Investor Update

4 October 2012

MGL to commence low CO₂ magnesium alloy production
New projects and restructuring update

Magontec (MGL) is undergoing a process of significant change. The Company has embarked upon a series of new business ventures designed to improve margins and entrench its leading position in the global magnesium alloy and anode industries.

Attached to this release is an Investor Update offering an insight into the scope of the projects and the likely financial outcomes.

MGL operates in a global market and manufactures in six different location across China and Europe. The efficiency of MGL’s primary alloy manufacturing activities directly impacts profitability in downstream activities. In this investor update we highlight the impact of MGL’s two new primary alloy manufacturing facilities in Shanxi Province and at Golmud in Qinghai Province.

In May MGL announced a joint venture with Dongfang Resources to establish Magontec Shanxi Company Limited. The Company holds a 70% stake in this business and has day-to-day control over finance, production and quality control. The JV, which commenced on 1 July 2012, is now operating to a European standard supplying predictable and high quality product into global markets.

The second new primary alloy project was announced in June. This project is at Golmud in Qinghai Province in western China. At Golmud the Qinghai Salt Lake Magnesium Co Ltd (QSLM) has commenced construction of the first phase of the largest pure magnesium manufacturing facility ever built. Its final capacity will be 450,000 metric tonnes, it will be the only electrolytic process magnesium facility in China and will produce magnesium with the lowest CO₂ footprint in China.

Under a Cooperation Agreement between QSLM and Magontec, MGL will build a magnesium alloy cast house on the same site to take a hot metal transfer directly into our alloying furnaces. This is an exclusive agreement for MGL to site its alloy cast house at the Golmud primary magnesium smelter.

MGL’s manufacturing facility at Golmud is not expected to be fully operational until calendar year 2015. To provide shareholders with the ability to make some financial assessment of the project, page 13 of the following “Investor Update” shows a qualitative description of economic factors at Golmud that will affect MGL’s future performance.

In the coming months we will post updates on the progress of this project and financial projections.

Yours sincerely

Nicholas Andrews
Executive Chairman
Investor Update
October 2012
DISCLAIMER

This Presentation has been prepared by Magontec Limited (ABN 30 147 131 977) (Magontec or the Company). This Presentation contains summary information about Magontec and its activities current as at the date of this Presentation. The information in this Presentation is of general background and does not purport to be complete or to comprise all the information that a shareholder or potential investor in Magontec may require in order to determine whether to deal in Magontec shares. It should be read in conjunction with Magontec’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au. This document is not a prospectus or a product disclosure statement under the Corporations Act (Cth) 2001 (Corporations Act) and has not been lodged with the Australian Securities and Investments Commission (ASIC).

Not investment or financial product advice
This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Magontec shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek financial, legal and taxation advice appropriate to their jurisdiction. Magontec is not licensed to provide financial product advice in respect of Magontec shares. Cooling off rights do not apply to the acquisition of Magontec shares.

Financial data
All dollar values are in Australian dollars (A$) unless stated otherwise and financial data is presented within the financial year end of 30 June 2012 unless stated otherwise. Any pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission.

Past performance
Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance
This Presentation contains certain “forward-looking statements”. The words “expect”, “should”, “could”, “may”, “will”, “predict”, “plan”, “scenario”, “forecasts”, “anticipates”, “outlook” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements, and there are risks associated with the Company and the industry (including those set out below) which may affect the accuracy of the forward-looking statements. The Company does not undertake any obligation to release publicly any revisions to any forward looking statement to reflect events or circumstances after the date of this Presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Investment Risk and other risks
Investment in Magontec shares is subject to investment and other known and unknown risks, some of which are beyond the control of Magontec Limited, including risk factors associated with the industry in which Magontec operates and risks specific to Magontec, such as: construction, development and operational risk associated with the Golmud Plant, fluctuations in magnesium alloy prices and exchange rates, risks associated with operating in China, financing risks, market price and demand risk and other risks generally relating to security investments.

Not an offer
This document may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Securities in the Company have not been, and may not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States unless the securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration.

To the maximum extent permitted by law, Magontec and its respective advisers and affiliates, directors, officers and employees:

• make no representation or warranty, express or implied, as to the accuracy, reliability or completeness of information in the Presentation; and

• exclude and disclaim all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the proposed offering and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence of otherwise.

MAGONTEC
Magontec Limited

- Business overview
- Qinghai project
- Industry overview
- Industry drivers
Magontec Limited (ASX Code: MGL) - Company history

1953  Magnesium-gesellschaft founded in Essen
1964  Norsk Hydro acquires Magnesium-gesellschaft
1975  Bottrop starts production
2002  Production starts at Xi’an (100% Hydro)
2004  Bottrop capacity expanded to 15,000 tons
2006  Bottrop recycling capacity expanded to 18,000 tons
2007  Straits Resources acquires Hydro Magnesium
      Name change to Magontec Group
2011  Start of construction at Santana, Romania
      Advanced Magnesium acquires Magontec and changes name to Magontec Ltd
2013 (f) Construction of Golmud cast house
2012  MGL celebrates 10 years in China
      Cooperation Agreement with QSLM
      Production starts at Santana
      Sale of HNKWE JV
2010  Acquisition of a recycling business at Suzhou in China

MAGONTEC - 60 years of experience in Magnesium
CAST is a Technology Association

1 kt = thousands of tonnes

1 30 kt
2 18 kt
3 15 kt

For personal use only
MGL magnesium alloy production - primary and recycling

Strategy
- Improve new alloy margins through move to lower cost facilities (Shanxi)
- Improve recycling margins as new metal volumes from China flow through to Europe
- Grow recycling volumes through new contracts in Romania
- Prepare for Golmud low CO₂ production to come on stream in 2014

MGL China
- Rationalise existing facilities
- Utilise low cost JV at Shanxi
- Deliver Golmud on-time on-budget
- Explore new recycling opportunities

MGL Europe
- Double capacity at Santana in 2013
- Execute cost reduction opportunities at Bottrop
- Investigate future recycling opportunities in Southern Germany / Eastern Europe

Business overview
**Cathodic Corrosion Protection (CCP) - Anodes**

**Strategy**
- Raise barriers to entry through new technology applications
- Address margin opportunities through process improvements
- Reduce cost base in China and Europe through relocations

**MGL Europe**
- Utilise E Europe cost advantage
- Santana to reach full production in 2013
- Increase competitive advantage in Impressed Current Anode Systems (ICAS)

**MGL China**
- Relocate to owned site/reduce overheads
- Develop ICAS product for Chinese markets

---

**Business overview**

<table>
<thead>
<tr>
<th>Year</th>
<th>China</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,500</td>
<td>1,000</td>
</tr>
<tr>
<td>2011</td>
<td>1,500</td>
<td>1,000</td>
</tr>
<tr>
<td>2012</td>
<td>1,500</td>
<td>1,000</td>
</tr>
<tr>
<td>2013</td>
<td>2,000</td>
<td>1,500</td>
</tr>
</tbody>
</table>

1 Calendar year numbers. For 2012 half actual and half forecast.
- In 2011 Magontec had an eligible global magnesium alloy market share of 18%*

- In 2012 production commenced at the Shanxi jv (capacity 30,000 mt pa), and

- In Europe in 2013 there will be a full year of production from Santana in Romania

- In China in 2013 new alloy production will wind down at Xian and Chang Ge and there will be a full year of production from Shanxi

- In Europe 2014 -15 revenue growth from recycling as Chinese export volumes grow

- In China in 2014 – 2015 Magontec anticipates further growth in volumes and revenues from development of Golmud cast house

* Trade barriers effectively exclude Americas markets
Qinghai Salt Lake development – a A$9.1 billion project

- The Chaerhan Salt Lake - a major magnesium chloride resource
Qinghai Salt Lake - project statistics

**Total Qinghai project**
- A$9.1 bn
- Estimated 4 billion tonnes magnesium chloride resource
- Development by Qinghai Salt Lake Industry Co Ltd (QSLI)
  - Shenzen SX listed (000792.SZ)
- 9 other major industrial facilities also under construction
  - including polypropylene, PVC, Calcium Chloride, Calcium Carbide, Sodium Hydroxide
- Infrastructure – major rail, road and utilities networks already installed

**The Magnesium Project**
- A$3.05 bn
- Electrolytic production technology
  (ex - Norsk Hydro Bécancour)
- Energy source: 75% hydroelectric
- Lowest *GHG/CO₂ footprint Mg in China (less than aluminium)
- First stage commencement 2014
  - 150,000 metric tonnes pa
- Final capacity 450,000 mtpa
  - equal to 64% of current World consumption

**Magontec Cast House Project**
- A$10.5 mn
- Magnesium alloy cast house for generic and specialist alloys
- Energy source: 75% hydroelectric
- 56,000 mt per annum production capacity
- Building and land leased from QSLM

*GHG is Green House Gas
Cooperation Agreement between MGL and Qinghai Salt Lake Magnesium Company (QSLM)

In June 2012 Magontec signed a Cooperation Agreement with Qinghai Salt Lake Magnesium Limited (89% owned by QSLI). Under this agreement

QSLM will
- Provide pure magnesium direct from electrolytic furnace under an off-take pricing formula
- Seek to become a 30% shareholder in MGL
- Have the right to appoint a director to the MGL board
- Offer appropriate benchmarks and metrics for long-term fixed contract pricing
- Offer incentives for volume sales by way of discounted supply of pure magnesium.

MGL will
- Finance and construct a 56,000 metric tonne pa alloy casting facility
- Hold exclusive manufacturing and commercialisation rights for all generic and specialty magnesium alloys produced at Golmud
- Have the right to market pure magnesium production from Golmud outside of China

Off-take Price Agreement
- QSLM will supply liquid pure magnesium direct to Magontec alloy cast house under a pricing formula
- The pricing formula references
  - a Chinese published market price for pure magnesium
  - a series of price discounts reflecting project economics

Qinghai Project
Magontec Qinghai - Golmud

- The Golmud cast house will have an initial magnesium alloy production capacity of 56,000 metric tonnes per annum

- QSLM will construct the Golmud electrolytic magnesium project will progress through four stages
  - initial production capacity of first smelter in 2014 of 100,000 mt pa
  - production capacity at the first smelter to be increased to 150,000 mt pa
  - a second electrolytic smelter to be constructed with a capacity of 150,000 mt pa
  - a third electrolytic smelter to be constructed with a capacity of 150,000 mt pa

- The Golmud electrolytic smelter is expected to be completed by July 2013

- Commissioning is expected to take between 6 and 9 months

- Locating in Qinghai Province provides MGL with access to other financial benefits including
  - Tax rate of 15% (v 25% in Xian)
  - Shared administration and other General & Administrative (G&A) costs

Magontec Golmud cast house projected production profile

Qinghai Project
Golmud Cast House – operating costs

Operating cost assumptions for the Golmud Cast House based on annual output of 10,000 mt using 2012 costs

<table>
<thead>
<tr>
<th>Cost per tonne assuming:</th>
<th>2012 magnesium industry prices &amp; 10,000 mt output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>$105.00 Expected to decline to $18.74 per metric tonne at full capacity</td>
</tr>
<tr>
<td>Interest</td>
<td>$48.00 6% interest interest rate (current Chinese interest rate)</td>
</tr>
<tr>
<td>Rent</td>
<td>$31.47 Expected to fall to $6.29 at full capacity</td>
</tr>
<tr>
<td>General Expenses</td>
<td>$38.22 General expenses per tonne are expected to remain relatively constant</td>
</tr>
</tbody>
</table>

![Golmud Operating Cost Curve](image)
Golmud Cast House – margin and revenue opportunities

- Magontec average magnesium alloy gross profit margin per tonne in 2012 was A$190
- The gross profit margin (gross profit/tonnes sold) per tonne at Golmud is expected to be influenced by cost savings from
  - Receiving hot metal direct to Magontec alloying furnaces
  - Cheaper power (sourced from hydro electric) applied in the alloying process
  - Reduced materials handling
  - Location and scale effects reducing labour rates
- Absolute gross profit (total revenue less cost of goods sold) at Golmud is expected to be influenced by added revenue from
  - Increased sales of high margin specialist products
  - Greater production flexibility
  - Greater capacity utilisation and capacity concentration
- Net profit after tax at Golmud is expected to be influenced by the impact of
  - Reduced labour rates
  - Lower income tax rates
  - Shared administration infrastructure
Magnesium is ‘Made in China”

- Chinese magnesium industry founded on energy subsidies, local raw materials and export incentives
- Introduction of export tax, rising labour and energy costs - but China remains very competitive
- All Chinese production is Pidgeon Process. A high GHG/CO$_2$* emission production process
- Chinese Government introducing new environmental regulations targeting high pollution processes
- Chinese Government 12th 5-year plan targets magnesium as ‘future metal’
- Central Government support for Qinghai project to entrench Chinese dominance

* GHG = Green House Gas, CO$_2$ = Carbon Dioxide

Primary Magnesium – Global production

Source: Clark & Marron

Industry overview
Mg pricing versus the ‘competitor metals’

- Energy is key Mg price determinant
  - Costs have risen sharply since 2004
  - Major energy source is coal

- Price volatility declining
  - Size of Qinghai likely to have positive impact

- Mg versus Aluminium:
  - Mg parts require 25% less material (weight) than Aluminium
  - Superior die casting qualities
  - Mg requires cover gas

- Higher cost, older Pidgeon producers under pressure due to environmental concerns

Graph: Mg pricing versus ‘competitor metals’

Source: Asianmetal

Magnesium attributes

- 2/3 weight of Aluminium
- 1/3 weight of Zinc
- high thermal conductivity
- superior tensile properties
Mg die cast industry = 29% of total Mg production

- Chemicals: 2%
- Others: 8%
- Spheroidal Cast Iron: 4%
- Hot Metal Desulfurization: 14%
- Die Casting: 29%
- Aluminium Industry: 43%

Source: Magontec Limited

Industry overview
Magnesium alloys are used in a wide variety of automotive applications

- Mostly generic alloys
  - AZ91/AM50/60

- Moving into “power train”, increasing use of high-temperature alloys
  - AE44 family (Rare Earth)
  - AJ62 (BMW 6 cylinder)
  - AS31 (Daimler powertrain casings)

- New volume applications include “5th door” and gearbox housing

- Early interest in extrusion for structural applications

Processing mainly by die casting

Industry overview
Automotive die cast alloys – Magnesium's growth sector

The auto sector is the key Mg industry growth driver

Automotive Mg growth drivers:
- “Lightweighting” through replacement of materials such as aluminium, zinc and steel
- New alloys: AE44 family, AJ62
- Supply confidence
- Long term contracts
- Major growth opportunities in China and India ++ currently use little Mg in local auto industries
- Change over to PEHV\(^1\) and other hybrid variants – body weight improvements required to compensate for battery inclusion

\(^1\) PEHV = Petrol Electric Hybrid Vehicles

Source: Clark & Marron

Industry drivers
The global alloy market – MGL’s market share

MGL market growth assumptions

- China Mg alloy die-casting forecast to grow by 30% between 2012 – 2015. EU12% for the same period

- MGL forecasting organic growth and increased market share from low CO₂ metal ex-Golmud

- MGL expects positive flow-through to its EU and Asia recycling businesses

- MGL technology portfolio and specialist alloy capabilities enhances attraction to customers

- Changes to Chinese export tax/US anti-dumping legislation - potential positive impacts on MGL’s profit

Industry drivers
Green House Gas/CO₂ issues
1. Life Cycle Analysis (LCA)

- LCA measures the environmental impact of a material through its life, from Original Manufacturing to End of Life

- Average GHG/CO₂ output from magnesium manufactured using the Pidgeon Process has been estimated at 26.2 kgs per kg of Mg produced*

- Pidgeon Process (all Chinese) produced Mg struggles to compete with aluminium (Al) over the life cycle of an automobile (Al world average = 12.7kgs of CO₂ per kg of Al*)

- An electrolytic Mg plant powered by conventional energy sources is expected to generate a CO₂ output of 20 kgs/kg of Mg produced

- QSLM will derive 75% of its energy needs from hydroelectric power, a significant further reduction in CO₂ emissions in its production phase

- Golmud electrolytic facility output of CO₂ per kg of Mg expected to be 6.5* – the lowest level in China and nearly half the CO₂ level of the average aluminium production facility

*Simone Ehrenberger. German Aerospace Centre, Institute of Vehicle Concepts. IMA LCA Study
Comparative Chinese GHG/CO₂ emissions

Average Pidgeon Process Mg generates 26.2 kg CO₂ eq/kg Mg

Golmud Mg forecast to generate 6.5 kg CO₂ eq/kg Mg

<table>
<thead>
<tr>
<th>Process Type</th>
<th>CO₂ eq/kg Mg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Golmud Mg</strong></td>
<td>6.5</td>
</tr>
<tr>
<td>Pidgeon Process*</td>
<td>26.2</td>
</tr>
</tbody>
</table>

GHG Emissions tCO₂/tMg

<table>
<thead>
<tr>
<th>Process</th>
<th>Series1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brine Purification</td>
<td>0.2</td>
</tr>
<tr>
<td>Evaporation</td>
<td>1.94</td>
</tr>
<tr>
<td>Drying</td>
<td>3.73</td>
</tr>
<tr>
<td>Reduction</td>
<td>0.10</td>
</tr>
<tr>
<td>Refining &amp; Casting</td>
<td>0.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6.47</td>
</tr>
</tbody>
</table>
Life Cycle Analysis – example: Mg strut tower

- Chart compares CO₂ impact of:
  - Aluminium
  - Electrolytic magnesium (Golmud)
  - Pidgeon Process magnesium (other China)
  - Golmud Magnesium (renewable energy) comparable or better than aluminium

Source: Simone Ehrenberger. German Aerospace Centre, Institute of Vehicle Concepts

Breakeven point is Mg-Al
(AI World average = 12.7kg CO₂ eq/kg Al)

- Golmud magnesium: positive CO₂ impact from first km
- Pidgeon Process magnesium: positive CO₂ impact after 100-200,000 kms

Industry drivers
Green House Gas/CO₂ issues
2. Vehicle emissions

- Legislation in countries all over the World is designed to promote lower CO₂ emissions in the period leading up to 2020. In Europe there will be penalties for exceeding legislated levels.

- In the table on the next page, legislated and proposed emission targets are normalised to a European standard called the New European Driving Cycle (NEDC) as at April 2011.

- In the effort to reduce CO₂ emissions, weight reduction is a critical element. At 2/3 the weight of aluminium and less than 1/2 the weight of steel, magnesium can make a significant contribution to weight reduction.

- In 2004 a major study by the US Automobiles Materials Partnership concluded that wider use of magnesium parts could take up to 140 kgs from the weight of an average 6 cylinder auto, replacing aluminium and steel.

- Currently there is very little magnesium used in vehicles manufactured outside of Europe, the USA and Japan.

- The major opportunities for weight saving are in heavy, high temperature application such as gear box housings, power train housings and engine blocks.
Vehicle emission legislation – global comparisons

100 kg of weight reduction reduces ~10g of CO₂ emission per kilometre

<table>
<thead>
<tr>
<th>Year</th>
<th>US</th>
<th>California</th>
<th>Canada</th>
<th>EU</th>
<th>Australia</th>
<th>Japan</th>
<th>China</th>
<th>S. Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>261</td>
<td>261</td>
<td>244</td>
<td>166</td>
<td>252</td>
<td>157</td>
<td>213</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>259</td>
<td>239</td>
<td>244</td>
<td>164</td>
<td>252</td>
<td>156</td>
<td>232</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>262</td>
<td>239</td>
<td>244</td>
<td>162</td>
<td>247</td>
<td>154</td>
<td>218</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>253</td>
<td>237</td>
<td>244</td>
<td>161</td>
<td>245</td>
<td>153</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>249</td>
<td>227</td>
<td>244</td>
<td>230</td>
<td>149</td>
<td>188</td>
<td>213</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>243</td>
<td></td>
<td>244</td>
<td>230</td>
<td></td>
<td>149</td>
<td>213</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>240</td>
<td>239</td>
<td></td>
<td>154</td>
<td>222</td>
<td>141</td>
<td>185</td>
<td>198</td>
</tr>
<tr>
<td>2009</td>
<td>213</td>
<td></td>
<td></td>
<td></td>
<td>146</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>228</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>205</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>198</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>191</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>181</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>172</td>
<td></td>
<td></td>
<td></td>
<td>130</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>162</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>152</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>143</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>134</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>126</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>119</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>112</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: International Council on Clean Transportation
(All numbers rebased to New European Driving Cycle)

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

Magnesium industry growth drivers
- Supply certainty – volume from QSLM
- Environmental - CO₂ light material
- Competitiveness v aluminium / other materials
- Long term contracts
- Price stability
- Application development
- Mg alloy technologies
- China, India Mg usage in autos
- ‘3C’ market extension
- Fast train – extrusion/twin roll technologies
- Aircraft – seat frames
- 100% recyclability

Magontec profit growth and market share drivers
- Exclusive/direct access to QSLM Mg
- Reduced manufacturing costs
- Low cost manufacturing locations
- Competitive domestic and export pricing
- Preferred supplier status with CO₂ light Mg
- Increasing Chinese industry regulation
- Environmental emissions controls in China
- Global recycling infrastructure
- Technology portfolio
- Research & Development focus
- Western & Chinese affiliation / status
- Existing transport infrastructure at Golmud