



31 July 2020

## **Activities Report – Update for the quarter ended 30 June 2020**

During the quarter, the main activities of CMC include progressing the switch from the ASX to the Sydney Stock Exchange (SSX), besides the ongoing cost management exercise.

As announced on 8 July 2020, CMC obtained the requisite shareholder approval and will now proceed with the resolutions such as to delist from the ASX and change its name to Sovran White International Limited as the company moves its intended listing to the SSX. For further updates as and when relevant information is made available, you can continue to check out the current CMC website while a new website is being developed.

The net operating outflow at \$27k could be attributable to the lower expenditure during the quarter at around \$49k (from the ongoing cost management exercise) and receipts of \$22k relating to the Covid-19 wage subsidy support. As required under rule 4.7C pursuant to the Quarterly activity report, CMC paid about \$9,000 to the related parties during the 2020 June quarter, which were part payment of director salaries.

During the quarter, there were no substantive business activities and below are some updates:

### **Disposal of CMC's 91.25% interests in Shanxi YuShun Magnesium Co Ltd (SYMC)**

The China-based Worldcom Parkway International Trade (Tianjin) Co. Ltd and CMC have not yet agreed to an extension to meeting the condition of the sale of the Pingyao plant. The parties are still in contact and are still keen to undertake the sale, but things have been delayed as a result of the Covid-19 and the parties are unsure as to the timeline in which a sale is possible given the current climate.



### **Western Australian Lithium tenements**

Based on recommendations by the geologists engaged by CMC Lithium Pty Ltd (CMCL), this 40% associate is considering a potential joint venture (JV) over a new tenement (also for lithium), which is located near the existing two tenements in Greenbushes Western Australia. The new tenement is still under application with the Western Australia Department of Mines, Industry Regulation and Safety (DMIRS). The potential JV partners are currently working on a non-binding heads of agreement and not in a position to disclose further details.

In view of the aforesaid potential JV, the current project has been on hold. Relevant updates of any further developments will be made in due course.

### **Orchard & Plantation Project Joint Venture**

As mentioned in the previous 2020 March quarter, from the existing high-level agreement, further discussions between the relevant contracting parties in respect of the detailed terms of services and ancillary facilities for the distribution of agricultural products have been affected by circumstances caused by Covid-19.

The Board has been advised that the situation has yet to be resolved and further negotiations have been put on hold until factors such as the commercial and economic feasibility of the project can be reassessed by the parties in a post Covid-19 climate.

Authorised by:

Board of China Magnesium Corporation Limited

For further information, please contact:

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

CHINA MAGNESIUM CORPORATION LIMITED

**ABN**

14 125 236 731

**Quarter ended ("current quarter")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	22	272
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	-	(500)
(c) advertising and marketing		
(d) leased assets	(4)	(112)
(e) staff costs	(15)	(88)
(f) administration and corporate costs	(30)	(480)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(27)</b>	<b>(910)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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)	-	(320)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(320)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,300
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(65)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1,235</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	340	295
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(27)	(910)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(320)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,235
4.5	Effect of movement in exchange rates on cash held	(3)	10
4.6	<b>Cash and cash equivalents at end of period</b>	<b>310</b>	<b>310</b>

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	310	340
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>310</b>	<b>340</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

9

0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payments made in 6.1 were part payments of salaries and fee to directors of the company

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

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

**8. Estimated cash available for future operating activities**

**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

(27)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

310

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

310

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

11.48

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

## 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.

Date: 31 July 2020

Authorised by: By the Board

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.