



# UPDATE Weekly

March 2, 2012

Edition: 09

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Below are articles and summaries of **magnesium** related stories. Members are asked to distribute the update to their employees – if their employees wish to receive the IMA Weekly Update, please send their email addresses to the IMA Head Office. We appreciate your company press releases and announcements for inclusion in the Weekly Update.

## INDUSTRY CALENDAR

April 3-5, 2012

U.S. EPA Hardrock Mining Conference 2012:  
Advancing Solutions for a New Legacy  
Denver, Colorado, USA  
<http://www.epa.gov/nrmrl/events/event04032012.html>

April 24-25, 2012

[IMA 4th Annual European Magnesium Applications Seminar](#)  
Holiday Inn Düsseldorf – City Centre,  
Königsallee; Düsseldorf, Germany

April 25-26, 2012

Global Automotive Lightweight Materials Initiative  
London, United Kingdom  
[www.global-automotive-lightweight-materials.com](http://www.global-automotive-lightweight-materials.com)

May 2-3, 2012

Automotive Metals Conference  
Dearborn, MI USA  
[www.amm.com/EventDetail/4259/5th-Automotive-Metals-Conference.html](http://www.amm.com/EventDetail/4259/5th-Automotive-Metals-Conference.html)

May 20-22, 2012

IMA 69<sup>th</sup> Annual World Conference  
San Francisco, California, USA  
[www.imaworldconference.org](http://www.imaworldconference.org)

July 8-12, 2012

9<sup>th</sup> International Conference on Magnesium Alloys  
and their Applications  
Vancouver, Canada  
[www.magnesium2012vancouver.com/welcome.html](http://www.magnesium2012vancouver.com/welcome.html)

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## ASSOCIATION NEWS

IMA 69<sup>th</sup> Annual World Conference: *Magnesium – The Dream Metal*

Staff News

Articles follow below

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## INDUSTRY NEWS

Ultralight Vehicles: New Cooperative Venture Strengthens Magnesium Research in Geesthacht

[Helmholtz-Zentrum Geesthacht, Centre for Materials and Coastal Research](#) (27-Feb-12)

US Magnesium Price Consolidates Recent Gain on Slight Supply Shortage and Freight Costs

[www.metal-pages.com](http://www.metal-pages.com) (29-Feb-2012)

Announcing Global Automotive Lightweight Materials 2012, Business Design Centre, London, UK

<http://www.global-automotive-lightweight-materials.com> (24-Feb-12)

Articles follow below

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## CHINA'S LATEST

China Magnesium Industry and Market Bulletin

[www.chinamagnesium.net](http://www.chinamagnesium.net) (27-Feb-2012)

Articles follow below

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*EDITOR'S NOTE: IMA makes every possible effort to substantiate the articles which appear in the Weekly Update. However, as this is not always possible IMA does not warrant the details nor accuracy of any given article. Please keep in mind that materials are attained through press releases, outside articles from numerous sources and publications. Such materials often contain opinions which are not that of the association nor should they be construed as such. We realize that in the case of some materials, the translations might often lead to less than perfect grammar, etc. It is our position however to print as submitted rather than take upon ourselves the editing of such materials which would entail potential changes unwanted by any given author.*

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## ASSOCIATION NEWS

### IMA 69<sup>th</sup> Annual World Conference: *Magnesium – The Dream Metal*

The 69<sup>th</sup> Annual World Magnesium Conference will be held in San Francisco, California, USA from May 20 – 22, 2012. Visit [www.imaworldconference.org](http://www.imaworldconference.org) to:

- Process your online [Registration](#). It's easy, safe and secure.
- Download the [Attendee Brochure](#) for a comprehensive outline of the Conference.
  - Check out the **Technical Program**. Review the list of Speakers and their scheduled topics of presentation.
  - Plan for your upcoming **Networking Opportunities**. Connect with Industry peers and friends.
  - Learn about the San Francisco area and read about the **Optional Tours**.  
**PLEASE NOTE: A minimum of 25 people must register for each tour by Monday, March 19th or the tours will be cancelled. Please sign up now!**
    - **Wine Tour and Lunch** in Yountville of Napa Valley (Monday, May 21)
    - San Francisco's **Conservatory of Flowers Tour and Lunch** (Tuesday, May 22)
  - Print and Process your **Registration** form.
  - Get important **Travel** and **Lodging** information
- Download the [Exhibitor/Sponsor Opportunity Brochure](#) to find out how you can get more involved. Space is filling up quickly so please submit your [Commitment Form](#) today!

#### IMA 69<sup>th</sup> Annual World Conference Exhibitors:



#### The IMA thanks 2012 World Conference Sponsors:



Since 1919

*Spouse Welcome Reception*



*Closing Banquet*

- Reserve your accommodations at **The Fairmont San Francisco** (Discounted prices available through April 29, 2012 so please make your reservation soon to take advantage of the special IMA rate).

The World Magnesium Conference is the premier international **magnesium** conference that highlights the industry's latest technological advances, innovative applications, and emerging developments in the global marketplace. The conference combines informative technical sessions, exhibits, networking opportunities, as well as social activities and tours for a well-rounded industry experience. In addition, winners of the 2012 Awards of Excellence—IMA's competition recognizing outstanding **magnesium** products and innovative manufacturing technologies—will be announced during the World Magnesium Conference. Additionally IMA will recognize environmentally progressive and responsible companies in the 2012 International Environmental Responsibility Award competition.

As information about the 2012 World Conference becomes available, it will be reflected on the website [www.imaworldconference.org](http://www.imaworldconference.org) and proactively sent out via targeted emails and the IMA Weekly Update.

We look forward to seeing you in May!

#### *Standard Cancellation Policy*

*Conference Cancellations received by the IMA in writing by March 25 will qualify for a refund of 80%. Cancellations received by the IMA in writing by April 22 will qualify for a refund of 40%. No refunds will be given after April 22 due to Conference contractual service arrangements.*

*Any cancellations due to declined Visa applications will be refunded in full if the Visa application was submitted prior to March 15, 2012. Appropriate documentation is required. Cancellations due to declined Visa applications after March 15 will follow the standard cancellation policy noted above.*

#### **Staff News**

After over six years of service as the IMA European Staff Representative, Jo Willekens has decided to resign from the position to pursue other opportunities.

We thank Jo for his service and wish him good health and every success in the future. A new IMA European Representative will be appointed soon.

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## **INDUSTRY NEWS**

### **Ultralight Vehicles: New Cooperative Venture Strengthens Magnesium Research in Geesthacht**

#### **Helmholtz-Zentrum Geesthacht, Centre for Materials and Coastal Research (27-Feb-12)**

In the framework of the World Premier Materials (WPM) development programme, the South Korean government has provided more than 100 million dollars to fund research and development in the field of magnesium technology. The **Magnesium**-Innovations Center (MagIC) in Geesthacht will be an important scientific project partner. Intensive research into the **magnesium** technologies of the future will be conducted on this unique research platform under the leadership of Prof. Dr. Karl Ulrich Kainer.



[The researchers are studying magnesium sheet materials and casting technologies, to make them applicable for use in vehicle.](#)

The South Korean programme for the development of ultralight vehicles has met with great interest in Germany. More than 80 German and South Korean participants came together in Irsee (Bavaria) at the beginning of February 2012 in order to discuss the first steps to be taken. Materials scientists from the Helmholtz Center Geesthacht were joined by representatives from global corporations such as VW, BMW, POSCO, Thyssen and also from the TU Munich and Bergakademie Freiberg (Mining Science University). The participants exchanged ideas on casting and rolling technologies, **magnesium** sheets and wrought **magnesium** materials. Specific initial bilateral collaborations between industry and research were agreed upon.

The Geesthacht **magnesium** research scientist, Dr. Dietmar Letzig, stated: "The meeting was highly successful and resulted in many useful contacts. We know that there is a great demand for light materials in the automotive sector. Vehicle manufacturers are the most important market for **magnesium** sheet metal. However, a number of real challenges remain, such as, for example, corrosion resistance and security of supplies". The engineers and scientists of the major automobile and aircraft manufacturers are working intensively on the construction of lighter cars and aircraft, as each kilo reduced means a reduction in fuel consumption and thus also in CO<sub>2</sub> emissions.



The weight of **magnesium** is only a quarter of that of steel, and it is 30 percent lighter than aluminum. **Magnesium** is, therefore, already being used successfully in many areas of automobile construction. These parts are generally produced with casting processes, such as in undercarriages for instance. For large surface body parts such as doors, flaps, or roofs, in which a lightweight construction material could save even more weight, the use of rolled **magnesium** sheets is advantageous. Materials research scientists in Geesthacht are carrying out investigations into such rolled **magnesium** sheets with regard to applications in vehicle construction.

An ultramodern casting and rolling plant is available to scientists on the premises of the research centre for this purpose. Research is also being carried out into special anti-corrosion coatings which protect the surfaces of the **magnesium** components against damage in a wide range of applications.

### **More about World Premier Materials (WPM)**

In the framework of a project to secure ten key materials for industry, the so-called World Premier Material (WPM) Development Programme (2010 – 2018), the Korean government has selected 220 enterprises and research institutes, including major companies such as POSCO Ltd. or Samsung, and divided them into ten working groups. One of these is the “Magnesium Research and Development Project for Ultralight Vehicles” in which the Helmholtz Centre Geesthacht is an acting partner. Other projects are focussing on, for example, energy efficient multifunctional nanocomposites or sapphire single crystal materials for LEDs. The objective of the WPM development programme is to promote the supply of industrial materials for global markets which are anticipated to be worth billions in the future. The Korean government intends to invest a total of one billion US dollars in the ten working groups and thus gain a share of more than 30% of the global market in major new industrial sectors for these materials.

### **About MagIC – Magnesium Innovations Center**

The MagIC centre carries out research on **magnesium** materials for diverse applications (e.g. traffic engineering and medical technology). A particular focus lies in the development of alloys and the optimization of existing and new manufacturing processes. Fundamental research based on scientific knowledge and practice-oriented investigations are necessary in order to maintain an optimal spectrum of material properties when using **magnesium** in applications. MagIC offers proven expertise and the appropriate facilities for this purpose. At present the centre is divided into four departments for the research and advancement of **magnesium** materials.

#### [Magnesium Innovations Center](#)

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### **US Magnesium Price Consolidates Recent Gain on Slight Supply Shortage and Freight Costs**

[www.metal-pages.com](http://www.metal-pages.com) (29-Feb-2012)

The price of pure **magnesium** in the US has consolidated recent gains after tighter near-by supplies and a slight improvement in demand bumped prices in the past month.

Trading levels in the spot market have slowed after a brief period of activity as consumers retreat to the sidelines and only buy what they need.

“It’s quiet again. But the market is marginally better than it was a month or two ago. Customers are taking everything they contracted for on time and with no delay,” said one trade source.

“There are some higher offers out there and this may reflect that you have to pay above the contract price and freight costs because fuel surcharges are higher. But if you search you can probably find it cheaper.”

US spot pure **magnesium** min 99.9% remains in a range of \$2.05-2.20/lb, while 90/10 material is holding in a range of \$1.75-1.85/lb.

Availability of near-by metal tightened slightly after offers for **magnesium** from Malaysia-based CVM Minerals started to dry up.

“There were some offers out there. But I’m not sure how much was taken because consumers wanted to run qualifying tests on it first,” said the trade source.

The marginal improvement in the **magnesium** sector comes as the aluminum industry experiences improved volumes due to growth in the automotive and aerospace industries.

This has offset the muted demand from the aluminum extruding industry amid a slow recovery in the residential and commercial housing industries.

Although demand for metal traditionally picks up through the spring buying period, trade sources warn that the market is delicately balanced in light of the slowdown in Asia and Europe, while US Magnesium LLC continues to ramp-up production.

“The Chinese market is in the doldrums. Some Chinese metal is going to Europe and if prices start to fall there it could impact spot prices elsewhere,” said the trade source, noting that US anti-dumping duties on Chinese **magnesium** would continue to deter imports.

Utah-based US Magnesium is planning to increase production from about 60,000 tonnes to 63,500 tonnes by the middle of this year.

Meanwhile, Tredegar Corp. said last week that it is set to shut down its Bonnell Aluminum subsidiary due to the slow recovery in the building and construction markets.

Richmond, Virginia-based Tredegar said last week that its Bonnell Aluminum subsidiary plant in Kentland, which employs 146 people, would close by the end of the third quarter.

The decision to close the plant comes as Tredegar said that a significant recovery in the residential and commercial building sectors appears some way off.

The aluminum extrusions market, which is a key end-user sector for **magnesium**, is tied to the beleaguered construction sector and has faced diminished volumes since the 2008 downturn.

### **Announcing Global Automotive Lightweight Materials 2012, Business Design Centre, London, UK**

**<http://www.global-automotive-lightweight-materials.com> (24-Feb-12)**

IMA has been invited to partner with the Global Automotive Lightweight Materials Initiative that takes place April 25-26, 2012 in Central London, United Kingdom.

Designing and manufacturing a commercially viable lightweight vehicle, whilst maintaining structural performance, remains a top priority for the automotive industry, as they battle to meet stringent carbon emissions targets and fulfill consumer demands for highly fuel efficient vehicles.

However, significant cost barriers remain across the advanced lightweight materials cycle from procurement and manufacturing processes to end of life recycling. Clearly tackling these costs will be key to mass-market applications, in tandem with resolving the remaining technical challenges to ensure optimal part performance.

At the Global Automotive Lightweight Materials Initiative 2012 you will be able to join the lightweighting community to benchmark your gram strategy, examine best practices and discover innovative, commercially viable solutions for sourcing, integrating and manufacturing advanced lightweight materials.

This is your opportunity to find out actual results being delivered in weight savings, amongst a backdrop of candid debate on collaborative opportunities to enable widespread adoption of advanced lightweight materials and finding the most feasible routes to achieving scale.

Please note that Mr. Alex Markin, Managing Director of IMG (International Magnesium Group, a wholly owned subsidiary of IMA Member CD International Enterprises, Inc.) will be among the panel speakers at the event.

As an IMA Member, you can claim a 15% discount on the advertised rates. To claim this offer, please email [info@london-business-conferences.co.uk](mailto:info@london-business-conferences.co.uk) or call ++ 44 (0)20 7033 4970.

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## CHINA'S LATEST

### China Magnesium Industry and Market Bulletin [www.chinamagnesium.net](http://www.chinamagnesium.net) (27-Feb-2012)

#### Market Focus

##### Magnesium Market Seen Stable

From February 13th to February 17th, ex-works quotations for 99.9 minimum ingots from leading production bases were steady up as indicated in Shanxi from 16,300 – 16,500 yuan, Shaanxi from 15,900 to 16,100 yuan and Ningxia from 16,300 – 16,500 yuan. Export prices remained unchanged 2,950 - 3,000 US dollars.

In Fugu, a source told us that this week's market was quite stable, with most of the contracts done at 15,900-16,000 yuan. Fugu's stock is continually getting lower, so in the future, the price might go up a little.

A trader said that **magnesium** price now is holding at current level. "Now, **magnesium** production is concentrating in Shenfu. There is not much left in Shanxi. Right now, it is difficult to sell more than 16,000 yuan. The FOB price I heard is 16,500 yuan." he said. "For exports, the overseas clients are not still digesting previous buying. Next round of buying would be middle of March. So, I only do some exports of **magnesium** powders, with very rare ingots." he added.

#### Industry News

##### China Produced 660.6 kt of Primary Magnesium, Up 1.04% y-on-y

Lately, CMA released the production statistics of primary **magnesium** for 2011. In 2011, the output was 660.6 kt, up by 1.04% compared with the previous year; **magnesium** alloy 239.2 kt, up 14.12% year on year; **magnesium** powder & granules 122.4 kt, down by 13.87% year on year. Production was mainly concentrating on Shanxi (329.2kt), Shaanxi (253.9kt) and Ningxia (89.5kt), accounting for 93.46% of the total. For the past few years, **magnesium** smelting has been moving to areas with energy advantages like Shaanxi, Inner Mongolia and Xinjiang, with Shaanxi's capacity of more than 665 kt and 38 smelters, largely ahead of Shanxi. For 2011, China has 75 smelters in total.

Sunlight Metal analysis is that CMA's data might be large, especially from Shanxi. Also, there were repeated statistics. The actual production should be around 600 kt.

##### Domestic Magnesium Consumption Recorded 276.8 kt in 2011

Lately, CMA released China's domestic consumption data. In 2011, domestic consumption exceeded 276.8 kt, up 19.31% year on year, the highest historical level for China. According to CMA, **magnesium** alloy die castings and profiles consumed 91.8 kt, aluminum alloy 78kt, desulphurization 30 kt, nodular cast iron 27 kt, titanium 38 kt and rare earth **magnesium** alloy 6 kt.

Sunlight Metal analysis is that CMA's consumption statistics might be large, especially for **magnesium** alloy. Also, there were repeated statistics. The actual consumption should be around 210 kt.

##### China Will Enlarge Magnesium Alloy Application During the 2011-2015 Period

In January 2011, the Ministry of Industry and Information Technology (MIIT) of the PRC released the 12th Five Year Plan for New Material Industry, which was compiled by MIIT, NDRC, MOST and MOF etc. The plan, a guideline for the development of new material industry for the next five years, is an important basis for the governmental configuration of public resources and policy making of enterprises.

**Magnesium** alloy, as a new type of light metal material, got listed in the plan and was given priority.

In the plan, China will follow the direction of being light, high strength, large scale, high temperature resistance, corrosion resistance and fatigue resistance to develop high performance aluminum alloy, **magnesium** alloy and titanium alloy to fulfill the need of large aircraft and fast train sectors. Moreover, speeding up the development of **magnesium** alloy equipment and deep processing technologies, and making more application demonstrations for **magnesium** alloy auto parts and rail transit will be focused.

The goal of high strength light alloy projects is to make breakthroughs in development of new types of alloy, forming high-tech aluminum alloy capacity of 300 kt, high-tech aluminum titanium alloy of 20 kt, high-strength **magnesium** alloy die casting & profiles & sheets of 150 kt. The plan also listed **magnesium** alloy products that need to be focused, including low-cost AZ and AM die castings, low-cost AZ **magnesium** alloy extrusion profiles & sheets, **magnesium** alloy rims, large section profiles, wide-width sheet over 1,500 mm and high performance forging and casting. More detail will be reported in our next issue.

The plan mainly covers 6 fields, including special metal functional material, high-tech metal structural material, advanced polymer material, new type of inorganic non-metallic material, high performance composite material, and cutting edge new material. China central government will gradually introduced new policies, encouraging and supporting new material industries.

### **National Al & Mg Electrolysis Equipment Engineering Research Center is Approved by the Ministry of Science and Technology of the PRC**

The Ministry of Science and Technology of the PRC recently approved the commission of National Al & Mg Electrolysis Equipment Engineering Research Center, based on CNAL Guiyang Institute of Al-Mg Design.

The research center will be supported by Guiyang Institute of Al-Mg Design with the basis of Guizhou Light Metal Processing Equipment and Engineering Research Center. It will focus R & D, technology transfer and application of high efficient energy and reliable primary Al & Mg technology and equipment.

China's production of primary aluminum and **magnesium** ranks No1 in the world. However, the equipment level largely lags behind, with some key equipment still from abroad. So, there is huge market potential for primary aluminum and **magnesium** equipment.

### **Chongqing Nanchuan Launches Al-Mg Base with Newly Signed Magnesium Alloy Cyclic Project**

Recently, Chongqing Nanchuan signed agreement with Chongqing West Superior Qinfeng Aluminum Metal Material Co., Ltd. Both parties are ready to start a cyclic economy project of 150 kt of **magnesium** alloy and 750 kt of calcium carbide. The project is to start civil work in July and will be completed by the end of 2015, aiming at providing **magnesium** alloy for notebook and automobile & motorcycle industries.

The project plans to cover 1,600 acres with total investment of 5 billion Rmb. Processing technology will be advanced, energy-saving, environmental friendly and cyclic integrated. Exhaust gas and waste heat will be fully recycled. The construction will be in two phases. Phases one is to build 20 kt of **magnesium**, 150 kt of calcium carbide and 400 kt of stamping coke; Phase two plans to finalize 30 kt of **magnesium**, 600 kt of calcium carbide, 820 kt of stamping coke and 150 kt of **magnesium** alloy. The move will provide 3,000 positions.

Chongqing Nanchuna is rich in Al and Mg mines, with more than 74.5 million tons of dolomite reserves.

### **China Magnesium Corporation Granted Halt Pending Their Capital Raising Details**

China Magnesium Corporation (ASX: CMC) has been granted a trading halt by the ASX pending the release of proposed capital raising details, with the company's shares placed in pre-open.

China Magnesium has not yet indicated where the potential cash injection will be allocated, but the company has been very active recently progress in the Pingyao **magnesium** project, which is located in the Shanxi Province of Northern China.

The project is strategically located in one of the largest **magnesium** producing regions in the world with access to skilled labor, low-cost feedstock and infrastructure.

The company has key permits in place to expand production to 105,000 tonnes per annum, and intends to do so in three phases by December 2013.

The halt will last until the earlier of an announcement being made to the market, or the opening or trade on Thursday, February 23.

### **CD International Enterprises: First Quarter '12 Financial Results**

U.S.-based China Direct Industries, Inc. announced (Feb. 14) its financial results for the first quarter, fiscal 2012, ended December 31, 2011.

The company, headquartered in Deerfield Beach, Florida with corporate offices in Shanghai, produces, sources, and distributes industrial commodities in China and the Americas and provides business and financial consulting services.

For the period, total revenues were \$36.9 million with net income attributable to common stockholders of \$3.1 million (net income of \$0.08 per basic and diluted share on 40.6 million basic weighted average shares, 41.1 million diluted weighted average shares). The results compare to revenues of \$45.8 million with net income attributable to common stockholders of \$3.4 million recorded in the first quarter of fiscal 2011. Net income per basic and diluted share in the first quarter of fiscal 2011 was \$0.11 on 31.8 million basic and diluted weighted average shares.

Gross profit margin, first quarter fiscal 2012, increased to 15.2% compared to 14.3% in the comparable period in fiscal 2011. Net profit margins also increased in the first quarter of fiscal 2012, to 8.4% compared to 7.5% in the same period in fiscal 2011.

In the first quarter of fiscal 2012 in the company's **magnesium** segment CD International Enterprises shipped 6,345 metric tons of **magnesium** at an average sales price of \$2,833 per metric ton, realizing revenue of \$18.0 million.

A statement accompanying the report quotes Dr. James Wang, Chairman and CEO of CD International, "Our core business continues to remain strong in the first quarter of fiscal 2012. We have deployed substantial resources to build our operations in North and South America and prepare for the remainder of this fiscal year in our **magnesium** segment. We are confident that as we complete our **magnesium** expansion plans, we will be poised to become the overall leader in this industry as we see market trends improve heading into the second half of our fiscal year."

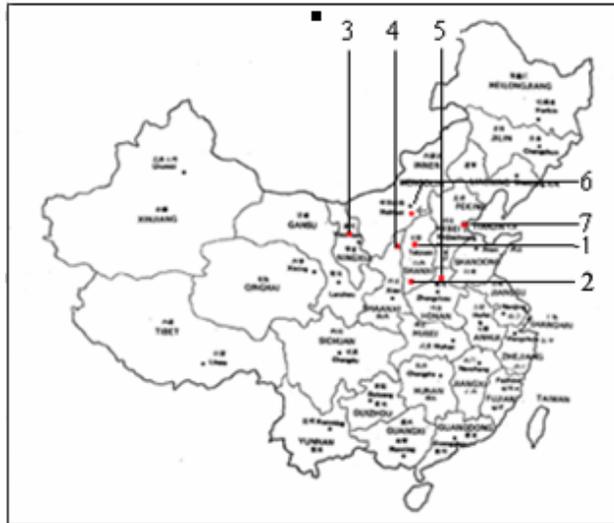
## Price Indicators

### Sunlight's Price, Pure Magnesium (>99.8%) and Aluminum

Item		Magnesium Price	Unit
Shanxi Province	Taiyuan City, ex-works <sup>1</sup>	16300-16500	RMB yuan/ton
	Yuncheng City, ex-works <sup>2</sup>	16500-16600	RMB yuan/ton
Ningxia Autonomous Region, ex-works <sup>3</sup>		16300-16500	RMB yuan/ton
Shaanxi Province, ex-works <sup>4</sup>		15900-16100	RMB yuan/ton
Henan Province, ex-works <sup>5</sup>		None	RMB yuan/ton
Inner Mongolia Autonomous Region, ex-works <sup>6</sup>		None	RMB yuan/ton
FOB Xingang, Tianjin <sup>7</sup>		2950-3000	USD/ton
CIF, Rotterdam Port		3030-3080	USD/ton
CIF, Toronto Port		3070-3120	USD/ton
Date	SHFE Spot Aluminium		Unit
20-Feb.-2012	15955/		RMB yuan/ton
24-Feb.-2012	15990/		RMB yuan/ton

**SHFE:** Shanghai Future exchange

(Exchange Rate of USD versus RMB is 6.2876 on Feb. 24<sup>h</sup> based on <http://www.boc.cn/>. We place a Chinese map here to mark the major production bases and Xingang Port of Tianjin for your reference.)



**Note:**

1. All the ex-works prices are VAT-paid.
2. The FOB price is based on ex-works basis, plus inland freight and miscellaneous expenses at Xingang Port of Tianjin. Because the distance from these six production bases to Xingang Port is different, their land freights also vary. FOB price includes 10-percent exports tariff from Jan. 1, 2008.
3. CIF prices are based on FOB price plus ocean freight and insurance, which will also vary time by time.
4. When getting ex-works price and FOB price, we give some weight numbers to each respondent and then get the weighted average prices.



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