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31 January 2019

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

Dear Sirs,

Appendix 4C – Quarter Ended 31 December 2018

In this letter are –

- Attachment 1 – Unaudited Cash Flow Statement for the 12 months to 31 December 2018
- Attachment 2 – Unaudited Appendix 4C cash flow report for the quarter ended 31 December 2018

Attachment 1 is presented in the format that appears in the Company's half year and annual reports and is 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

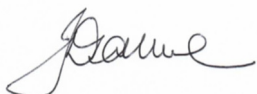
The tables in this report may indicate apparent errors to the extent of one unit (being \$1,000) in:

- 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.

Yours sincerely



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-18	12 months to 31-Dec-18	9 months to 30-Sep-18
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/ (utilised in) underlying operating activities	2,623	4,942	2,319
Net working capital assets			
- Trade and other receivables	(3,969)	5,623	9,592
- Inventory	4,762	1,183	(3,579)
- Trade and other payables	1,251	5,426	4,175
- Other	124	18	(105)
Cash generated from/ (utilised in) net working capital assets	2,168	12,251	10,083
Other operating activities			
- Net Interest paid	(84)	(528)	(443)
- Income tax paid	(178)	(1,301)	(1,123)
Cash generated from/ (utilised in) other operating activities	(262)	(1,829)	(1,567)
Net Cash generated from/ (utilised in) all operating activities	4,528	15,364	10,836
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash out on purchase/disposal of property, plant & equipment	(354)	(1,182)	(828)
Group information technology	(203)	(559)	(356)
Security deposit	14	8	(6)
Other	(173)	(32)	142
Net cash provided by / (used in) investing activities	(717)	(1,765)	(1,048)
CASH FLOW FROM FINANCING ACTIVITIES			
Bank Debt	980	(3,323)	(4,304)
Net capital raised from issue of securities	-	-	-
Other	-	-	-
Net cash provided by / (used in) financing activities	980	(3,323)	(4,304)
Net increase / (decrease) in cash and cash equivalents	4,792	10,276	5,484
Foreign exchange effects on total cash flow movement	146	304	159
Cash and cash equivalents at the beginning of the period	7,950	2,309	2,309
Cash and cash equivalents at the end of the period	12,889	12,889	7,950

Attachment 2

APPENDIX 4C



QUARTERLY UNAUDITED CASH FLOW
APPENDIX 4C

for the Period Ended 31 December 2018

Magontec Limited

ABN: 51 010 441 666
Registered & Principal Office:
Suite 1.03, Level 1
46A 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 2018

Zhongjun Li
Kangmin Xie
Andre Labuschagne

Independent Directors

As at 31 December 2018

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 2018)

Ordinary Shares (ASX Code MGL)

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

Options: Nil

Performance Rights ⁽¹⁾ (as at 31 December 2018):

Performance Period	Granted	Number
1 Jan 2017 to 31 Dec 2019	19 May 2017	15,621,146
1 Jan 2018 to 31 Dec 2020	10 May 2018	17,181,612
Total		32,802,758

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 2018

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	33,804	148,417
1.2	Payments for		
	(a) research and development	(99)	(357)
	(b) product manufacturing and operating costs	(26,878)	(117,815)
	(c) advertising and marketing	(44)	(116)
	(d) leased assets	-	-
	(e) staff costs	(2,017)	(7,502)
	(f) administration and corporate costs	(624)	(6,083)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	48
1.5	Interest and other costs of finance paid	(89)	(576)
1.6	Income taxes paid	(178)	(1,301)
1.7	Government grants and tax incentives	649	649
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	4,528	15,364

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		(356)	(1,187)
(b) businesses (see item 10)			
(c) investments			
(d) intellectual property		(203)	(559)
(e) other non-current assets			
2.2 Proceeds from disposal of:			
(a) property, plant and equipment		2	5
(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)		(160)	(24)
2.6 Net cash from / (used in) investing activities		(717)	(1,765)

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		4,346	11,374
3.6 Repayment of borrowings		(3,366)	(14,697)
3.7 Transaction costs related to loans and borrowings			
3.8 Dividends paid			
3.9 Other (provide details if material)			
3.10 Net cash from / (used in) financing activities		980	(3,323)

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	7,950	2,309
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,528	15,364
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(717)	(1,765)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	980	(3,323)
4.5	Effect of movement in exchange rates on cash held	146	304
4.6	Cash and cash equivalents at end of quarter	12,889	12,889

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	12,889	7,950
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)	12,889	7,950

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

45

-

Payment to one director of \$15,000 was made after 31 December 2018 due to a change of banking arrangement which had not been updated in time. Subsequently paid in January 2018.

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**

-

-

Payments to Qinghai Salt Lake Magnesium Company for pure Magnesium supply.

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)

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

22,377

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

19,561

- 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.

Borrowings facilities as at 31 December 2018

Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status
Commerzbank Germany	30-Sep-20	1.55%	12,804	10,633	Secured
Commerzbank Germany	31-Dec-18	2.50%	41	41	Secured
ING Romania	Open	5.18%	3,472	3,294	Secured
Bank of Communications China	01-Apr-19	5.22%	4,127	4,127	Secured
Total borrowings on balance sheet			20,444	18,094	
Postbank (factoring)	30-Nov-18	1.34%	1,934	1,466	
Total facilities			22,377	19,561	

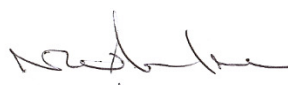
No additional facilities entered into or proposed to be entered into after quarter end.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(89)
9.2 Product manufacturing and operating costs	(29,454)
9.3 Advertising and marketing	(29)
9.4 Leased assets	-
9.5 Staff costs	(1,875)
9.6 Administration and corporate costs	(1,521)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(32,968)

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 2019

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.