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.

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### INDUSTRY CALENDAR

**August 21 – 22, 2012**  
Global Automotive Lightweight Materials  
Detroit, Michigan, USA  

**September 27– 29, 2012**  
Calcium and Magnesium in Groundwater - Distribution and Significance International Seminar  
Katowice, Poland  
[http://camgseminar.pgi.gov.pl](http://camgseminar.pgi.gov.pl)

**September 30 – October 3, 2012**  
COM 2012  
Niagra Falls, Ontario, Canada  

**May 19 – 22, 2013**  
70th Annual IMA World Magnesium Conference (more details coming soon!)  
Xi’an, China  
[www.IMAworldconference.org](http://www.IMAworldconference.org)
Please Join Us for the 70th Annual World Magnesium Conference in Xi’an, China

Announcing Global Automotive Lightweight Materials Detroit – Media Partners with IMA

Articles follow below

LMG Reduces Capital Costs for Latrobe Valley Magnesium Plant to $35-40m
Press Release, Latrobe Magnesium (23-Jul-2012)

Karnalyte Resources to Build Magnesium Co-products Plant in Canada
www.metal-pages.com (24-July-2012)

Articles follow below

EU Auto Market Woes Continue as Truck and Van Sales Drop in June
www.metal-pages.com (26-Jul-2012)

Articles follow below

China May Top Ten Magnesium Exporters
www.metal-pages.com (18-Jul-2012)

China Magnesium Industry Market Bulletin
www.chinamagnesium.net (20-Jul-2012)

Articles follow below

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.
Please Join Us for the 70th Annual World Magnesium Conference in Xi’an, China

The World Magnesium Conference is scheduled for May 19-22, 2013. This event is the premier international magnesium industry conference that highlights the latest technological advances, innovative applications, and emerging developments in the global marketplace. The conference combines informative technical sessions, exhibits, networking and social opportunities for a well-rounded industry experience.

- Industry Updates
- Technical Program, provide a wealth of information for magnesium industry professionals and address topics ranging from an overview of the current state of the magnesium industry to magnesium process breakthroughs, applications, and business management issues.
- Social Program
- Sponsorship Opportunities
- Awards of Excellence, IMA’s competition recognizing outstanding magnesium products and innovative manufacturing technologies
- International Environmental Responsibility Awards
- IMA Annual Membership Meeting
- Exhibit Showcase
- Spouse Program
- Tours

Xi’an today sits in the fertile Wei River valley, one of the epicenters of early Chinese civilization. The area was home to the capitals of several major dynasties (historians can count 11), stretching all the way back to the Zhou in the 11th century BC. The remnants of this ancient world are everywhere – from the First Emperor’s Terracotta Army to the Muslim influence that still characterizes the city. Many of the city’s attractions are unique not only to the city itself, but to all of China.

Click here for the 2013 IMA Annual World Magnesium Conference flyer.

Announcing Global Automotive Lightweight Materials Detroit – Media Partners with IMA

IMA has been invited to partner with the Global Automotive Lightweight Materials Detroit which takes place August 21-22, 2012, at the Detroit Marriott in Troy, Michigan.

The conference forms part of our Fuel Economy Series to provide a key industry forum to address the challenges of integrating lightweight materials and enable a scalable and economically viable lightweighting solution. 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.

As an IMA Member, you can claim a 15% discount on the advertised rates. To claim this offer, please email info@american-business-conferences.com or call 1-800-721-3915.
INDUSTRY NEWS

LMG Reduces Capital Costs for Latrobe Valley Magnesium Plant to $35-40m
Press Release, Latrobe Magnesium (23-Jul-2012)

23 July 2012, Sydney Australia: Latrobe Magnesium Limited (ASX:LMG) has substantially reduced the capital costs of its first commercial magnesium plant in Victoria’s Latrobe Valley from $100 million to $35-40 million.

The reduction is due to a reduced size of its first commercial plant from 10,000 tonnes to 5,000 tonnes of magnesium metal per annum. It is also due to the confirmatory and optimisation work over the past six months.

The test work has also indicated a decrease in plant operating costs by about 10%.

LMG’s prefeasibility study identified a number of process assumptions that needed to be confirmed with subsequent hydromet and retort test work. LMG has named this work the adjustment study.

The highlights of this test work completed to date, which have led to reduced capital and operating costs may be summarised as follows:

- Reduced size of tanks used in the hydromet circuit due to less reaction time of chemicals.
- Less reagents used in the hydromet process.
- Increase in the removal of iron, up from 55% to 74%, producing savings in reductant costs.
- Improved MgO content achieved in retort feed stock increasing productivity.
- Reduced size of the thermal reduction process.

This work has been responsible for the reduction in the capital cost estimate of its 10,000 tonne plant from $100 million to between $65 million to $70 million.

The full results of the adjustment study will be announced upon its completion.

LMG believes that with support from both state and federal governments, banks and its stakeholders, that funding of $35-40 million is achievable in the current economic climate.

Kevin Torpey, Director
Latrobe Magnesium
Suite 601, 20 Barrack Street, Sydney, NSW 2000 Phone: +61 (0)2 9251 0400
Postal Address: GPO Box 4729, Sydney, NSW 2001 Fax: +61 (0)2 9262 5666

The information in this statement that relates to the laboratory results is based on information compiled by Mr Kevin Torpey, who is a member of the Australasia Institute of Mining and Metallurgy. Mr Torpey is a Director of Latrobe Magnesium Limited and has sufficient experience which is relevant to the style of mineralization and type of deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Torpey consents to the inclusion in this statement of the matters based on his information in the form and context which it appears.

Karnalyte Resources to Build Magnesium Co-Products Plant in Canada
www.metal-pages.com (24-July-2012)

Karnalyte Resources Inc. is set to build a 100,000 tonne-per-year magnesium co-products plant at its flagship Wynyard carnallite project in Saskatchewan, Canada.

The Calgary-based company said that following the results of a preliminary feasibility study, it plans on building a magnesium co-product plant that will produce 100,000 tonnes of magnesium chloride brine at 32% purity and 104,000 tonnes of hydromagnesite at 99% purity per year.

Construction of the $156-million facility is dependent on the development of the 625,000 tonne-per-year potash facility, which will use carnallite and sylvinitite as sources of potassium chloride and magnesium.
The recently completed study forecast the magnesium production facility to potentially hold an after-tax net present value of $261.5-million at an 11% discount rate and is expected to provide a 295% return on the investment.

"This study further validates the value of our Wynyard carnallite project and confirms the viability of a diversified product stream that will help maximize future revenues," said Robin Phinney, president and ceo of Karnalyte Resources.

Karnalyte noted that magnesium chloride is used in a wide range of applications, including raw materials for steel and cement industry refractories, fire extinguishing chemicals, additives and fillers for rubber and other polymers; and in the chemical, petrochemical, detergent, and pulp and paper industries.

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**EUROPE’S LATEST**

**EU Auto Market Woes Continue as Truck and Van Sales Drop in June**


European demand for new commercial vehicles fell 10.8% year-on-year in the first half of 2012, according to the latest vehicle registration figures from the European Automobile Manufacturers Association (ACEA).

The steady downward trend in monthly sales, which continued in June, echoes the weakening trend in the passenger car market. It is most evident in Eurozone countries - most notably in Italy and Spain - and does not bode well for the supply chain - the downstream markets for stainless steels and aluminium alloys, tooling steels and glass, among other materials.

Between January and June, 892,850 new commercial vehicles were registered in the EU with all major markets reporting a decline in sales, from 1.9% and Germany, 5.1% in the UK and 7.2% in France to 25.5% in Spain and 37% in Italy. The relatively small markets of Denmark, Romania, Bulgaria, Estonia and Latvia saw better growth than the larger commercial vehicle markets in the Eurozone.

The downward trend continued in June, with registrations falling for the fifth month in a row and down 5.8% against June last year to 157,232 new vehicles in total. June registrations were only marginally lower in France and the UK, while Germany was the only major market to post growth, of 8.8%, but Italy and Spain faced double-digit downturns, with registrations down 29.8% and 28.7% respectively.

The exception to the overall depressing trend were the markets for new buses and coaches, boosted by strong performance in the UK where registrations in June were up 97.7% against June last year, Germany with 39% growth and France with 24.5% offsetting double-digit declines in Germany. Across the EU registrations went up 16.5% year-on-year in June to 2,821 units and were up 5.2% to 15,168 for the first half-year, the only market segment to see growth.

In June, 128,871 new vans were registered in the EU, 6.5% down on year, with Germany being the only large market to post growth, of 12.3%, with all others including the UK (-2.5%) contracting, Italy and Spain by more than 30%. For the first half year, van registrations were down 12.2% to 726,284 across the region. Demand for trucks was down 4.1% to 25,459 in June, with the UK the only market to post growth (+6.6%). This followed the pattern seen in the year to date, when the UK posted a strong 21.5% growth in truck registrations. This was offset by much weaker performance elsewhere in the EU, resulting in an overall 5.5% drop to 150,568 new trucks registered between January and June.

A similar picture prevailed in the market for heavy trucks which saw registrations total 112,762 in the first half, down 6.1%, including 19,012 in June, down 4.6%. The UK was the only major market to post growth, of 12.7% in the first six months of the year, while other main markets saw a decline, from 3% in Germany and 4.6% in France to 21.4% in Spain and 28.9% in Italy. In the month of June, the UK's new heavy truck registrations were up only 1.6% on last year and Germany's up 2.5% while other large markets performed worse than a year ago.
China exported 13,923 tonnes of unwrought magnesium, mostly in the form of magnesium ingots, 8,628 tonnes of other unwrought magnesium, mostly in the form of magnesium alloy, and 7,225 tonnes of magnesium powder in May, according to official customs data.

The top ten magnesium ingot exporters are as follows:

<table>
<thead>
<tr>
<th>Order</th>
<th>Company</th>
<th>Quantity (Kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Heihe Rongke Economy and Trade Co., Ltd.</td>
<td>1437166</td>
</tr>
<tr>
<td>2</td>
<td>Oocl Logistics Warehousing and Transportation (Tianjin) Co., Ltd.</td>
<td>1275295</td>
</tr>
<tr>
<td>3</td>
<td>Shanxi International Import and Export Co., Ltd.</td>
<td>1080272</td>
</tr>
<tr>
<td>4</td>
<td>Xiamen Qirun Industry Co., Ltd.</td>
<td>1255240</td>
</tr>
<tr>
<td>5</td>
<td>Wanzai Huijie Trade Co., Ltd.</td>
<td>809703</td>
</tr>
<tr>
<td>6</td>
<td>Raohe Dongfang Junda Import and Export Co., Ltd.</td>
<td>454000</td>
</tr>
<tr>
<td>7</td>
<td>Shanxi Credit Magnesium Industry Co., Ltd.</td>
<td>450363</td>
</tr>
<tr>
<td>8</td>
<td>Shijiazhuang Daoze Trade Co., Ltd.</td>
<td>440181</td>
</tr>
<tr>
<td>9</td>
<td>540196017</td>
<td>400000</td>
</tr>
<tr>
<td>10</td>
<td>361196024</td>
<td>367498</td>
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</table>

The top ten magnesium alloy exporters are as follows:

<table>
<thead>
<tr>
<th>Order</th>
<th>Company</th>
<th>Quantity (Kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Xi'an Magnotec Magnesium Co., Ltd.</td>
<td>1370696</td>
</tr>
<tr>
<td>2</td>
<td>Tianjin Desheng Magnesium Auto Components Co., Ltd.</td>
<td>1332943</td>
</tr>
<tr>
<td>3</td>
<td>Shanxi International Import and Export Co., Ltd.</td>
<td>809855</td>
</tr>
<tr>
<td>4</td>
<td>Nanjing Yunhai Metal Trade Co., Ltd.</td>
<td>658074</td>
</tr>
<tr>
<td>5</td>
<td>Dongning Kangrun Trade Co., Ltd.</td>
<td>596897</td>
</tr>
<tr>
<td>6</td>
<td>Shanxi Hengyu Magnesium Co., Ltd.</td>
<td>303762</td>
</tr>
<tr>
<td>7</td>
<td>2312961566</td>
<td>299666</td>
</tr>
<tr>
<td>8</td>
<td>Yulin Tianlong Magnesium Co., Ltd.</td>
<td>285044</td>
</tr>
<tr>
<td>9</td>
<td>Fuzhou Shaoyang Import and Export Co., Ltd.</td>
<td>254316</td>
</tr>
<tr>
<td>10</td>
<td>Sunwu Huaxin Trade Co., Ltd.</td>
<td>216657</td>
</tr>
</tbody>
</table>

The top ten magnesium powder exporters are as follows:

<table>
<thead>
<tr>
<th>Order</th>
<th>Company</th>
<th>Quantity (Kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jiangsu Wuzhong Haili International Trade Co., Ltd.</td>
<td>1225200</td>
</tr>
<tr>
<td>2</td>
<td>HEBI VICTORY METAL CO., LTD.</td>
<td>759200</td>
</tr>
<tr>
<td>3</td>
<td>Henan Yashun Trade Co., Ltd.</td>
<td>662000</td>
</tr>
<tr>
<td>4</td>
<td>Almament Tianjin Magnesium Industry Co., Ltd.</td>
<td>646800</td>
</tr>
<tr>
<td>5</td>
<td>Shanxi Dajin Machinery &amp; Electricity Co., Ltd.</td>
<td>480000</td>
</tr>
<tr>
<td>6</td>
<td>HEBI QIBIN ZHANXIANG METAL CO., LTD.</td>
<td>476000</td>
</tr>
<tr>
<td>7</td>
<td>Shanxi Xinghua Cun International Trade Co., Ltd.</td>
<td>400000</td>
</tr>
<tr>
<td>8</td>
<td>Zhejiang Mg Yuan's Technology Co., Ltd.</td>
<td>282500</td>
</tr>
<tr>
<td>9</td>
<td>Nanyang Fusen Magnesium Powder Co., Ltd.</td>
<td>352000</td>
</tr>
<tr>
<td>10</td>
<td>TTS Fortune Co., Ltd.</td>
<td>220000</td>
</tr>
</tbody>
</table>
Market Focus

Magnesium Market Continually Increased on Short Supply

From July 9 to July 13, ex-works quotations for 99.9 minimum ingots from leading production bases continually increased as indicated in Shanxi from 18,400 – 18,600 yuan, Shaanxi from 18,300 to 18,500 yuan and Ningxia from 18,300 – 18,400 yuan. Export prices increased to 3,180 - 3,230 US dollars. In Taiyuan, the prevailing quotation were at 18,300-18,400 yuan(acid treatment free, simply packaged).

One source told Sunlight that now the extremely short stock drives the price go up greatly. “I feel that next week is crucial. I am not sure whether the price in Taiyuan will reach 18,500 yuan,” he said, “Some plant in South part of Taiyuan may resume production. However in short term, the situation won’t change much.”

Induistry News

Magnesium Alloy Project of 150 kt Capacity Goes Into Construction in Nanchuan

On July 18, Nanchun district in Chongqing announced the construction of its magnesium alloy cyclic project of 150 kt officially started. Phases one project, totally two phases, is expected to start operation in the first half of year 2013.

The project, with a capacity of magnesium alloy of 150 kt and calcium carbide of 750 kt, combines mining, smelting, processing and chemical industry, covering 1,600 acres and having a planned investment of 4 billion Yuan. It is going to adopt advanced and integrated energy-saving, cyclic utilization processing technology. The exhaust gas and waste heat will be fully recycled and used.

The project, located in Nanchun, Chongqing city, can not only promote the upgrading of the transformation of local industries, but will speed up the development of industrial cluster, such as magnesium bases, motorcycle and notebook, as well as the development of industries like magnesium alloy, calcium carbide, magnesium, PVC, dry ice and quick lime.

Shanxi Yinguang Magnesium Successfully Produces Cross-the-Waters Bridge

Recently, Shanxi Yinguang Magnesium announced that cross-the-waters bridge has been successfully made via 3600T extruder on July 3. The project is supported by the magnesium research institute of Chongqing University, Shanxi Yinguang Magnesium and four companies located in Chengdu.

cross-the-waters bridge is a new type of material, 420mm wide, 100 mm high, with min. 2.5mm in wall thickness but at least 6m in length. It is 170 kg lighter than one made in steel and buoyancy 5 times more than steel one. It is an ideal material for rapid and speedy layout of bridges. The project started since August of 2011, and has experienced 8 months. Its success remarks another step made by Yinguang Magnesium in magnesium alloy deep processing field.

Shanxi Yadu Magnesium Plans to Put Phase One Magnesium & Its Alloy Project into Production in October

Recently, Shanxi Yadu Magnesium announced its phase one project of Magnesium & Its Alloy will start operation in October. Shanxi Yadu Magnesium, a Taiwan private company locates in Yadu Industrial part of Wanrong county, Shanxi province.

Phase one investment for Yandu Magnesium is around 20 million. USD. The construction started in July 2011. Related equipment will arrive in the factory by the middle of July.

According to Mr. Huang Shihai, manager of the project, the company will soon launch construction for phase two, mainly for development of notebook, cell phone housing and other magnesium alloy die casting parts. “Our company’s industrial chain will be extended and comprehensive benefit will be better,” he said.
**Price Indicators**

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Magnesium Price</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanxi Province</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiyuan City, ex-works¹</td>
<td>18400-18600</td>
<td>RMB yuan/ton</td>
</tr>
<tr>
<td>Yuncheng City, ex-works²</td>
<td>18500-18700</td>
<td>RMB yuan/ton</td>
</tr>
<tr>
<td>Ningxia Autonomous Region, ex-works³</td>
<td>18300-18400</td>
<td>RMB yuan/ton</td>
</tr>
<tr>
<td>Shaanxi Province, ex-works⁴</td>
<td>18300-18500</td>
<td>RMB yuan/ton</td>
</tr>
<tr>
<td>Henan Province, ex-works⁵</td>
<td>None</td>
<td>RMB yuan/ton</td>
</tr>
<tr>
<td>Inner Mongolia Autonomous Region, ex-works⁶</td>
<td>None</td>
<td>RMB yuan/ton</td>
</tr>
<tr>
<td>FOB Xingang, Tianjin⁷</td>
<td>3100-3150</td>
<td>USD/ton</td>
</tr>
<tr>
<td>CIF, Rotterdam Port</td>
<td>3200-3300</td>
<td>USD/ton</td>
</tr>
<tr>
<td>CIF, Toronto Port</td>
<td>3240-3340</td>
<td>USD/ton</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>SHFE Spot Aluminium</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-Jul-2012</td>
<td>15645/</td>
<td>RMB yuan/ton</td>
</tr>
<tr>
<td>20-Jul-2012</td>
<td>15610/</td>
<td>RMB yuan/ton</td>
</tr>
</tbody>
</table>

**SHFE: Shanghai Future exchange**
(Exchange Rate of USD versus RMB is 6.3728 on Jul. 20th 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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