

Magontec Limited
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29 January 2021

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

Dear Sirs,

Appendix 4C – Quarter Ended 31 December 2020

In this letter are –

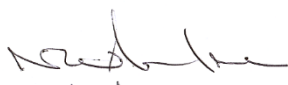
- Attachment 1 – Unaudited Cash Flow Statement for the 12 months to 31 December 2020
- Attachment 2 – Unaudited Appendix 4C cash flow report for the quarter ended 31 December 2020

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 29 January 2021

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-20	3 months to 31-Dec-20	12 months to 31-Dec-20
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/ (utilised in) underlying operating activities	2,898	1,053	3,951
Net working capital assets			
- Trade and other receivables	4,817	1,989	6,806
- Inventory	(127)	2,925	2,798
- Trade and other payables	(4,529)	(3,503)	(8,032)
- Other	(97)	(87)	(184)
Cash generated from/ (utilised in) net working capital assets	64	1,324	1,388
Other operating activities			
- Net Interest paid	(507)	(68)	(575)
- Income tax paid	(219)	(4)	(223)
Cash generated from/ (utilised in) other operating activities	(726)	(72)	(799)
Net Cash generated from/ (utilised in) all operating activities	2,236	2,304	4,540
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash out on purchase/disposal of property, plant & equipment	(498)	(142)	(640)
Group information technology	(3)	(40)	(44)
Security deposit	(25)	(27)	(51)
Other including leased assets	(132)	(226)	(358)
Net cash provided by / (used in) investing activities	(659)	(435)	(1,094)
CASH FLOW FROM FINANCING ACTIVITIES			
Bank Debt	(1,204)	(1,588)	(2,791)
Net capital raised from issue of securities	11	0	11
Other	(8)	(6)	(14)
Net cash provided by / (used in) financing activities	(1,201)	(1,593)	(2,795)
Net increase / (decrease) in cash and cash equivalents	376	276	652
Foreign exchange effects on total cash flow movement	105	(102)	4
Cash and cash equivalents at the beginning of the period	4,303	4,784	4,303
Cash and cash equivalents at the end of the period	4,784	4,958	4,958

Attachment 2

APPENDIX 4C



QUARTERLY UNAUDITED CASH FLOW
APPENDIX 4C

for the Period Ended 31 December 2020

Appendix 4C

Quarterly cash flow 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 2020

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	31,579	110,523
1.2	Payments for		
	(a) research and development	(149)	(516)
	(b) product manufacturing and operating costs	(26,852)	(94,203)
	(c) advertising and marketing	(1)	(75)
	(d) leased assets	-	-
	(e) staff costs	(1,860)	(7,174)
	(f) administration and corporate costs	(575)	(4,159)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	51
1.5	Interest and other costs of finance paid	(80)	(626)
1.6	Income taxes paid	(4)	(223)
1.7	Government grants and tax incentives	235	942
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	2,304	4,540
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(142)	(640)
	(d) investments		
	(e) intellectual property	(40)	(44)
	(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)	(252)	(409)
2.6	Net cash from / (used in) investing activities	(434)	(1,094)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	117
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	-	(106)
3.5	Proceeds from borrowings	4,532	13,434
3.6	Repayment of borrowings	(6,119)	(16,225)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(6)	(14)
3.10	Net cash from / (used in) financing activities	(1,594)	(2,795)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,784	4,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,304	4,540
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(434)	(1,094)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,594)	(2,795)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(102)	4
4.6	Cash and cash equivalents at end of period	4,958	4,958

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	4,958	4,784
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)	4,958	4,784

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
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	-
<p><i>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.</i></p> <p>Explanation</p> <p>During the quarter ended 31 December 2020, there were no payments for purchase of pure Mg from the Qinghai Salt Lake Magnesium Co Ltd.</p>		

7.	Financing facilities <i>Note: the term “facility’ includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	22,207	17,926
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		\$4,280,796
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.		

Borrowings facilities as at 31 December 2020					
Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status
Commerzbank Germany*	30-Nov-23	1.55%	7,789	4,593	Secured
Commerzbank Germany*	31-Dec-21	2.55%	2,380	2,380	Secured
Commerzbank Germany*	31-Dec-25	1.85%	1,586	1,586	Secured
ING Romania	Open	4.01%	4,561	4,106	Secured
Bank of Communications China	09-Jul-21	3.80%	3,974	3,974	Secured
Total borrowings on balance sheet			20,290	16,639	
Postbank (factoring)	31-Dec-21	0.95%	1,917	1,287	
Total facilities			22,207	17,926	

*The Commerzbank Germany facility originally expired on 30 September 2020, and was subsequently extended to 30 November 2020. The Group and the Bank are finalising the terms and structure of a new facility which is expected to be as outlined above.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	2,304
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,958
8.3	Unused finance facilities available at quarter end (item 7.5)	4,281
8.4	Total available funding (item 8.2 + item 8.3)	9,239
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

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

8.6.1 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: N/A

8.6.2 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: N/A

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

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 29 January 2021

Authorised by: Nicholas Andrews, Executive Chairman

(Name of body or officer authorising release – see note 4)

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.