

### **Mag One Delivers Progress Report**

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**MAG ONE PRODUCTS INC.** (“Mag One” or the “Company”) is pleased to provide an update on its efforts to become the world’s lowest-cost and most environmentally friendly producer of 99.9% pure magnesium (Mg) ingots and ultrapure magnesium compounds. Significantly, Mag One is **not** a mining/exploration company, but rather a processing/refining company that uses Mg ore that is already mined. A low selling price for the Mg ingots that Mag One will manufacture is made possible by: a game-changing proprietary processing technology; a modular, 5,000 tonnes/annum (tpa) plant design that minimizes CAPEX and OPEX and allows total production capacity to be scaled to market demand; a business friendly manufacturing location (Quebec) with the cheapest power costs in North America; ready access to rail and road infrastructure and to a highly skilled labour force; in effect, ‘free’ Mg ore that adjoins the manufacturing site; and finally, a devalued Canadian dollar. With all of these technical, economic and strategic advantages, Mag One will be able to manufacture Mg ingots at an operating cost that is at least 25% lower than existing global Mg producers.

With a target Mg ingot selling price of US\$2,400/tonne, Mag One’s net revenues for each 5,000 tpa module are projected to be in excess of US\$5Million. A 100,000 tpa production facility is therefore expected to generate net revenues in excess of US\$100Million each year. Mag One’s ultimate aim is to produce magnesium at a cost that is close to the cost of producing aluminum. This would expand markets for Mg not only in North America, but also around the world.

In April 2015, the Company announced that it had acquired 100% of North American Magnesium Products, LLC (“NAMP”). Dr. James G. Blencoe, the founder of NAMP, is also both Co-Chairman and Chief Technology Officer of Mag One. It should be noted that the company’s acquisition of 100% of NAMP’s technology is via issuance of shares only if the Company makes money; one share is issued per \$1.00 of net earnings with a cap of 40 million shares. Accordingly, the balance sheet does not reflect the real value of the technology acquired, or of the Company.

To date, all of the funds raised by the Company are being used to commercialize its technology. The Company intends to raise additional funds via a combination of convertible debentures, equity purchases, and commercial loans. An ideal convertible debenture proposal is one that is convertible into shares of the Company and/or into a Mg product that is purchased at a steep discount. This method minimizes dilution.

#### **Progress:**

- The Company has engaged patent agents to assist with filing additional patents related to its proprietary process. Mag One has also hired several expert technical consultants with experience in both Mg production and metallurgical processing to review Mag One’s game-changing technology. The goal of this work is to further de-risk the processing steps and the CAPEX and OPEX estimates.
- In September 2015, the Company transferred the last of two payments to Mine Jeffrey Inc. to finalize the acquisition of 30M tonnes of serpentinite tailings containing ~23% Mg. In December 2015, the Company engaged a geologist to collect representative samples of this material and to suggest the optimal location to begin pre-processing activities. A recent preliminary report identified the ideal location to commence operations. Subsequently, fifty samples totalling ~1.5 tonnes of tailings were collected, which will be used to select serpentinite pre-processing equipment and to validate the hydrometallurgical steps within Mag One’s proprietary process. In view of the initial production capacity of the first Mag One Mg manufacturing plant module (~5,000 tonnes of Mg ingots per year), and considering the consistency of the feed material, it is evident that the costs of the equipment required to pre-process the tailings will be minimal.

Mag One will hire an environmental expert to begin the permitting process at the Quebec manufacturing site. The initial production target of 5,000 tonnes of Mg ingots per year, combined with the Company’s technology that is designed to be environmentally friendly with no production of dioxins or furans, suggests the permitting process is unlikely to be a significant risk factor.

- The Company’s application for a grant from the Canadian Government’s Industrial Research Assistance Program (IRAP) has been approved and in January 2016 the first disbursement from this grant was received.
- Because Mag One’s technology is designed not only to manufacture Mg ingots but also to produce ultrapure Mg compounds, the Company has initiated discussions with a major Mg products manufacturing and distribution company to produce particular Mg compounds for their existing client base. However, selling Mg ingots into the U.S. market continues to be Mag One’s major focus.

*“Dr. James G. Blencoe  
Co-Chairman and Chief Technology Officer”*

[www.MagOneProducts.com](http://www.MagOneProducts.com)

*Mag One is co-listed on the Börse Frankfurt stock exchange (“FSE”) with the ticker symbol “304” and the OTCQB with ticker symbol “MgPRF”. The listings on the Frankfurt and OTCQB exchanges provide the company exposure to the European and U.S. markets and investors.*

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