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28 February 2023

Ms Angel He
Adviser, Listings Compliance (Sydney)
(via email to ListingsComplianceSydney@asx.com.au)

Dear Ms He,

Magontec Limited ('MGL'): Appendix 3Y – Change of Director's Interest Notice Query

I refer to your letter dated 27 February 2023 under the heading as shown above and with reference 69140.

We apologise for the late lodgement of Appendix 3Y in respect of the change to Mr Andrews' holding of Performance Rights. We provide answers to your questions corresponding to the paragraph numbers in your letter.

1. ASX Query: Please explain why the Appendix 3Y was lodged late.

Magontec Response:

At the commencement of each calendar year, the Magontec Board conducts a review of –

- a. the extent to which the Performance Rights issued in respect of the prior maturing three-year Performance Period (i.e. in the context of your enquiry, the three-year period ended 31 December 2022) may convert to Magontec ordinary shares; and
- b. the Performance Targets to apply to Performance Rights to be issued in respect of the following three-year Performance Period (i.e. in context, the period 1 January 2023 to 31 December 2025).

Magontec's objective has been to release to the market the consolidated results of such review (not piecemeal). This objective was delayed by the absence of a January 2023 Board meeting.

2. ASX Query:

What arrangements does MGL have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?

Magontec Response:

The Company believes its disclosure practices have been adequate. However, in order to ensure full compliance, a future delay will be implemented by advancing the Performance Rights Board review to December in our events calendar which will be implemented in December 2023.

3. ASX Query: *If the current arrangements are inadequate or not being enforced, what additional steps does MGL intend to take to ensure compliance with Listing Rule 3.19B?*

Magontec Response:

As stated above, the Company believes its historical systems and processes were adequate, however, in order to avoid future non-compliance, a new process will be implemented as described above.

4. ASX Query:

Please can you confirm if the interests in the securities detailed in the Appendix 3Y traded during a closed period where prior written clearance was required?

Magontec Response:

The securities (Performance Rights) detailed in the relevant Appendix 3Y were issued under the shareholder approved Magontec Executive Incentive Plan (referred to as the “2020 Shareholder Approved Plan”). In terms of the approval, the securities have limited rights including no right to be traded or dealt with in any fashion by Mr Andrews. Your questions 5 and 6 are not applicable.

5. ASX Query:

If your answer to point 4 is ‘yes’, was prior written clearance provided to allow the trade to proceed during this period?

Magontec Response:

Not applicable.

6. ASX Query:

If prior written clearance was provided to allow the trade to proceed during the closed period, on what date was this provided?

Magontec Response:

Not applicable.

We hope this addresses the concerns raised in your letter.



Yours sincerely,
Dean Taylor
Company Secretary

Dean Taylor, Company Secretary of Magontec Limited has authorised the release of this document to the market on 28 February 2023



27 February 2023

Reference: 69140

Mr Dean Taylor
Company Secretary
Magontec Limited
Suite 1.03
46A Macleay Street
Potts Point NSW 2011

By email only.

Dear Mr Taylor

Magontec Limited ('MGL'): Appendix 3Y – Change of Director's Interest Notice Query

ASX refers to the following:

1. MGL's Appendix 3Y lodged on the ASX Market Announcements Platform ('MAP') on 24 February 2023 for Mr Nicholas Andrews (the 'Notice');
2. Listing Rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 *'The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.'*

3. Listing rule 3.19B which states that:

'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.'

The Notice indicates that a change in Mr Andrews's notifiable interest occurred on 31 December 2022. It appears that the Notice should have been lodged with ASX by 6 January 2023. Consequently, MGL may have

breached Listing Rules 3.19A and/or 3.19B. It also appears that Mr Andrews may have breached section 205G of the *Corporations Act 2001* (Cth).

Request for Information

Under Listing Rule 18.7, we ask that you answer each of the following questions having regard to Listing Rules 3.19A and 3.19B and *Guidance Note 22: Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities*.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does MGL have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does MGL intend to take to ensure compliance with Listing Rule 3.19B?
4. Please can you confirm if the interests in the securities detailed in the Appendix 3Y traded during a closed period where prior written clearance was required?
5. If your answer to point 4 is 'yes', was prior written clearance provided to allow the trade to proceed during this period?
6. If prior written clearance was provided to allow the trade to proceed during the closed period, on what date was this provided?

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12 PM AEDT Wednesday, 1 March 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MGL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MGL to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MGL's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in MGL's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MGL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that MGL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Angel He
Adviser, Listings Compliance