

## Acquisition of Shares in a Magnesium Sales and Production Business in Canada

Marubeni Corporation (hereinafter, "Marubeni") agreed to acquire shares of Alliance Magnesium Inc. (hereinafter, "AMI") which will build a commercial plant to produce magnesium ingot in the province of Quebec, Canada, and signed a stock subscription agreement with AMI. The total project cost will be more than C\$ 100 million and Marubeni's investment will be C\$ 16.7 million. Construction of the plant will commence in 2020 and the first ingot is expected to be produced in the same year.

The project is to extract magnesium from tailings (mine waste) which were discharged and deposited at an abandoned mine site in Quebec, and produce primary magnesium through the electrolysis process. Magnesium is one of the materials whose demand has dramatically increased for the purpose of reducing the weight of vehicles. It is the lightest of all commonly used materials and very famous for its high vibration damping capacity, high strength to weight ratio and high stiffness to weight ratio. Furthermore, the power used in the electrolysis process is sourced from hydroelectric dams, so that it is the cleanest magnesium production process available in the world with a greenhouse gas emission rate of only one-twentieth that of the usual process.

By utilizing a pilot plant from 2017, AMI conducted technological verification and obtained appropriate authorization. Through the full-scale commercializing of the new plant, total annual production of magnesium will reach 16,700 tonnes annually which also includes the production of magnesium alloy by recycling the magnesium scrap. It also has expansion plans to reach 50,000 tonnes in the future which would account for approximately 5% of current global magnesium demand.

Marubeni has been involved in the aluminum business over the years and saw demand also increasing from light vehicles and invested in the Alouette aluminum smelter from its beginning in 1989 and which produces primary aluminum by using hydroelectric power in Quebec. In November this year, Marubeni participated in the Aluminum Stewardship Initiative, which is an international organization aiming to enhance the sustainability of the entire aluminium supply chain, contributing to ESG activities (\*).

With making use of our expertise in aluminum business, Marubeni will support to commercialize this project from the point of low environmental impact and creation of circular economy, and contribute to enhance the sustainability of global society through development and promoting green materials.

(\*) Press release dated November 12, 2019 <https://www.marubeni.com/jp/news/2019/release/20191112J.pdf>

# Marubeni

<Alliance Magnesium Inc.>

Office : 410-9160 Leduc Blvd. Brossard, Quebec, Canada

Plant : 125 Chemin Pinnacle, Danville, Quebec, Canada

President : Joel Fournier

Foundation : 2003

Business : Sales and production of magnesium

Capacity : 16,700 tonnes annually (first metal in 2020, then full production in 2021)

Employees : 12 (March, 2019)

HP : <http://alliancemagnesium.com/>