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31 July 2019

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

Dear Sirs,

Appendix 4C – Quarter Ended 30 June 2019

In this letter are –

- Attachment 1 – Unaudited Cash Flow Statement for the 6 months to 30 June 2019
- Attachment 2 – Unaudited Appendix 4C cash flow report for the quarter ended 30 June 2019

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.

Given the Company's report for the half year ended 30 June 2019 will be released on or prior to 31 August 2019, no supplementary accounting data and Executive Chairman's report are included in this report.

It is reiterated that all data presented in this report is unaudited.

Yours sincerely



John Talbot
Company Secretary

ABOUT MAGONTEC LIMITED

Magontec is a leading manufacturer of magnesium alloys and Cathodic Corrosion Protection (magnesium and electronic anode) products

Magontec activities

- Converts pure Mg and alloying elements into Mg alloys
- Casts and extrudes Mg alloys into anodes for supply to the global water heater industry
- Distributes products through a global sales network to customers in Europe, Asia and North America

Magontec assets

- World's greenest primary Mg alloy producer in Qinghai Province PRC
- Premier Mg alloy recycling assets in Europe
- A portfolio of proprietary magnesium alloys and an active R&D program
- Mg & electronic anode manufacturing facilities in Europe and China

Magontec profile

A leading global magnesium alloy manufacturer and sales organisation

A pioneer in the field of magnesium alloys and anode products

Vast experience in production and development of new Mg alloys and anode applications

Attachment 1

UNAUDITED STATEMENT OF CASH FLOWS

Unaudited Consolidated Cash Flow Statement			
Source: Magontec Limited Consolidated Management Accounts			
\$000	3 months to 31-Mar-19*	3 months to 30-Jun-19	6 months to 30-Jun-19
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/ (utilised in) underlying operating activities*	1,309	1,395	2,704
Net working capital assets			
- Trade and other receivables	(4,679)	(950)	(5,629)
- Inventory	(728)	1,251	523
- Trade and other payables	3,343	(3,847)	(504)
- Other	(140)	315	175
Cash generated from/ (utilised in) net working capital assets	(2,203)	(3,231)	(5,434)
- Net Interest paid	(131)	(126)	(257)
- Income tax paid	(454)	(72)	(526)
Net Cash generated from/ (utilised in) all operating activities	(1,479)	(2,034)	(3,513)
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash out on purchase/disposal of property, plant & equipment*	(514)	(272)	(786)
Group information technology	(123)	(5)	(128)
Security deposit	70	87	157
Other	116	(251)	(135)
Net cash provided by / (used in) investing activities	(450)	(441)	(891)
CASH FLOW FROM FINANCING ACTIVITIES			
Bank Debt	1,526	546	2,073
Net capital raised from issue of securities	-	-	-
Other	-	-	-
Net cash provided by / (used in) financing activities	1,526	546	2,073
Net increase / (decrease) in cash and cash equivalents	(403)	(1,928)	(2,331)
Foreign exchange effects on total cash flow movement	266	(211)	54
Cash and cash equivalents at the beginning of the period	12,889	12,751	12,889
Cash and cash equivalents at the end of the period	12,751	10,612	10,612

*For the 3 months to 31 March 2019, net cash on purchases of PP&E was increased by \$54k, with a corresponding increase in underlying cashflow from operations of \$54k compared with the numbers reports in the previous Appendix 4C. Not material.

Attachment 2

APPENDIX 4C



QUARTERLY UNAUDITED CASH FLOW
APPENDIX 4C

for the Period Ended 30 June 2019

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 30 June 2019

Zhongjun Li
Kangmin Xie
Andre Labuschagne

Independent Directors

As at 30 June 2019

Robert Kaye
Atul Malhotra

Management Team

Nicholas Andrews
Executive Chairman

John Talbot
Company Secretary

Derryn Chin
Chief Financial Officer

Issued Capital (as at 30 June 2019)

Ordinary Shares (ASX Code MGL)

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

Options: Nil

Performance Rights ⁽¹⁾ (as at 30 June 2019):

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
1 Jan 2019 to 31 Dec 2021	24 Jan 2019	18,967,955
Total		51,770,713

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 12, 225 George 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")

30 June 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	35,083	67,054
1.2	Payments for		
	(a) research and development	(105)	(172)
	(b) product manufacturing and operating costs	(33,838)	(62,658)
	(c) advertising and marketing	(36)	(66)
	(d) leased assets	-	-
	(e) staff costs	(1,846)	(3,962)
	(f) administration and corporate costs	(1,114)	(2,946)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	13	38
1.5	Interest and other costs of finance paid	(139)	(295)
1.6	Income taxes paid	(72)	(526)
1.7	Government grants and tax incentives	21	21
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(2,034)	(3,513)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(272)	(786)
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property	(5)	(128)
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(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)	(164)	22
2.6	Net cash from / (used in) investing activities	(441)	(891)

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	6,158	9,909
3.6	Repayment of borrowings	(5,611)	(7,837)
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	546	2,073

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	12,751	12,889
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,034)	(3,513)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(441)	(891)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	546	2,073
4.5	Effect of movement in exchange rates on cash held	(211)	54
4.6	Cash and cash equivalents at end of quarter	10,612	10,612

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	10,612	12,751
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)	10,612	12,751

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	60
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	
-		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	4,754
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	

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

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	25,027	20,755
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.		

Borrowings facilities as at 30 June 2019					
Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status
Commerzbank Germany	30-Sep-20	1.55%	14,434	11,212	Secured
ING Romania	Open	4.84%	4,786	4,732	Secured
Bank of Communications China	28-Apr-19	4.79%	4,148	4,148	Secured
Total borrowings on balance sheet			23,368	20,092	
Postbank (factoring)	30-Nov-19	1.34%	1,659	663	
Total facilities			25,027	20,755	

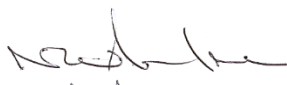
No additional facilities entered into or proposed to be entered into after quarter end.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(93)
9.2 Product manufacturing and operating costs	(30,675)
9.3 Advertising and marketing	(30)
9.4 Leased assets	-
9.5 Staff costs	(1,963)
9.6 Administration and corporate costs	(1,388)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(34,149)

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 July 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.