



## **Magnesium International lures German investor**

By Brian Robins

March 6, 2004

ThyssenKrupp is expected to emerge as a cornerstone investor in Magnesium International, as the magnesium hopeful advances its planned start-up of magnesium metal production.

The German group has a 10-year sales agreement to market output from Magnesium International's planned smelter, and it is now looking to put its own money on the table to get the project off the ground.

Magnesium International is shopping around to raise as much as \$80 million from three cornerstone investors. It has a commitment from one investor of \$20 million, and is looking for two more to raise \$60 million.

Magnesium International is planning to invest around \$600 million in a project to produce an initial 41,000 tonnes a year of magnesium metal. Cheap electricity prices are likely to result in the project being located at Stanwell, in Queensland. A second stage expansion will lift output to 85,000 tonnes a year.

Magnesium International will use the Dow production process, which has been used successfully for years.

A final decision on the Magnesium International site is expected in the next few months. This will then open the way for power supply contracts to be finalised, along with final negotiations with investors and work on the environmental impact statement, all of which is expected to be completed by the end of the first quarter of 2005.

The change of heart at ThyssenKrupp towards Magnesium International follows a surge in the price of the lightweight metal over the past few months, together with acute difficulties in getting supplies out of China.

The managing director of ThyssenKrupp unit ThyssenKrupp Metallurgie, Peter Koken, said his company's view was that the 10-year offtake agreement it holds to sell output from the planned smelter was "already generous".

Mr Koken said the price of magnesium exported from China has risen from \$US1400 a tonne six months ago to about \$US1900 a tonne at present.