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Potts Point NSW 2011  
Australia  
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31 January 2020

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

Dear Sirs,

**Appendix 4C – Quarter Ended 31 December 2019**

In this letter are –

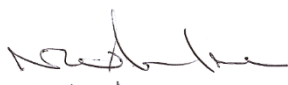
- Attachment 1 – Unaudited Cash Flow Statement for the 12 months to 31 December 2019
- Attachment 2 – Unaudited Appendix 4C cash flow report for the quarter ended 31 December 2019

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.

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

Yours sincerely



**Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 31 January 2020**

**Rounding**

The data in this report may indicate apparent errors to the extent of one unit (being \$1,000) in the addition of items comprising totals 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.

# Attachment 1

## UNAUDITED STATEMENT OF CASH FLOWS

Unaudited Consolidated Cash Flow Statement			
Source: Magontec Limited Consolidated Management Accounts			
\$000	9 months to 30-Sep-19	3 months to 31-Dec-19	12 months to 31-Dec-19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/ (utilised in) underlying operating activities*	2,205	1,086	3,291
<b>Net working capital assets</b>			
- Trade and other receivables	(5,330)	(461)	(5,791)
- Inventory**	4,036	(5,462)	(1,425)
- Trade and other payables	(5,888)	3,354	(2,534)
- Other	126	(74)	52
Cash generated from/ (utilised in) net working capital assets	(7,055)	(2,643)	(9,699)
<b>Other operating activities</b>			
- Net Interest paid	(389)	(115)	(504)
- Income tax paid	(587)	(111)	(697)
Cash generated from/ (utilised in) other operating activities	(976)	(226)	(1,201)
<b>Net Cash generated from/ (utilised in) all operating activities</b>	<b>(5,827)</b>	<b>(1,782)</b>	<b>(7,609)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net cash out on purchase/disposal of property, plant & equipment	(1,111)	(614)	(1,725)
Group information technology	(133)	(66)	(200)
Security deposit	160	(200)	(41)
Other*	(231)	(696)	(927)
<b>Net cash provided by / (used in) investing activities</b>	<b>(1,316)</b>	<b>(1,576)</b>	<b>(2,892)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Bank Debt	2,685	(778)	1,907
Net capital raised from issue of securities	-	-	-
Other*	-	(16)	(16)
<b>Net cash provided by / (used in) financing activities</b>	<b>2,685</b>	<b>(794)</b>	<b>1,891</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(4,458)</b>	<b>(4,152)</b>	<b>(8,610)</b>
Foreign exchange effects on total cash flow movement	124	(100)	24
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,889</b>	<b>8,555</b>	<b>12,889</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8,555</b>	<b>4,303</b>	<b>4,303</b>

\*Includes preliminary upward adjustment of A\$395k due to IFRS 16 Leases in the December 2019 quarter, with equal and offsetting adjustments in investing and financing activities. No net cash impact, subject to audit review.

\*\* Driven by inventory build-up in lead up to Chinese New Year in the December 2019 quarter

**Attachment 2**

**APPENDIX 4C**



QUARTERLY UNAUDITED CASH FLOW  
APPENDIX 4C

for the Period Ended 31 December 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](http://www.magontec.com)

**Email:** [Corporate@magontec.com](mailto:Corporate@magontec.com)

### Non-Executive Directors

As at 31 December 2019

Zhongjun Li  
Kangmin Xie  
Andre Labuschagne

### Independent Directors

As at 31 December 2019

Robert Kaye  
Atul Malhotra

### Management Team

Nicholas Andrews  
*Executive Chairman*  
  
John Talbot  
*Company Secretary*

Derryn Chin  
*Chief Financial Officer*

### Issued Capital (as at 31 December 2019)

#### Ordinary Shares (ASX Code MGL)

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

**Options:** Nil

#### Performance Rights <sup>(1)</sup> (as at 31 December 2019):

Performance Period	Granted	Number
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
<b>Total</b>		<b>36,149,567</b>

*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 <sup>(2)</sup>	Percent <sup>(3)</sup>
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](http://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 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	32,095	135,166
1.2	Payments for		
	(a) research and development	(134)	(422)
	(b) product manufacturing and operating costs	(30,600)	(127,255)
	(c) advertising and marketing	(3)	(87)
	(d) leased assets	-	-
	(e) staff costs	(2,032)	(7,925)
	(f) administration and corporate costs	(938)	(5,982)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	27	78
1.5	Interest and other costs of finance paid	(142)	(581)
1.6	Income taxes paid	(110)	(697)
1.7	Government grants and tax incentives	55	97
1.8	Other (provide details if material)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,782)</b>	<b>(7,609)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(614)	(1,725)
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property	(66)	(200)
	(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 (IFRS 16 Leases and security deposits)	(896)	(967)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,576)</b>	<b>(2,892)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	2,198	14,585
3.6	Repayment of borrowings	(2,976)	(12,678)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(16)	(16)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(794)</b>	<b>1,891</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
<b>4.1</b>	<b>Cash and cash equivalents at beginning of quarter/year to date</b>	<b>8,555</b>	<b>12,889</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,782)	(7,609)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,576)	(2,892)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(794)	1,891
4.5	Effect of movement in exchange rates on cash held	(100)	24
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,303</b>	<b>4,303</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	4,303	8,555
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,303</b>	<b>8,555</b>

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	
Director fees		

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	583
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.

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	23,485	20,542
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.		

<b>Borrowings facilities as at 31 December 2019</b>					
<b>Lender</b>	<b>Maturity</b>	<b>Interest %</b>	<b>Limit \$A 000</b>	<b>Drawn \$A 000</b>	<b>Security status</b>
Commerzbank Germany	30-Sep-20	1.55%	13,015	11,008	Secured
ING Romania	Open	5.04%	4,678	4,523	Secured
Bank of Communications China	28-Apr-20	4.79%	4,086	4,086	Secured
<b>Total borrowings on balance sheet</b>			<b>21,779</b>	<b>19,616</b>	
Postbank (factoring)	30-Nov-20	1.06%	1,706	925	
<b>Total facilities</b>			<b>23,485</b>	<b>20,542</b>	

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

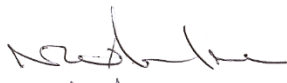


<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Research and development	(106)
9.2	Product manufacturing and operating costs	(31,776)
9.3	Advertising and marketing	(22)
9.4	Leased assets	-
9.5	Staff costs	(1,981)
9.6	Administration and corporate costs	(1,495)
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(35,379)</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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.



**Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 31 January 2020**

### **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.