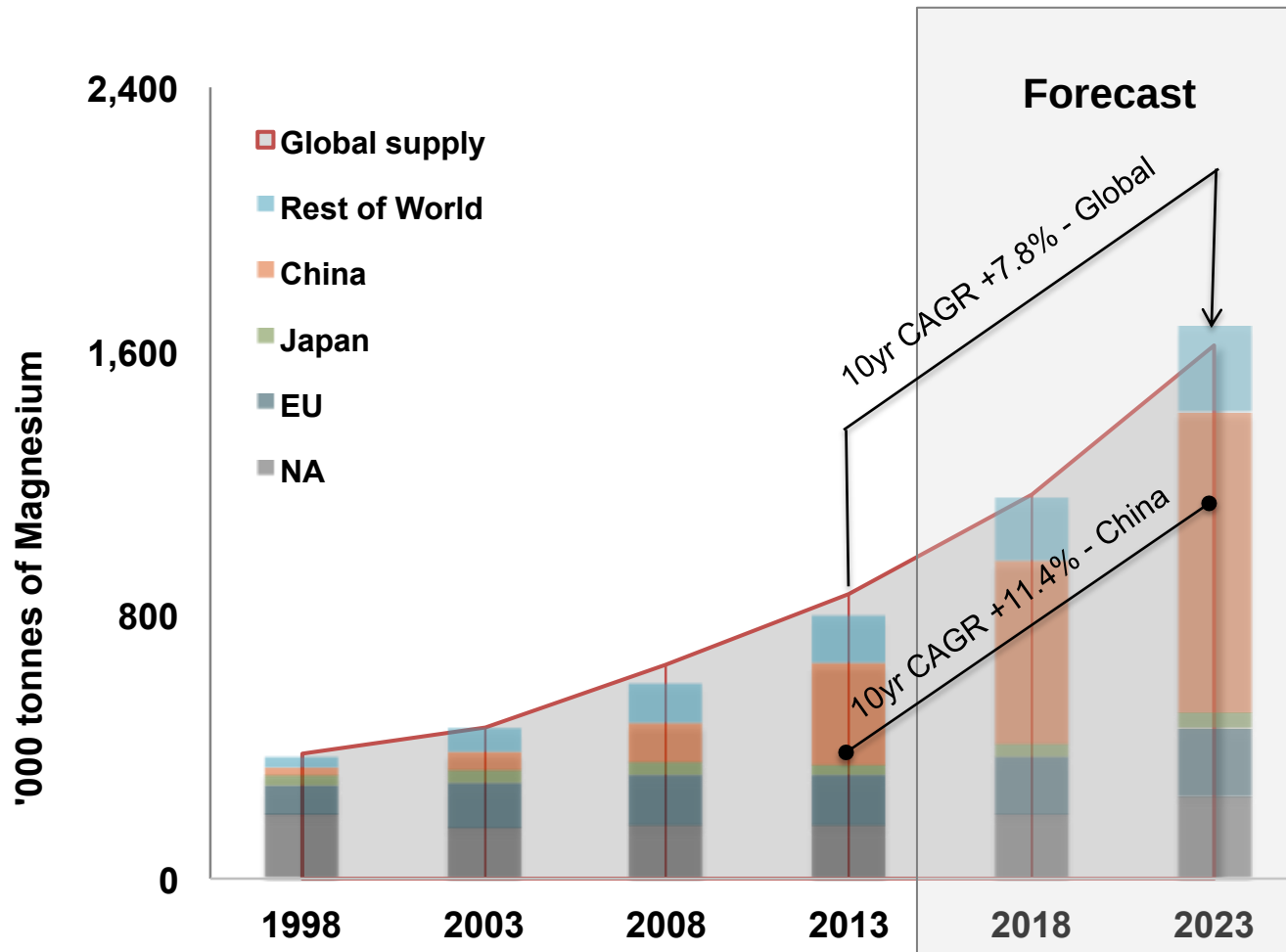


*CM Group 2012 and 2013 presentations to IMA Conference

OICA

- “Automotive” and “Other” die cast Mg consumption rose 36% in 2013*
- Total Mg consumption up 41% year-on-year*
- Chinese annual auto registrations + 22m in 2013, 13.9% year-on-year and CAGR of 18.2% since 2005 (Global CAGR 3.28%)#
- Chinese annual auto production +14.8% in 2013 v global growth of 3.7%
- Automotive manufacturing in China is now dominated by international marques who make >75% of Chinese production#

Automotive and Other Mg Die Cast Sector Growth Forecast to 2023



- Mg is expected to see growth in demand from all major consumer industries
- Automotive die cast demand is expected to grow most strongly
- Automotive die cast demand forecast to grow to more than 500k mtpa

Source: CM Group

Vehicle emission legislation – global comparisons

Year	NEDC gCO ₂ /km							
	US	California	Canada	EU	Australia	Japan	China	S. Korea
2002	261	261	244	166	252	157	213	
2003	259		239	164		156		232
2004	262		239	162	247	154		218
2005	253		237	161	245	153		214
2006	249		227	160	230	149	188	213
2007	243			158	226	147		207
2008	240	239		154	222	141	185	198
2009	213			146				
2010	212				222			
2011	228	221						
2012	205	205						
2013	198	198						
2014	191	191						
2015	181	181		130				
2016	172	172	154			125	167	150
2017	162							
2018	152							
2019	143							
2020	134			95			117	
2021	126							
2022	119							
2023	112							
2024	105							
2025	99							

Actual
Enacted
Proposed
Under study

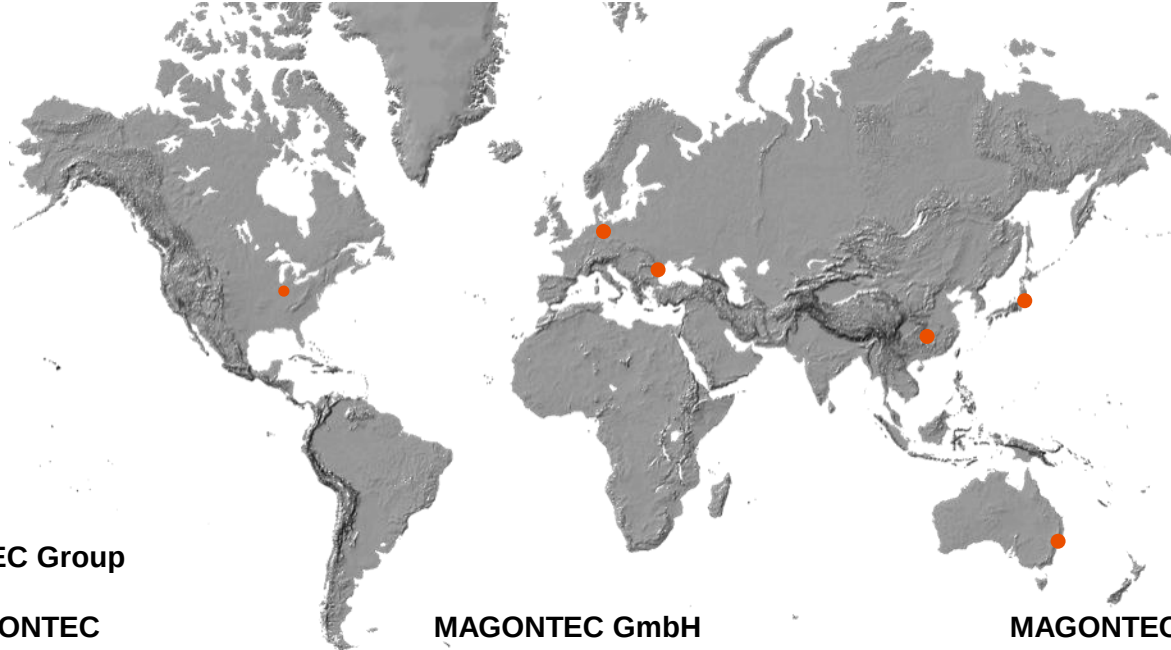
- 100 kg of weight reduction reduces ~10g of CO₂ emission per kilometre
- CO₂ regulations are driving automotive companies to look for lighter materials
- The EU is the most aggressive but all jurisdictions have increasingly stringent emission regulations

Under the EU 'Cars Regulation', fleet average for all new cars is 130g of CO₂/km by 2015 - phased in from 2012 - and 95g/km by 2020. The regulation is currently undergoing amendment in order to implement the 2020 target. Updated 30 July 2012

Summary

- The Qinghai project will be transformative for Magontec and for the magnesium industry
- Magontec has a strong position in Qinghai underpinned by three comprehensive agreements
- QSLM is an equity partner in Magontec – not a disinterested counterparty
- The magnesium industry is enjoying a secular growth trend as automotive companies seek alternative materials that address CO2 emission requirements
- Magontec has an underlying business that is improving – it is not burning cash waiting for Qinghai to come on stream
- Magontec is not just a Mg alloy manufacturer and recycler – it has a growing portfolio of value-adding products in corrosion protection

Thank you for your time



MAGONTEC Group

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