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Potts Point NSW 2011
Australia
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31 January 2018

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street, Sydney
NSW 2000

Dear Sirs,

Appendix 4C – Quarter Ended 31 December 2017

In this letter are –

- Attachment 1 – Unaudited Cash Flow Statement for the 12 months to 31 December 2017
- Attachment 2 – Appendix 4C Cash Flow Report for the quarter ended 31 December 2017

Attachment 1 is presented in the format that appears in the Company's Half Year and Annual Reports and prepared on a basis consistent with the requirements of accounting standards.

Attachment 2 is presented in the format required by Paragraph 4.7B of Chapter 4 of the ASX listing rules.

Rounding Errors

The tables in this report may indicate apparent errors to the extent of one unit (being \$1,000) in:

- the addition of items comprising total and sub totals; and
- the comparative balances of items from the financial accounts.

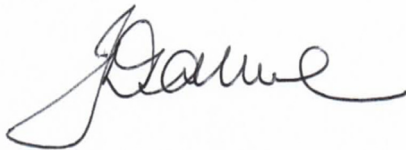
Such differences arise from the process of:

- converting foreign currency amounts to two decimal places in AUD; and
- subsequent rounding of the AUD amounts to one thousand dollars.

Given that the Company's annual results for the year ended 31 December 2017 are anticipated be released to the market on or prior to 28 February 2018, no supplementary accounting data and Executive Chairman's Report are included in this report.

It is reiterated that all data presented in this report, including the supplementary cash flow statement in Attachment 1 is subject to change, including but not limited to changes resulting from completion of the audit of the annual result to 31 December 2017.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'John Talbot', written in a cursive style.

John Talbot
Company Secretary

Attachment 1

UNAUDITED STATEMENT OF CASH FLOWS

Unaudited Consolidated Cash Flow Statement			
Source: Magontec Limited Consolidated Management Accounts			
\$000	Quarter to 31-Dec-17	12 months to 31-Dec-17	9 months to 30-Sep-17
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/ (utilised in) underlying operating activities	411	2,372	1,960
Net working capital assets			
- Trade and other receivables	(2,300)	(4,358)	(2,058)
- Inventory	502	(1,260)	(1,762)
- Trade and other payables	(658)	595	1,254
- Other	-	-	-
Cash generated from/ (utilised in) net working capital assets	(2,456)	(5,022)	(2,566)
Other operating activities			
- Net Interest paid	(154)	(841)	(686)
- Income tax paid	(10)	(129)	(119)
Cash generated from/ (utilised in) other operating activities	(165)	(970)	(805)
Net Cash generated from/ (utilised in) all operating activities	(2,209)	(3,620)	(1,411)
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash out on purchase/disposal of property, plant & equipment	(95)	(3,112)	(3,017)
Group information technology	(268)	(269)	(2)
Security deposit	15	1	(14)
Other	(0)	(0)	-
Net cash provided by / (used in) investing activities	(348)	(3,381)	(3,033)
CASH FLOW FROM FINANCING ACTIVITIES			
Bank Debt	1,395	5,017	3,621
Net capital raised from issue of securities	-	-	-
Other	(152)	(152)	-
Net cash provided by / (used in) financing activities	1,243	4,864	3,621
Net increase / (decrease) in cash and cash equivalents	(1,314)	(2,137)	(823)
Foreign exchange effects on total cash flow movement	41	(147)	(188)
Cash and cash equivalents at the beginning of the period	3,582	4,593	4,593
Cash and cash equivalents at the end of the period	2,309	2,309	3,582

Attachment 2

APPENDIX 4C



**QUARTERLY UNAUDITED CASHFLOW
APPENDIX 4C**

for the Period Ended 31 December 2017

Magontec Limited

ABN: 51 010 441 666
Registered & Principal Office:
Suite 1.03, Level 1
46 Macleay St,
Potts Point, NSW 2011
Australia

Tel: +61 2 8005 4109

Fax: +61 2 9252 8960

Website: www.magontec.com

Email: Corporate@magontec.com

Non-Executive Directors

As at 31 December 2017

Zhongjun Li
Kangmin Xie
Andre Labuschagne

Independent Directors

As at 31 December 2017

Robert Shaw
Robert Kaye

Management Team

Nicholas Andrews
Executive Chairman

John Talbot
Company Secretary

Derryn Chin
Chief Financial Officer

Issued Capital (as at 31 December 2017)

Ordinary Shares (ASX Code MGL)

1,140,073,483 fully paid Ordinary shares on issue

Options: Nil

Performance Rights ⁽¹⁾:

Performance Period	Granted	Number
1 Jan 2016 to 31 Dec 2018	19 May 2017	25,749,882
1 Jan 2017 to 31 Dec 2019	19 May 2017	15,621,146
Total		41,371,028

Note:

(1) For terms of issue refer to the heading "Vesting of Performance Rights as Magontec Ordinary Shares" in paragraphs o to t of Resolution 5 of the 2017 AGM.

Substantial Shareholders

Shareholder	No. of shares ⁽²⁾	Percent ⁽³⁾
Qinghai Salt Lake Magnesium Industry Limited	330,535,784	28.99
Allan Gray Australia Pty Limited	176,858,972	15.51
Straits Mine Management Pty Limited	148,874,507	13.06

Notes:

(2) As per last "Notice of change of interests of substantial holder" lodged with ASX by shareholder.

(3) "No. of Shares" divided by fully paid Ordinary shares on issue as at the date of this report.

Share Registry Services

Boardroom Pty Limited
Level 7, 207 Kent St
Sydney NSW 2000

Postal Address:

GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 or

International: +61 2 9290 9600

Fax: 1300 653 459

Website: <http://www.boardroomlimited.com.au>

The current share price can be obtained from the ASX Website – www.asx.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Magontec Limited

ABN

51 010 441 666

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	33,774	137,269
1.2	Payments for		
	(a) research and development	(93)	(494)
	(b) product manufacturing and operating costs	(32,905)	(127,440)
	(c) advertising and marketing	(24)	(136)
	(d) leased assets	-	-
	(e) staff costs	(1,765)	(6,607)
	(f) administration and corporate costs	(1,249)	(5,542)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	36	81
1.5	Interest and other costs of finance paid	(190)	(922)
1.6	Income taxes paid	(10)	(129)
1.7	Government grants and tax incentives	217	301
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(2,209)	(3,620)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment ¹		(100)	(3,135)
(b) businesses (see item 10)			
(c) investments			
(d) intellectual property		(268)	(269)
(e) other non-current assets			
2.2 Proceeds from disposal of:			
(a) property, plant and equipment		5	23
(b) businesses (see item 10)			
(c) investments			
(d) intellectual property			
(e) other non-current assets			
2.3 Cash flows from loans to other entities			
2.4 Dividends received (see note 3)			
2.5 Other (provide details if material)		15	1
2.6 Net cash from / (used in) investing activities		(348)	(3,381)

3. Cash flows from financing activities			
3.1 Proceeds from issues of shares			
3.2 Proceeds from issue of convertible notes			
3.3 Proceeds from exercise of share options			
3.4 Transaction costs related to issues of shares, convertible notes or options			
3.5 Proceeds from borrowings		3,694	28,866
3.6 Repayment of borrowing		(2,299)	(23,850)
3.7 Transaction costs related to loans and borrowings			
3.8 Dividends paid			
3.9 Other (provide details if material)		(152)	(152)
3.10 Net cash from / (used in) financing activities		1,243	4,864

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,582	4,593
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,209)	(3,620)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(348)	(3,381)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,243	4,864
4.5	Effect of movement in exchange rates on cash held	41	(147)
4.6	Cash and cash equivalents at end of quarter	2,309	2,309

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,309	3,582
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,309	3,582

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

60

-

Not applicable

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Not applicable

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**Total facility amount
at quarter end
\$A'000**

28,307

**Amount drawn at
quarter end
\$A'000**

21,116

Borrowings facilities as at 31 December 2017

Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status
Commerzbank Germany	30-Sep-20	1.55%	14,331	11,135	Secured
Commerzbank Germany	31-Dec-18	2.50%	270	270	Secured
ING Romania	Open	3.15%	3,139	3,015	Secured
Bank of Communications China	12-May-18	4.70%	3,934	3,934	Secured
Commerzbank Bank China	14-Feb-18	5.78%	4,918	1,981	Secured
Total borrowings balance sheet			26,592	20,335	
Postbank (factoring)			1,716	781	
Total facilities			28,307	21,116	

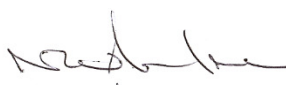
No additional facilities entered into or proposed to be entered into after quarter end.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(124)
9.2 Product manufacturing and operating costs	(31,860)
9.3 Advertising and marketing	(34)
9.4 Leased assets	-
9.5 Staff costs	(1,652)
9.6 Administration and corporate costs	(1,386)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(35,055)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration	Not applicable	Not applicable
10.3 Consideration for acquisition or disposal	Not applicable	Not applicable
10.4 Total net assets	Not applicable	Not applicable
10.5 Nature of business	Not applicable	Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Executive Chairman)

Date: 31 January 2018

Print name: Mr Nicholas Andrews

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.