

Magontec Limited
Suite 1.03, Level 1
46A Macleay St
Potts Point NSW 2011
Australia
Ph: +61 2 8084 7813

29 April 2021

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

Dear Sir, Madam

Activities Report and Appendix 4C – Quarter Ended 31 March 2021

In this announcement are –


1. Activities Report

- pages 2 to 7 inclusive providing relevant comment in satisfaction of Magontec's reporting obligations as a "Commitments Test Entity" in terms of ASX Listing Rule 1.3 and ASX Guidance Note 23 paragraph 6
- page 8 - Attachment 1 – Unaudited Cash Flow Statement for the 3 months to 31 March 2021 presented in the format that appears in the Company's half year and annual reports and is prepared on a basis consistent with the recognition and measurement requirements of accounting standards.

2. Appendix 4C

- Attachment 2 – Unaudited Appendix 4C cash flow report for the quarter ended 31 March 2021 presented in the format required by ASX Listing Rule 4.7B.

Yours sincerely



Nicholas Andrews, Executive Chairman of Magontec Limited has authorised the release of this document to the market on 29 April 2021.

Notes

All data presented in this report is unaudited. 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.

Executive Chairman's Activities Report

Magontec Limited (ASX: MGL)

Quarterly Activities Update for the 3 months to 31 March 2021 (Unaudited)

Operational Highlights – First Quarter 2021	3 months to 31-Mar-21	3 months to 31- Mar-20	% Change
Gross Profit	+\$3.634m	+\$4.122m	-11.8%
EBITDA*	+\$0.719m	+\$1.316m	-45.4%
Underlying Net Profit After Tax*	-\$0.183m	+\$0.123m	
Underlying Operational Cashflow**	+\$0.935m	+\$1.776m	-47.4%

*Excludes the impact of unrealised Foreign Exchange (FX) gains and losses

**Cashflow from operations excluding working capital movements, interest and income tax paid

Material Activities

- The immediate future of the Qinghai project is becoming clearer. The operator of the Qinghai magnesium smelter, the Qinghai Salt Lake Magnesium Co Ltd (QSLM) has announced that one of the six dehydration lines will undergo remediation through 2021. Supply of pure magnesium raw material to the Magontec Magnesium Alloy Cast House from this operation will recommence on completion of this project.
- Magontec continued to generate positive underlying operational cash flow** of \$0.94m during the quarter, albeit below the very strong previous corresponding period (PCP).
- Net Loss After Tax, excluding unrealised foreign exchange (FX) gains and losses was -\$0.183m. This included depreciation of \$0.19m for the under-performing Qinghai project and a non-cash general provision of \$0.15m.

Net Profit analysis of significant items	31-Mar-21 YTD	31-Mar-20 YTD
NPAT ex unrealised FX	\$(183,340)	\$123,212
Add back significant items		
- MAQ depreciation, post tax (non-cash)	\$187,260	\$226,074
- Long-Term Incentive Plan options accrual (non-cash)	\$75,142	-
- Provision for unforeseen costs (non-cash)	\$150,000	\$150,000
Subtotal	\$412,402	\$376,074
NPAT ex unrealised FX and significant items	\$229,062	\$499,285

Material Activities (cont)

- The CCP (anodes) businesses performed well in the first quarter with global volumes up 19% over the same period last year. There were strong market share gains in Europe and China.
- The global metals business experienced lower volumes and lower profitability in 1Q21 compared with the previous corresponding quarter. European chip shortages are currently closing regional automotive factories. Sales of high margin specialty metals were also lower than 2020 and the third wave of the coronavirus in Germany caused a costly production interruption.
- Gross Profit of \$3.6m Year-to-Date (YTD) is 11.8% lower than the PCP while the Gross Profit margin rose to 14.2% YTD, up from 14% in the same period in 2020.

Gross Profit	3 months to 31 Mar 2021	3 months to 31 Mar 2020	% Change
Metals	\$1.22m	\$2.05m	-40.5%
Anodes	\$2.42m	\$2.07m	+16.6%

- Net Debt of \$11.9 million has been consistently at lower levels for the last 18 months reflecting reduced primary magnesium alloy sales from Qinghai over that period. In this first quarter of 2021 recycled magnesium alloy volumes in Europe were also at a lower level than in the previous corresponding period.

ABOUT MAGONTEC LIMITED		ASX Code: MGL
Magontec is a leading manufacturer of magnesium alloys and Cathodic Corrosion Protection (magnesium and electronic anode) products		
<u>Magontec activities</u> <ul style="list-style-type: none"> - Converts pure Mg, alloying elements and Mg alloy scrap into Mg alloy ingots - Casts and extrudes Mg alloys into anodes for supply to the global water heater industry - Manufactures specialty metals for defence, aerospace and motor racing industries - Distributes products through a global sales network to customers in Europe, Asia-Pacific and North America 	<u>Magontec assets</u> <ul style="list-style-type: none"> - World's greenest primary Mg alloy producer at Qinghai 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 - CCP/anode product development and research laboratory 	<u>Magontec profile</u> <ul style="list-style-type: none"> - 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

Headline numbers				
A\$M	3 months to 31 Mar 2021	3 months to 31 Mar 2020	\$ Chg	% Chg
Underlying Operational Cashflow*	\$0.935 m	\$1.776 m	(\$0.841 m)	(47.3%)
Work cap movement & other op cashflow	(\$1.520 m)	\$4.189 m	(\$5.710 m)	
Reported Operational Cashflow	(\$0.585 m)	\$5.966 m	(\$6.551 m)	
Gross Profit	\$3.634 m	\$4.122 m	(\$0.487 m)	(11.8%)
Gross Profit Margin (%)	14.2%	14.0%		
Underlying EBITDA**	\$0.719 m	\$1.316 m	(\$0.597 m)	(45.4%)
Underlying EBIT**	\$0.135 m	\$0.563 m	(\$0.428 m)	(76.0%)
Underlying NPAT**	(\$0.183 m)	\$0.123 m	(\$0.307 m)	
Reported NPAT	\$0.161 m	\$1.040 m	(\$0.879 m)	(84.5%)
<i>** Excludes unrealised FX effects of</i>	<i>\$0.345 m</i>	<i>\$0.917 m</i>	<i>(\$0.572 m)</i>	

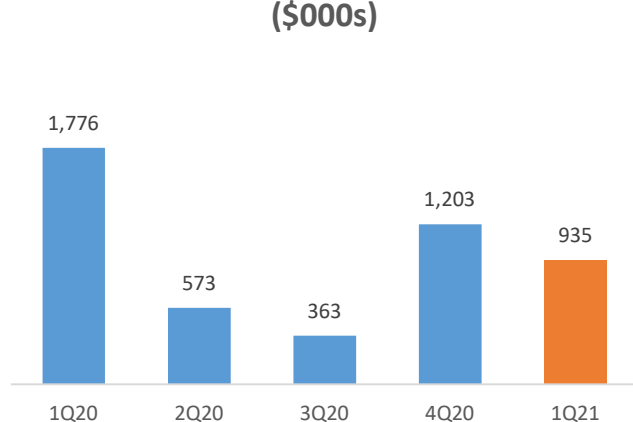
Financial Comment

In the first quarter of 2021, Magontec recorded positive underlying operational cash flow* of \$0.94 million.

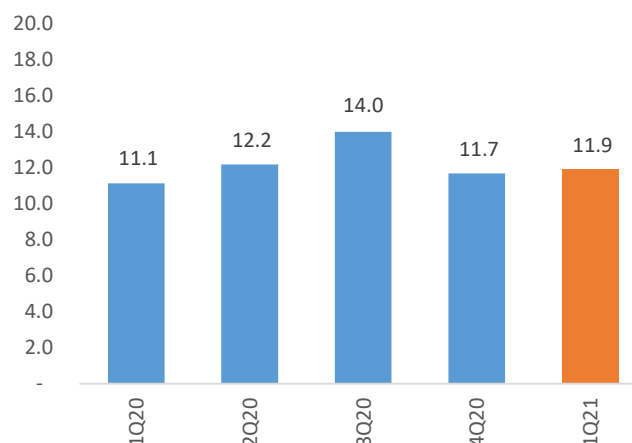
While the third wave of the coronavirus in Europe is apparent in the period under review, cash generation has returned to more normalised levels over the last 2 quarters (see chart below left). Free cashflow** was also positive in 1Q21.

Net debt was stable at \$11.9 million as at 31 March 2021. Headroom of \$2.6 million exists under the current debt facilities negotiated with Magontec's banks in Europe. In the PRC the company expects to roll over its debt facility with Zheshang Bank for a second year in the next few months.

Underlying operating cashflow*
(\$000s)



Net debt (A\$ m)



* This is defined as cashflow from operations excluding working capital movements, interest and income tax paid

** This is defined as cashflow from operations excluding working capital movements less capital expenditure

Review of Operations

In the first quarter of 2021 Magontec continued to enjoy buoyant conditions in its Cathodic Corrosion Protection (CCP) businesses in Europe and China. The water heater industry, the principal customer for CCP products, has operated consistently through the pandemic and underlying demand from new housing and the larger replacement market is strong. Overall CCP volumes in 1Q21 were up nearly 19% on the first quarter of 2020 and Gross Profit from these businesses was up 17%.

The global metals business performed ahead of expectations in terms of demand, however production operations encountered headwinds that impacted profitability. In February the German magnesium alloy recycling facility suffered the effects of the third wave of the pandemic and a large number of cast house employees were required to quarantine.

The Chinese factory at Qinghai continues to operate at low levels and again there was no supply of raw material from the adjacent QSLM smelter. It is a costly exercise in the short term to maintain this factory under these circumstances. This is discussed in more detail below.

The metals business also suffers by comparison with the first quarter of 2020 that included additional volumes and revenues due to a timing issue where fourth quarter 2019 sales were delayed into the following period.

In the quarter under review there were also lower specialist metals sales than in the previous corresponding period and lower electronic anode sales.

The mix of business, with a greater volume of higher margin CCP sales, generated a higher Gross Profit margin of 14.2%.

Qinghai Salt Lake Magnesium (QSLM) – Raw Material Supply

The Qinghai project has made progress towards a re-start, although there are no definitive dates or schedules to share with Magontec shareholders at this time.

We have been informed by QSLM that one of the six dehydration lines will be remediated in the next few months. They have also shared with us the RFQ (Request For Quotation) that has been circulated to regional engineering companies seeking a commencement in May 2021. They have also announced that the capital required for this particular phase of remediation, ¥75 million, has been secured.

While we have been frustrated by the delays over the last 24 months, we note that the legal and financial restructuring process is coming to a conclusion.

The Qinghai magnesium smelter, owned and operated by QSLM (a 29% shareholder of Magontec Limited), was constructed and commissioned in 2017 and 2018. In 2019 QSLM's owner, Qinghai Salt Lake Industries Co Ltd (QSLIC), came under significant financial pressure due to its very high debt burden and was forced to divest itself of QSLM. Without the financial support of QSLIC the magnesium smelter could not continue through its start-up phase and management have had the plant on a care and maintenance program.

Throughout this period Magontec has continued to operate its Magnesium Alloy Cast House (MACH) at the Qinghai site adjacent to the QSLM magnesium smelter. Under the Agreements between Magontec and QSLM the magnesium smelter is required to deliver liquid pure magnesium to the Magontec MACH. While the QSLM smelter is stalled Magontec has sought raw material from elsewhere at considerably higher costs than the anticipated supply agreements. Additional transportation costs mean that the plant has operated at a loss at the EBIT line and sometimes at the EBITDA line since 2019. In 1Q21 the plant has been profitable at the EBITDA line but after depreciation of around \$1m per annum, it is unable to make an EBIT profit contribution.

Despite these losses and the long period of time that Magontec has already waited for the re-start of the Qinghai smelter, the opportunity that the Agreements and the Qinghai project offer remain highly attractive. In the six-month period ending 31 March 2019 when Magontec's cast house was receiving intermittent and low volumes of pure magnesium supply, the business was profitable.

The Qinghai plant, when it is operating, will have the lowest carbon footprint of any major magnesium production unit in the world. Magontec's future magnesium alloy product, based on raw material from the Qinghai smelter, will likely have added appeal as national industrial policies, particularly in Europe, are increasingly orientated to low carbon products and away from highly polluting industrial processes. Magontec's competitors in China, (85% of current global magnesium production) are very high emitters of CO₂ as they source raw material from Pidgeon process plants that are reliant on coal gas and coke as fuel supply in a highly inefficient manufacturing process.

CCP - Magnesium and Electronic anodes

Magontec's Cathodic Corrosion Protection (CCP) business has continued to grow through the first quarter of 2021, with global revenues up 3% on the previous corresponding period and Gross Profit up 17%.

Profitability has been driven by volume increases in magnesium anodes, particularly in Europe where shipments to customers have risen strongly in the period under review.

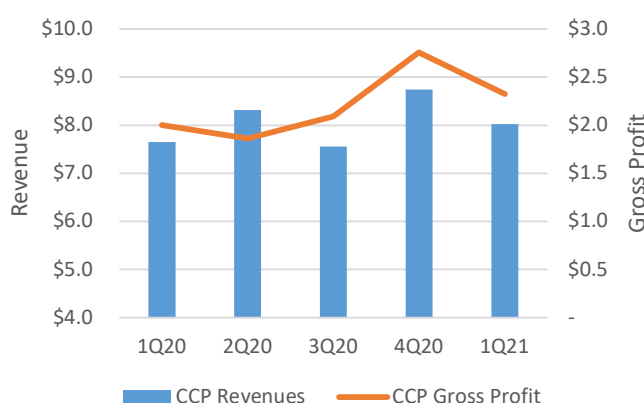
Magontec's global CCP business continues to innovate and drive productivity. In both the Chinese and Romanian factories, the costs of converting raw materials to finished products continue to fall year-on-year. These productivity improvements are driven by new processing equipment that have led to higher volumes and lower unit prices.

In Romania volume growth has been particularly strong in the last quarter, up 44% on the previous corresponding period, as Magontec's European sales team has won new customers across the continent and in the Middle East with a very strong offering in terms of price and quality.

Productivity improvement is a never-ending process. In 2021 and 2022 there are plans to grow output from both factories and broaden the product offering in terms of specifications and markets. The two Magontec plants currently service customers in every region of the world, have many opportunities to grow volumes and to offer customers unrivalled supply chain security as the only anode manufacturer with original supply out of two regions.

Unlike the metals business, the CCP industry has been little impacted by the coronavirus pandemic. As we have noted in previous commentaries, water heaters, nearly all of which contain a magnesium or electronic anode, are not a discretionary item. Some 80% of demand comes from the water heater replacement market.

Magontec Global CCP Business



Metals – Primary Magnesium Alloy, Magnesium Alloy Recycling & Specialist Metals

While the metals business continues to recover from the worst effects of the coronavirus (in April 2020 the Romania factory was closed for several weeks), the wider magnesium alloy and specialist metals industry remains subdued.

In February the German metals factory suffered several lost shifts due to staff required to quarantine as the coronavirus pandemic flared again in the region, severely reducing profitability in that month and for the quarter.

Other negative factors in this first quarter of 2021 include:

- reduced sales of higher margin specialist metals
- reduced demand among automotive manufacturers as metal, chip and other materials from Asian suppliers have been in short supply; and
- strong competitive pressures from new entrants pricing product to gain market share

Despite these headwinds and the expectation of lower sales for the European magnesium alloy businesses in 2021, demand for volume alloys has been relatively robust and appears likely to remain at current levels through the second quarter. The outlook for the second half of 2021 depends in part on the speed with which automotive factories and supply chains can recover.

For specialist alloy sales, also forecast to be slightly lower overall in 2021, timing issues rather than a marked change in underlying demand are the chief cause of the slower first quarter.

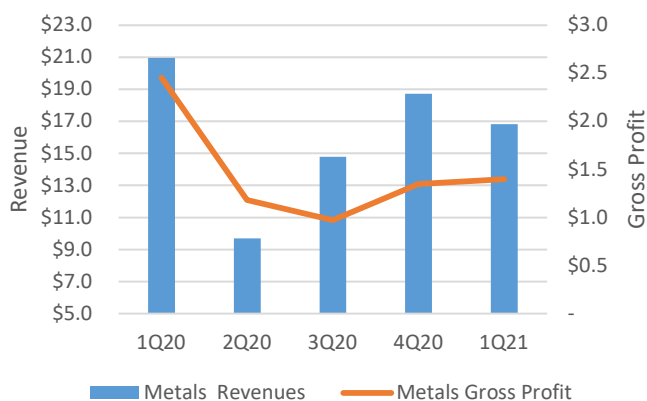
In China primary magnesium alloy volumes are up by 37% on the first quarter of 2020, despite the continued lack of supply from our local partner, QSLM.

As we have explained in previous commentaries, pure magnesium raw material for this facility is currently sourced from manufacturers in surrounding provinces. Under the Agreements between Magontec and QSLM logistics costs associated with this temporary external supply chain should be re-imbursed by QSLM. The debt to Magontec, incurred since April 2019, currently stands at \$5m as at the end of the first quarter of 2021.

The cost of raw material supply has made the plant unprofitable at the EBITDA line for much of the last 2 years (since the cessation of supply from the adjacent QSLM magnesium smelter), however, in the first quarter of 2021 EBITDA was positive in each month.

Our team at the Magontec Qinghai magnesium alloy cast house have learnt to work within the limitations imposed on them and have produced a positive cash result in the period under review. At the re-commencement of QSLM pure magnesium supply we are confident that this business will be able to make a major contribution to group earnings.

Magontec Global Metals Business



Nic Andrews

Executive Chairman

29 April 2021

Attachment 1

UNAUDITED STATEMENT OF CASH FLOWS

Unaudited Consolidated Cash Flow Statement	
Source: Magontec Limited Consolidated Management Accounts	
	3 months to
\$000	31-Mar-21
CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated from/ (utilised in) underlying operating activities	935
Net working capital assets	
- Trade and other receivables	(2,788)
- Inventory	1,974
- Trade and other payables	(540)
- Other	-
Cash generated from/ (utilised in) net working capital assets	(1,354)
Other operating activities	
- Net Interest paid	(84)
- Income tax paid	(82)
Cash generated from/ (utilised in) other operating activities	(166)
Net Cash generated from/ (utilised in) all operating activities	(585)
CASH FLOW FROM INVESTING ACTIVITIES	
Net cash out on purchase/disposal of property, plant & equipment	(55)
Group information technology	(9)
Security deposit	59
Other including leased assets	(9)
Net cash provided by / (used in) investing activities	(15)
CASH FLOW FROM FINANCING ACTIVITIES	
Bank Debt	(730)
Net capital raised from issue of securities	-
Other	(2)
Net cash provided by / (used in) financing activities	(732)
Net increase / (decrease) in cash and cash equivalents	(1,332)
Foreign exchange effects on total cash flow movement	47
Cash and cash equivalents at the beginning of the period	4,958
Cash and cash equivalents at the end of the period	3,674

Attachment 2

APPENDIX 4C



QUARTERLY UNAUDITED CASH FLOW
APPENDIX 4C

for the Period Ended 31 March 2021

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 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	24,733	24,733
1.2 Payments for		
(a) research and development	(93)	(93)
(b) product manufacturing and operating costs	(21,758)	(21,758)
(c) advertising and marketing	(6)	(6)
(d) leased assets	-	-
(e) staff costs	(1,949)	(1,949)
(f) administration and corporate costs	(1,372)	(1,372)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid	(93)	(93)
1.6 Income taxes paid	(82)	(82)
1.7 Government grants and tax incentives	26	26
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(585)	(585)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(55)	(55)
(d) investments		
(e) intellectual property	(9)	(9)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	50	50
2.6	Net cash from / (used in) investing activities	(15)	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5	Proceeds from borrowings	956	956
3.6	Repayment of borrowings	(1,686)	(1,686)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(2)	(2)
3.10	Net cash from / (used in) financing activities	(732)	(732)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,958	4,958
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(585)	(585)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(732)	(732)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	47	47
4.6	Cash and cash equivalents at end of period	3,674	3,674

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	3,674	4,958
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)	3,674	4,958

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	60
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 March 2021, there were no payments for purchase of pure Mg from the Qinghai Salt Lake Magnesium Co Ltd.</p> <p>Payments of \$60k in director fees for 1Q21 were made during the quarter.</p>		

7.	Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																																																												
7.1	Loan facilities	20,055	17,450																																																												
7.2	Credit standby arrangements																																																														
7.3	Other (please specify)																																																														
7.4	Total financing facilities																																																														
7.5	Unused financing facilities available at quarter end		\$2,604,941																																																												
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.																																																														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #f2f2f2;"> <th colspan="6">Borrowings facilities as at 31 March 2021</th> </tr> <tr style="background-color: #f2f2f2;"> <th style="text-align: left;">Lender</th> <th style="text-align: left;">Maturity</th> <th style="text-align: left;">Interest %</th> <th style="text-align: left;">Limit \$A 000</th> <th style="text-align: left;">Drawn \$A 000</th> <th style="text-align: left;">Security status</th> </tr> </thead> <tbody> <tr> <td>Commerzbank Germany</td> <td>30-Nov-23</td> <td>1.55%</td> <td>5,891</td> <td>3,950</td> <td>Secured</td> </tr> <tr> <td>Commerzbank Germany</td> <td>31-Dec-21</td> <td>2.55%</td> <td>1,735</td> <td>1,735</td> <td>Secured</td> </tr> <tr> <td>Commerzbank Germany</td> <td>31-Dec-25</td> <td>1.85%</td> <td>1,543</td> <td>1,543</td> <td>Secured</td> </tr> <tr> <td>ING Romania</td> <td>Open</td> <td>3.60%</td> <td>4,311</td> <td>4,322</td> <td>Secured</td> </tr> <tr> <td>Zheshang Bank</td> <td>09-Jul-21</td> <td>3.80%</td> <td>4,610</td> <td>4,009</td> <td>Secured</td> </tr> <tr> <td colspan="3">Total borrowings on balance sheet</td> <td>18,090</td> <td>15,559</td> <td></td> </tr> <tr> <td>Postbank (factoring)</td> <td>31-Dec-21</td> <td>0.95%</td> <td>1,965</td> <td>1,891</td> <td></td> </tr> <tr> <td colspan="3">Total facilities</td> <td>20,055</td> <td>17,450</td> <td></td> </tr> </tbody> </table>			Borrowings facilities as at 31 March 2021						Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status	Commerzbank Germany	30-Nov-23	1.55%	5,891	3,950	Secured	Commerzbank Germany	31-Dec-21	2.55%	1,735	1,735	Secured	Commerzbank Germany	31-Dec-25	1.85%	1,543	1,543	Secured	ING Romania	Open	3.60%	4,311	4,322	Secured	Zheshang Bank	09-Jul-21	3.80%	4,610	4,009	Secured	Total borrowings on balance sheet			18,090	15,559		Postbank (factoring)	31-Dec-21	0.95%	1,965	1,891		Total facilities			20,055	17,450	
Borrowings facilities as at 31 March 2021																																																															
Lender	Maturity	Interest %	Limit \$A 000	Drawn \$A 000	Security status																																																										
Commerzbank Germany	30-Nov-23	1.55%	5,891	3,950	Secured																																																										
Commerzbank Germany	31-Dec-21	2.55%	1,735	1,735	Secured																																																										
Commerzbank Germany	31-Dec-25	1.85%	1,543	1,543	Secured																																																										
ING Romania	Open	3.60%	4,311	4,322	Secured																																																										
Zheshang Bank	09-Jul-21	3.80%	4,610	4,009	Secured																																																										
Total borrowings on balance sheet			18,090	15,559																																																											
Postbank (factoring)	31-Dec-21	0.95%	1,965	1,891																																																											
Total facilities			20,055	17,450																																																											

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(585)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,674
8.3	Unused finance facilities available at quarter end (item 7.5)	2,605
8.4	Total available funding (item 8.2 + item 8.3)	6,279
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	10.7
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? <div style="border: 1px solid black; padding: 5px; min-height: 40px;"> Answer: N/A </div>	

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 April 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.