

Media Release
17th October 2008

QMAG announces end of Possehl Sales Agency Agreement

QMAG has announced it will not be renewing its Sales Agency Agreement with Possehl Erzkontor GmbH. The Agreement covered sales of deadburned magnesia (DBM) and electrofused magnesia (EFM) and has been in place with Possehl since 1990 and renewed on a periodic basis since that time. The current Agreement will expire on 30th November 2008, from which time QMAG will deal directly with customers in those countries covered by the Agreement (Europe, Middle East, South Africa, India, Indonesia, Malaysia, Thailand, Philippines and Taiwan).

QMAG will establish an office in Germany to service European, Middle Eastern and African customers. Gerald Meyer-Waeterling will join QMAG from Possehl on 1st December 2008 as Managing Director of QMAG Europe GmbH. Gerald has managed QMAG's European and African business under the Agreement for the last 15 years. The remaining Asian countries that are covered by the Agreement will be serviced by QMAG's Australian and Chinese offices.

QMAG Managing Director Alan Roughead said "QMAG has had a very close working relationship with Possehl for almost 20 years and Possehl has helped QMAG attain a strong position in the European market. However, the decision not to renew the Agreement was based purely on commercial grounds to reduce selling and distribution costs. QMAG has established a European office, negotiated a trade finance facility and strengthened the Brisbane sales team to ensure a seamless transition for customers. QMAG has been moving away from using agents in all world areas and after the Agreement expires, QMAG's direct sales to end users will account for more than 95% of total sales."

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About QMAG

QMAG has been in operation since 1991 and is one of the world's largest producers of DBM, EFM and CCM for the global refractory and chemical markets. QMAG currently produces and sells 100,000tpa DBM, 30,000tpa EFM and 80,000tpa CCM. QMAG holds mining rights over extensive magnesite resources at Kunwarara and Yaamba, which together comprise the world's largest known deposit of high quality cryptocrystalline magnesite. QMAG is currently expanding its magnesia production capacity by 100,000tpa. www.qmag.com.au

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