MAGONTEC

ACN 010 441 666

MAGONTEC LIMITED

Half Year Report

2025

Corporate Information and Glossary

1. Corporate information

The consolidated financial statements of Magontec Limited and its controlled subsidiaries as listed in Note 4.1 herein (collectively, the Group) for the 6 months to 30 June 2025 were authorised for issue in accordance with a resolution of the directors on 27 August 2025. Magontec Limited is a company limited by shares incorporated in Australia. The shares are publicly traded on the Australian Securities Exchange under the code "MGL".

2. Glossary of terms referred to in this report

Formal Name of Entity	Description of Entity	Referred to as
Head office entities		
Magontec Limited	The ultimate parent/holding company of the Group.	Parent Company, the Company or "MGL"
Advanced Magnesium Technologies Pty Limited	Wholly owned subsidiary of Magontec Limited that acts as the administrative operating entity.	AMT
Varomet Holdings Limited	The holding company that owns the Group's operating businesses at Xi'an (PRC) and Suzhou (PRC). In turn, Magontec Limited owns all of the ordinary shares issued by Varomet Holdings Limited.	VHL
Operating entities		
Magontec GmbH	The wholly owned entity that owns the Group's operations in Bottrop, Germany	MAB
Magontec SRL	The wholly owned entity that owns the Group's operations in Santana, Romania	MAR
Magontec Xi'an Co. Ltd.	The wholly owned entity that owns the Group's operations in Xi'an, PRC	MAX
Magontec US LLC	The wholly owned entity that acts as the Group's distributor located in the United States	MAU
Non-Operating entities		
Magontec Suzhou Co Ltd	The wholly owned entity that owns the Group's operations in Suzhou, PRC. Production ceased at this facility in 2016	MAS
Magontec Qinghai Co. Ltd.	The wholly owned entity that owns the Group's operations in Qinghai, PRC Production ceased at this facility in 2024 and the corporate entity was liquidated on 7 May 2025.	MAQ
Major related shareholders and other terms		
Qinghai Salt Lake Magnesium Co. Limited	QSLM was previously a 28.48% shareholder in MGL as at 31 December 2024. Following QSLM's termination of the co- operation agreements with Magontec Qinghai, an Extraordinary General Meeting was convened on 5 February 2025 where MGL shareholders approved a Memorandum of Settlement (MoS) between QSLM and the Group. This included the selective share buy back of all the shares held by QSLM in the Group for zero cash consideration. As set out in the MoS, QSLM relinquished its entire shareholding of 22,681,940 MGL shares to the Group which were cancelled in February 2025 in exchange for certain fixed assets of Magontec Qinghai as well as both sides agreeing to forego any future legal claims. QSLM was a subsidiary of Qinghai Huixin Asset Management (QHAM). QHAM is in turn owned by 3 Chinese state-owned enterprises. Its shareholders included the state of Haixi (a region of Qinghai province that includes Golmud) and two other Qinghai based investment entities.	QSLM
	People's Republic of China	PRC

3. Rounding errors

The tables 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.

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Executive Chairman's Report

In the 6 months to 30 June 2025 Magontec's anode businesses have posted a strong improvement on the prior period, specialist metals traded in line with prior periods while the higher volume metals recycling activities experienced difficult trading conditions and were largely responsible for an overall loss at the Interim.

While the NPAT loss is disappointing, the group remains debt free on a net debt basis and the underlying operating** cash loss was limited to -$1.67 million. As discussed in more detail below, the metals business suffered a sharp loss of volumes in the first quarter of 2025 that was only partially retrieved in the second quarter. Other activities - anodes in China and Europe and specialist metals - all performed better than in the prior period.

Trading in the period since 30 June 2025 has picked up sharply in all product categories, particularly in the European Metals business.

Additional costs were generated through the period as we implemented our strategic review and pivot. On 5 February 2025, at an EGM held to consider the buyback and cancellation of MGL shares held by Magontec's partner in the Qinghai magnesium project, and in the Annual Report released at the end of February, we reported to shareholders that Magontec would undertake a fundamental review of its activities and business relationships.

The review process has been underway through the first half of 2025 and costs associated with advice and restructuring activities have been incurred in the reporting period.

The review has largely focussed on the volume metals business that lost its long-planned primary magnesium supply strategy following the Group's forced withdrawal from the Qinghai magnesium project. This has temporarily reduced metal volumes at the German and Romanian magnesium alloy recycling plants. These businesses are now focussed on building new primary magnesium alloy supplier relationships to restore volumes and profitability to the business in the short-term.

We are at the beginning of that journey and in the first half of 2025 made excellent progress. Magontec's prior agreements with its Qinghai partner prevented the development of relationships with other Chinese magnesium producers. We have now identified the right new partners in China and have begun to build volumes from those companies to Magontec customers in Europe.

Magontec has a strong position in the European magnesium alloy recycling industry but requires the right supply chain settings to properly leverage these assets. Our two recycling businesses, in Germany and Romania, are strategically located across the European industrial belt. There are only 4 high-volume and 2 smaller magnesium recycling factories in Europe, and Magontec has installed capacity representing over 40% of total European production capacity. Furthermore, we have continually invested in new production technologies and automation to ensure that these assets remain competitive, although acceptable returns can only be achieved at higher volumes.

The first leg of our revised metals strategy is now in place and will continue to roll out over the next 18 months. The second leg, to build new primary magnesium alloying facilities that Magontec owns and or controls, will take longer to realise but is also under-way.

** Underlying Operating Cashflow = Operating Cashflow excluding working capital movements, interest and tax paid

Executive Chairman's Report

continued

We are in communication with pure magnesium production projects in a variety of countries around the world and will make announcements as developments allow.

Our other businesses have performed very well in the period under review. The CCP business (magnesium and electronic anodes) have recovered strongly compared with the prior half as magnesium anode volumes matched the improving housing cycle and customer inventories were restored.

Our most exciting business is the electronic anodes product where we have invested in new technologies and new applications. Magontec is a leading producer of anodes that use a titanium rod and electricity to deliver corrosion protection (Impressed Current Anode System – ICAS). This device contains proprietary IP, housed in a printed circuit board, that intelligently manages an electrical pulse that inhibits steel tank corrosion.

Magontec's ICAS product has been released in a new version with updated controls and functions that will help to entrench an already very high market share position. The device offers long-term protection (more than 20 years) and intelligence that displays a wide range of water heater and water quality metrics. There are two key markets for the ICAS product; OEMs where the product is embedded in a factory produced appliance, and the replacement market where an ICAS product is retrofitted to a water heater tank replacing the original magnesium anode.

This new product series was released in March this year at ISH Frankfurt, the World's leading annual trade fair for the HVAC + Water industry, and received strong endorsement from key industry players.

The new product for the replacement market has been designed so that any plumber can easily complete this task and removes the need for other trades people. The connection between the titanium anode and the PCB is a new and innovative technology that has been patented. In addition to a major sales effort to wholesale and plumber networks in Europe, we are also beginning the process of delivering this product via internet sales, currently to the German language markets, then expanding to other regions in the coming months.

The ICAS product enjoyed strong growth through to 2023 when the withdrawal of government subsidies pushed heat pump sales volumes down to lower levels. While this sector is only a part of the ICAS story, the growth in heat-pump take-up in the US and Europe has been a key growth driver. Heat-pumps are a central part of climate abatement policies in many countries, driving a switch to efficient electrical hot water systems and away from gas and oil powered systems. This trend is still in an early stage. We think our new ICAS product will prove very popular among OEMs and in the replacement market, and that volumes of this market leading technology will enjoy strong growth over the rest of this decade.

In China our anodes business has also performed well in a difficult trading environment. Home building has been slow in the PRC for some years causing overall volumes to decline. Furthermore, we have also suffered volume loss as contracts have been bid away from Magontec at prices that are below break-even. As one of China's largest and most efficient magnesium anode manufacturers, we see in this firsthand evidence of industrial over-capacity that has impacted many Chinese industrial sectors. New producers of magnesium anodes have arisen in the last couple of years and have sought to build volumes by offering loss-making contracts. In 4Q 2025 Magontec Xi'an will bid again on major OEM contracts and we expect to be able to recover some of the lost volumes for 2026.

The Xi'an plant also supplies magnesium and aluminium anodes to the US markets. While tariffs have been volatile, volumes have been steady. Our footprint in the US remains smaller than it should be and we have embarked on a renewed push to win new business from the three major US-based hot water tank OEMs.

Finally, our specialist magnesium activities have continued to operate at steady levels. These include specialist alloys, for gravity casting, and hardeners. Magontec sells most of this product into the US aerospace appliance markets with smaller volumes going to customers in Europe and other regions in Asia. These are higher margin products that we have developed over the last 5 years and we have made our way into a strong number two position among the larger customers. Our hardener products were developed in Australia and have proved extremely popular with customers. Our future challenge is to further develop Magontec's specialist alloy portfolio so that we can compete even more successfully in the market.

Magontec is in a re-building phase with a developed strategy that addresses its metals and CCP businesses. The Group has a strong balance sheet and access to debt facilities in each of its operating regions. In the second half of 2025 the metals business is expected to show an improvement over the first half, driven by efficiencies in manning and operating structures, higher volumes of primary magnesium alloys sold into European diecasters and higher volumes of scrap throughput at our key recycling plants in Germany and Romania. We think the CCP businesses will continue the trend of better than PCP performance in the second half of 2025, particularly as interest rates decline in key markets and housing formation improves.

Nicholas Andrews
Executive Chairman

Financial Overview

Highlights

Earnings and Cashflow Overview

- 1H25 Gross Profit Margin increased to 17.8% driven by the growth in the Anodes segment, compared with 14.7% in the previous corresponding period
- The Group remains in a net cash position of $0.6m as at 30 June 2025. This comprised cash of $6.3m less borrowings of $5.75m on the balance sheet.
- Underlying operating cashflow was broadly break even at -$0.3m excluding head office in 1H25 despite a difficult trading period

Balance sheet and capital management

- Net assets per share have doubled to 84 cents per share as at 30 June 2025 since 2020
- Significant freehold property within the Group continues to underpin value.
- Substantial capital expenditure over the last 1-2 years to upgrade and expand facilities in Germany, China and Romania means future investment requirement is expected to be limited

Key financial overview		
$'000	Position as at 30-Jun-25	Position as at 31-Dec-24
Net assets and balance sheet		
Net assets per share (cents)	84	63
Net debt/(net cash)	(552)	(5,486)
Net debt to net debt + equity (%)	(1.2%)	(12.3%)
$'000	6 months to 30-Jun-25	6 months to 30-Jun-24
Earnings and cashflow		
Gross Profit	**5,250**	**6,067**
Gross Margin (%)	17.8%	14.7%
Reported EBITDA ex unrealised FX and impairment	**(1,413)**	**821**
Underlying NPAT* (excluding impairment)	**(2,263)**	**(1,250)**
Reported Net Profit After Tax	(3,958)	(5,250)
Underlying Operating Cashflow**	(1,670)	251
Underlying Operating Cashflow excluding Head Office**	**(276)**	**1,501**

* Underlying NPAT = Reported NPAT excluding unrealised FX

** Underlying Operating Cashflow = Operating Cashflow excluding working capital movements, interest and tax paid

Financial Overview
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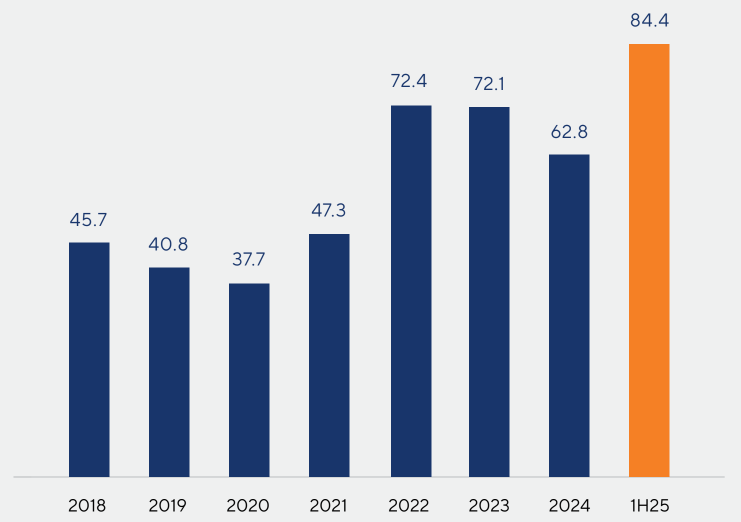
Net tangible assets per share and impact of QSLM selective share buyback

During the half to 30 June 2025, an Extraordinary General Meeting was convened on 5 February 2025 to approve the buyback and immediate cancellation of QSLM's entire 28.48% shareholding in Magontec for zero cash consideration in accordance with the Memorandum of Settlement announced to the ASX.

This reduction in the share count had 2 important impacts:

- A 40% uplift in the net tangible assets per share for all remaining Magontec shareholders; and
- A cleaner and more open share register with increased strategic flexibility

Net assets per share



Note: The net assets per share calculated at 31 December 2024 did not include the QSLM share buyback and cancellation. This was executed on 5 February 2025.

Net assets per share have doubled since 2020 to 84 cents per share at 30 June 2025

Despite current trading challenges and the discontinuation of the Qinghai Project with related impairment and closure costs, the Group's net asset position has risen substantially over the last 5 years.

Net assets per share have more than doubled to 84 cents as at 30 June 2025, up from just 38 cents as at 31 December 2020.

One key factor driving this was the QSLM share buyback and cancellation, which significantly reduced the number of ordinary shares on issue.

Furthermore, the Group took advantage of the extraordinary profits of 2022 from the pure Mg price spike to:

1) Pay down debt and establish a net cash position ($0.6m net cash as at 30 June 2025)

2) Return capital to shareholders via dividends throughout 2022 and 2023 along with an associated DRP, the first time this has been paid out of operating activities since the Group's inception; and

3) Continue to invest in other capital expenditure outside of the Qinghai project such that future investment requirements are expected to be minimal.

   These projects included the upgrade and expansion of the Xi'an Anode factory, a major refurbishment of the Romanian facility with a new roof that will significantly extend its useful life, and substantial automation enhancements to the Metal casting process in the German plant.

Magontec Xi'an Co Ltd factory - Xi'an, China

Financial Overview
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This followed a small parcel share buyback in 2020 (funded by private placement) to reduce the number of shareholders by 11,245 and a 15-1 share consolidation in 2021, optimising the Group's structure through the difficult COVID period.

Significant freehold within the Group underpins value

The Group continues to hold freehold rights to Magontec's three production sites at Bottrop (Germany), Santana (Romania) and Xi'an (China). In additional to providing operational certainty, these also underpin shareholder value.

Magontec's magnesium alloy recycling assets also have a strategic and embedded value. As established magnesium processing facilities, these businesses have regulatory approval and certification that is increasingly difficult to obtain.

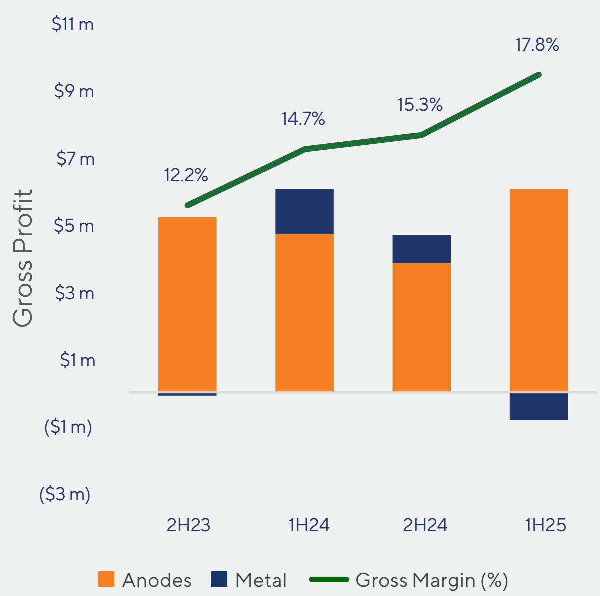
Together they represent over 40% of installed European magnesium alloy recycling capacity and have the flexibility to manage specialist metals production from pure magnesium and other alloying elements.

The Land & Buildings are recorded at cost less accumulated depreciation on the balance sheet in accordance with the Group's accounting policy. As these were acquired many years ago (particularly Bottrop and Xi'an) and have continued to be maintained and upgraded, external valuations and management analysis suggest that the net asset per share number would be boosted beyond the written down book position if stated according to fair market value.

Magontec GmbH factory - Bottrop, Germany

Magontec SRL factory - Santana, Romania

Gross Profit by Segment and GP margin



Financial Overview
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Reconciliation of significant items in earnings		
$'000	6 months to 30-Jun-25	6 months to 30-Jun-24
Reported Net Profit After Tax	**(3,958)**	**(5,250)**
Add/(subtract) unrealised FX losses/(gains)	1,708	313
Net Profit After Tax excluding unrealised FX (underlying NPAT*)	**(2,250)**	**(4,937)**
Add back tax expense	(418)	434
Net Profit Before Tax excluding unrealised FX	**(2,668)**	**(4,503)**
Significant items Before Tax		
Add back non-cash equity (expense)/writeback	240	337
Add PRC Metals depreciation (non cash)	–	451
Less PRC Metals (Discontinued portion) EBITDA gains	(69)	(531)
Add PRC Metals impairment loss	–	3,652
Add Strategic Review Corporate Costs	159	–
Add QSLM legal costs	32	–
Sub total - Significant Items Before Tax	**362**	**3,909**
Net Profit Before Tax, unrealised FX and significant items	**(2,306)**	**(593)**

- The Net Result After Tax excluding unrealised FX was a loss of $2.25 million. The underperforming Metals business obscured positive developments in the Anodes business that saw Gross Profit in the first half of 2025 grow 28% over the prior corresponding period. Additional commentary is provided in the Operations commentary elsewhere in this report.
- During the half to 30 June 2025, significant items included costs associated with the Strategic Review and the non-cash LTI expense. The prior corresponding period to 30 June 2024 included $3.9m of significant items before tax primarily related to a non-cash impairment expense of $3.65 million and depreciation of $0.5m that flowed from the closure of the Magontec Qinghai Mg Alloy facility.

Working Capital Summary			
$'000	30-Jun-25	31-Dec-24	% chg
Trade and other receivables	9,111	8,212	10.9%
Notes receivable (PRC)	6,385	4,423	44.4%
Prepayments and other current assets	2,089	1,474	41.8%
Inventory	29,564	29,270	1.0%
Trade and other payables	(7,390)	(6,402)	15.4%
Net assets	**39,759**	**36,977**	**7.5%**

Financial Overview
continued

- Underlying operating cashflow** for the half to 30 June 2025 was -$1.67m. To give a better insight into the underlying operating businesses, excluding Head Office costs the Group incurred an underlying operating cashflow loss of just -$0.3m.
- Operating cashflow for the half was also impacted by timing differences in working capital (as defined on the previous page), which increased to $39.8 million as at 30 June 2025, largely due to movements in notes receivable in the Chinese Mg anodes business.
- Notes receivable are promissory notes accepted from certain large Chinese customers, the majority of which are guaranteed by banks and have a 6-month term. These convert to cash upon maturity or can be redeemed early for an interest charge. Inventory is also elevated in our European business due to weak demand, but the cash and banking position remains comfortable enough to support this.

Banking

The Group retains considerable headroom against existing borrowing facilities as at 30 June 2025.

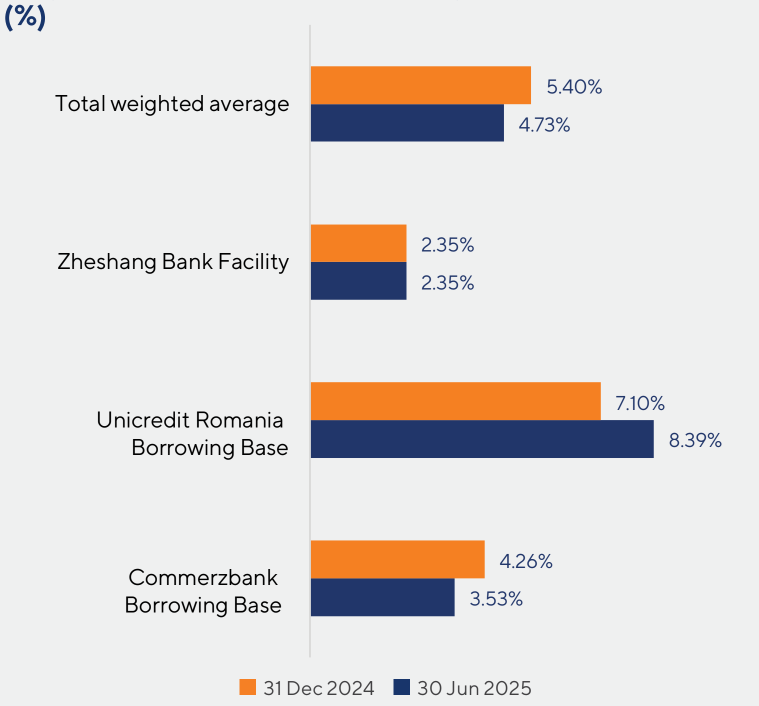
In Germany, the Commerzbank Borrowing Base Facility will continue until 30 November 2026 and has a total limit of EUR 10 million. The Romanian (Unicredit) and Xi'an (Zheshang) bank facilities are available on 12-month terms.

In China, the Zheshang facility was in the process of being renewed at the date of this report, and we have been informed by the bank that this is expected to occur in September. This facility was undrawn as at 30 June 2025.

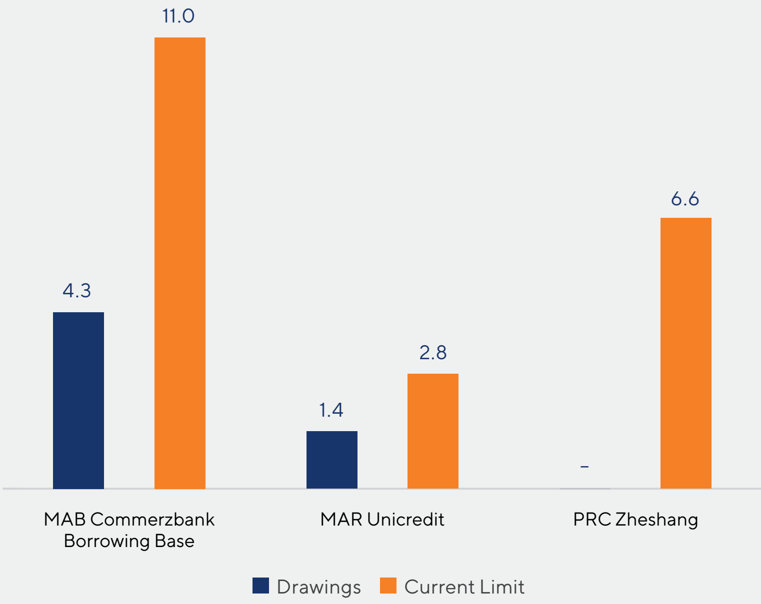
The weighted average estimated interest rate as at 30 June 2025 decreased to 4.73% (31 December 2024: 5.40%).

** Underlying Operating Cashflow = Operating Cashflow excluding working capital movements, interest and tax paid

Magontec Limited Bank Borrowing Interest Rate Profile (%)



Borrowing v Current Limit as at 30 June 2025 (A$m)



Anodes – CCP
(Cathodic Corrosion Protection)

The Group's anode businesses enjoyed a recovery in profits in the six months to 30 June 2025 compared with the prior 6-months.

Gross profits from our anodes businesses were sharply higher in the first half of 2025 (1H25) compared with the previous corresponding period (PCP), the first half of 2024 (1H24).

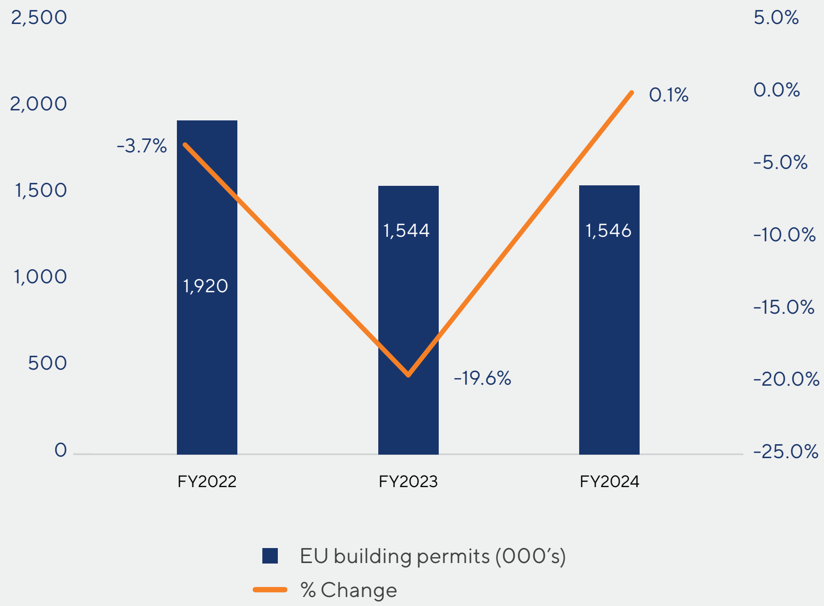
After a period of falling revenues through to 31 December 2024, Magontec's overall (magnesium and electronic) anode revenues increased 5% in the 6 months to 30 June 2025. Gross profit margins also recovered, rising to 31% in the period to 30 June 2025 compared with 25.5% in the PCP.

The Group's Chinese and two European anode manufacturing units supply hot water tank manufacturers (OEMs) in China, Europe, the Middle East and North America as well as wholesale supply chains in Europe for the anode replacement market.

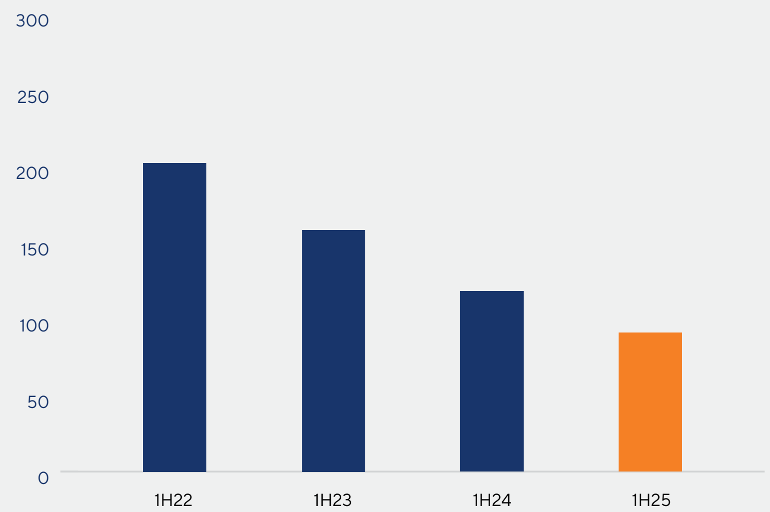
Through 2024 the combination of lower housing starts, slower economic growth and the withdrawal of government subsidies for lower energy heat pump appliances, reduced overall hot water appliance sales, sharply impacting Magontec's FY2024 margins and profitability.

Magontec's anode products, cast and extruded magnesium anodes from China and Europe and electronic anodes developed and manufactured in Germany, sell into a variety of markets where revenues and volumes are driven by different factors.

EU Building Permits 2022 – 2024 (000's)



Housing Starts in China 1H22 – 1H25 (10,000's Sq Metres)



Anodes – CCP (Cathodic Corrosion Protection)

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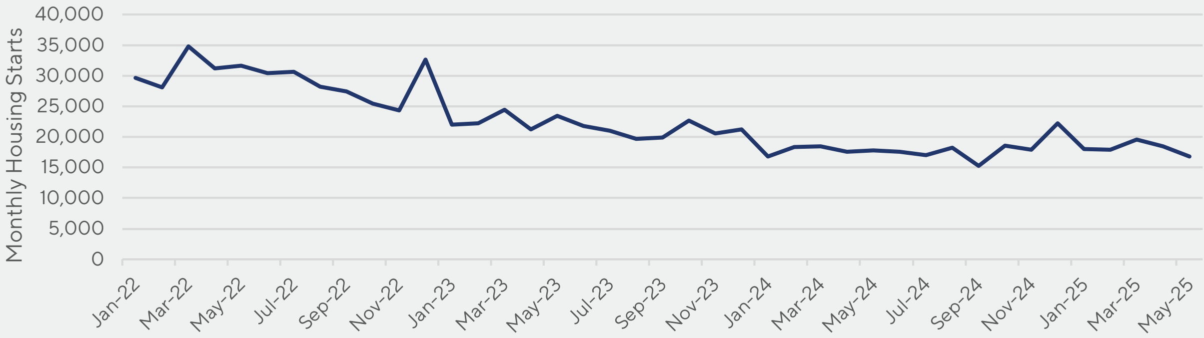
German House Building (Jan 22 – May 25)



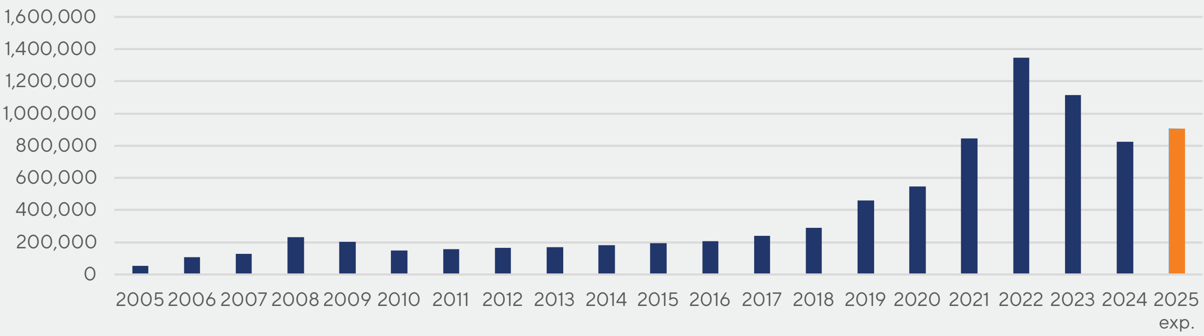
In China, the deep housing trough is yet to post positive year-on-year growth, although the rate of decline has slowed. In Europe home building has stabilised in the main markets, such as Germany, while across the wider EU, building permits enjoyed a modest recovery in 2024, likely spilling into 1H25 (data only available to 31 Dec 2024), particularly for appliances that are among the last acquisitions in the home building process.

Two other factors have driven a modest improvement in underlying demand for all anode products in the period under review; the restocking of inventories that appliance manufacturers ran down to lower levels in prior periods as demand weakened, and a rebound in the hot water appliance replacement market that has traditionally accounted for up to 80% of underlying demand.

For electronic anodes (a Magontec proprietary product and market leading technology) underlying demand is driven by a steady consumer drift to low-energy heat pump devices. At times this is turbo-charged by government subsidies designed to offset the price of heat pump devices that sell at a premium to traditional electric and gas appliances. The withdrawal of government subsidies through 2023 and 2024 sharply reduced global heat pump volumes, so the 1H25 comparison is against a period of low global heat pump sales. Changes to building codes are also an increasingly important driver in all European markets.

As the chart below shows, 2025 sales in Europe are expected to resume an upwards trajectory. According to the German trade association, BDH, sales of all types of heat-pumps in Europe's largest market rose by 55% in the 6-month period to 30 June 2025.

Total Heat Pump Sales – Selected European Countries



Anodes – CCP (Cathodic Corrosion Protection)

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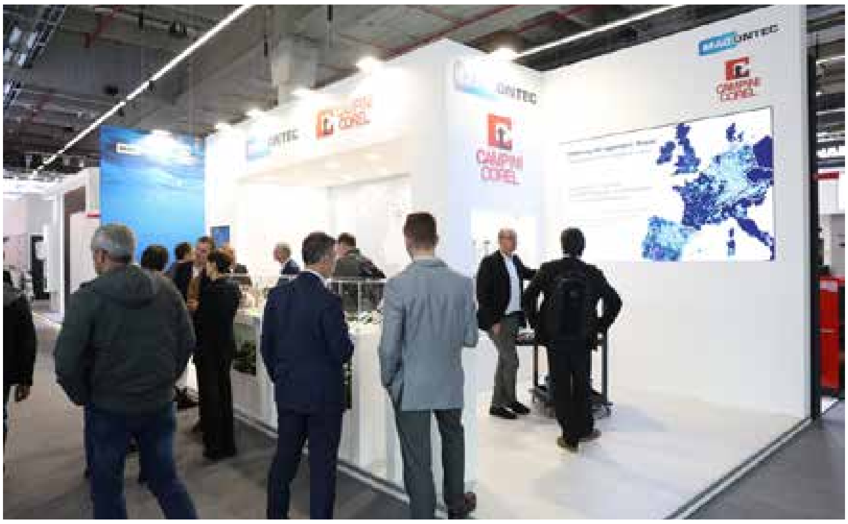
Plumbers speaking to a Magontec sales expert at ISH Frankfurt 2025



Magontec exhibition booth at ISH Frankfurt

There has also been a steady rise in sales of electronic anodes to the replacement market (largely replacing magnesium anodes) driven by Magontec's continued development of distribution channels through plumber networks and now internet sales. Overall revenues for electronic anodes are up 18.2% on the PCP and even more strongly compared with the second half of 2024. We expect government subsidies for the heat-pump transition to resume in Europe and drive another period of exceptional sales volumes in a sector where Magontec has the leading product.

Through the first half of 2025 Magontec's European magnesium and electronic anodes have retained market shares and, as volumes recover in the magnesium anode sector (up +34% over 2H24 but still -2% lower than PCP), the economics of production have also recovered, driving a higher Anodes gross profit, up 28% on PCP.

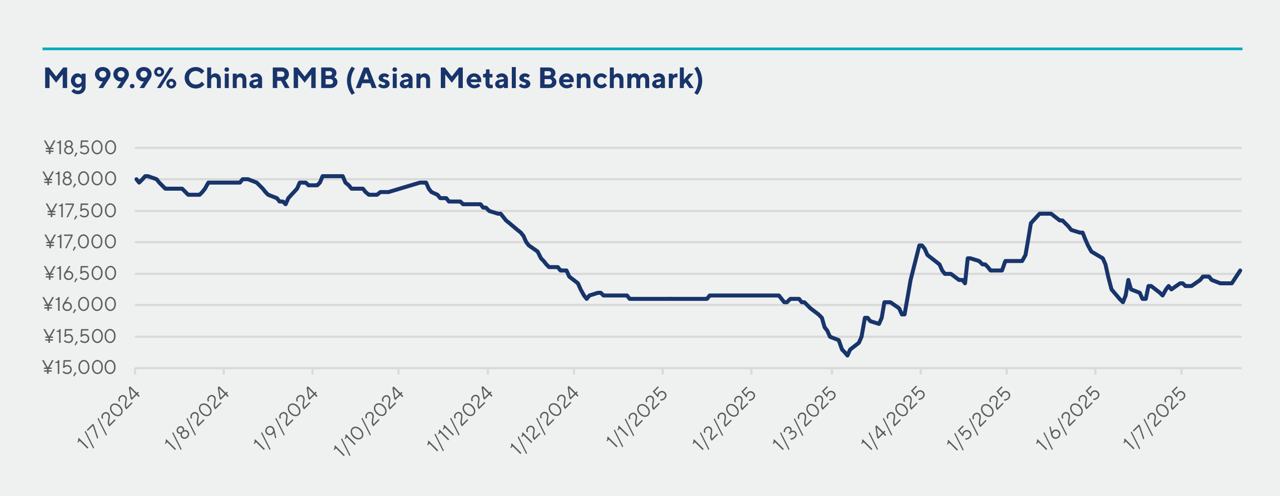
In China conditions have been more challenging as Magontec's market share dropped in late 2024 with the loss of key contracts with domestic Chinese appliance manufacturers. The Xi'an team have done a good job under these circumstances to grow volumes by +4.7% in the period under review over the 2H24 period, albeit a little behind the PCP. Xi'an lost volumes in Q4 2024, the main contract season, to other manufacturers at prices that were likely unprofitable on a like-for-like basis. In Q4 2025 our Xi'an team will bid again for these same contracts and expect to recover some of the volumes lost last year.

Magontec's new generation ICAS products

Magontec's Xi'an plant also sells magnesium anodes to the US market. Sales to US customers have been levied tariffs swinging between 25% and 170% (currently 55%). As there are no US magnesium anode manufacturers and potential domestic manufacturers have no understanding of where tariffs will end up, US customers have continued to purchase Chinese manufactured products in the same volumes and at prices that fully reflect the new tariff.

At the Xi'an magnesium anodes business, gross profits were 10% above 2H24 levels with margins recovering on small volume increments, further improved by the introduction of casting and extrusion process efficiencies.

Metals Business



Magontec's Metals business is now focussed on the European magnesium alloy recycling activities and the production of specialist metals and hardeners for the aerospace sector.

In July 2024 Magontec withdrew from its major Chinese project, substantially reducing total magnesium volumes across the group.

On a like-for-like basis the first six months of 2025 was an extremely challenging period for the European volume magnesium recycling business. In the first quarter volumes were particularly low. One major contract was abruptly cancelled and another suffered administrative issues substantially reducing volumes. In the second quarter of 2025 volumes returned to higher levels and are expected to continue to recover into the second half.

As we noted in the Annual Report, we have been required to revise our strategy for the magnesium alloy businesses following the closure of the Qinghai facility. The strategy we outlined earlier in the year was to identify and engage with Chinese primary magnesium alloy and scrap suppliers to grow Magontec's sales into Europe. Only through growing primary Mg alloy sales will we be able to develop higher recycling volumes that are essential to our German and Romanian plants.

In the period to 30 June 2025 primary Mg alloy trading volumes have picked up considerably and we are in the process of building more robust direct relationships with Chinese partners.

The second leg of our primary Mg alloy strategy is to play a role in developing alternative magnesium supply chains. Over the last 20 years magnesium has increasingly been sourced from a single region. This has added perceived business risks to the development of magnesium alloy applications and supply chain vulnerability. Over the last 12 months we have worked with several highly prospective partners in Europe, the United States, the Middle East and Asia. Our expectation is that at an appropriate moment in the development of these projects, Magontec will consider an operational and a financial commitment to augment magnesium alloy product flows from facilities over which we will have a high level of control, that we will operate and potentially own.

The fall-out from the closure of Qinghai has had a profound impact on our short-term metals business in China and Europe.

Volumes that had been placed in the expectation of imminent green magnesium flows were lost and some customers questioned Magontec's commitment to its magnesium alloy business. Over the last 6 months our sales team and management have produced a new marketing document that has been distributed to all Magontec metals customers outlining the Group's metals strategy, our commitment to the magnesium alloy industry and the outlook for 2025 and 2026 as Magontec pivots to a new multi-sourcing strategy.

On a like-for-like basis volume throughput at the two European recycling plants fell 26%, while lower grades and lower margin products reduced Gross Profit in the half to -$0.8m.

The challenges for the recycling business include both volume and manning issues. In the period under review, we have taken some difficult decisions to reduce the workforce, the benefits of which will emerge in the second half of 2025.

As primary Mg alloy volumes flow from our developing Chinese producer relationships, and recent labour cost adjustments take effect in our recycling facilities, we expect profitability to recover in the second half of 2025.

Financial Report

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Directors' Report

The Directors of Magontec Limited ('the Company' or 'MGL') submit herewith the financial report for the half-year ended 30 June 2025. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

- Mr Nicholas Andrews (Executive Chairman)
- Mr Robert Kaye (Lead Independent Director) Re-appointed 11 May 2023
- Mr Atul Malhotra (Independent Director) Re-appointed 7 May 2025
- Mr Andre Labuschagne (Independent Director) Re-appointed 7 May 2025
- Mr Zhong Jun Li (Independent Director) Re-appointed 15 May 2024
- Mr Xing Cai Li (Non-Executive Director) Resigned 5 February 2025

Review of Operations

For the six months ended 30 June 2025, the consolidated (loss) after tax was ($3,958,000).

For the six months ended 30 June 2024, the consolidated (loss) after tax was ($5,250,000).

Corporate

The 42nd annual general meeting of the Company was held on 7 May 2025.

As at the date of this report, the composition of the Committees of the Board are as follows.

Remuneration and Nominations Committee

- Chair: Robert Kaye (Lead Independent Director)
- Atul Malhotra (Independent Director)
- Li Zhongjun (Independent Director)

Finance, Audit & Compliance Committee

- Chair: Atul Malhotra (Independent Director)
- Andre Labuschagne (Independent Director)
- Robert Kaye (Lead Independent Director)

Business Risk Committee

- Chair: Andre Labuschagne (Independent Director)
- Atul Malhotra (Independent Director)
- Nicholas Andrews (Executive Director)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required by S307C of the *Corporations Act 2001* is set out on page 15.

This Report is made in accordance with a resolution of the Directors.

Nicholas Andrews
Executive Chairman
27 August 2025

CAMPHIN BOSTON
CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION

The Board of Directors
Magontec Limited
Suite 2.01, Level 2, Domain House, 139 Macquarie Street
Sydney, NSW, 2000

Dear Board Members,

In accordance with the requirements of section 307C of the *Corporations Act 2001*, we hereby declare, that to the best of our knowledge and belief, during the half-year ended 30 June 2025 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Camphin Boston
Chartered Accountants

Rob Cooper
Lead Auditor
Sydney
Dated this 28th day of August 2025

Camphin Boston
Chartered Accountants
ABN 69 688 697 499

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MAGONTEC LIMITED

Report on the Half-Year Financial Report

Auditor's Conclusion

We have reviewed the accompanying half-year financial report of Magontec Limited and Controlled Entities, which compromises the consolidated balance sheet as at 30 June 2025, consolidated comprehensive income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Magontec Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Magontec Limited and Controlled Entities' financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Camphin Boston
Chartered Accountants
ABN 69 688 697 499

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Russell Bedford
taking you further

CAMPHIN BOSTON
CHARTERED ACCOUNTANTS

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that causes us to believe that the financial report has not been prepared, in all material respects, in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Camphin Boston
Chartered Accountants

Rob Cooper
Lead Auditor
Sydney
Dated this 28th day of August 2025

Consolidated Comprehensive Income Statement

for the half-year ended 30 June 2025

	Note	Continuing Operations 6 months to 30 Jun 2025 $'000	Discontinued Operations 6 months to 30 Jun 2025 $'000	Total 6 months to 30 Jun 2025 $'000	Continuing Operations 6 months to 30 Jun 2024 $'000	Discontinued Operations 6 months to 30 Jun 2024 $'000	Total 6 months to 30 Jun 2024 $'000
Sale of goods	3	29,079	391	29,470	30,395	11,016	41,411
Cost of sales	3	(23,988)	(232)	(24,220)	(24,681)	(10,663)	(35,344)
Gross profit		**5,091**	**159**	**5,250**	**5,714**	**353**	**6,067**
Other income	10	375	–	375	722	12	734
Interest expense		(180)	–	(180)	(164)	(18)	(182)
Impairment expense - fixed assets, inventory, doubtful debts	3, 14	14	–	14	(35)	(3,652)	(3,687)
Travel accommodation and meals		(339)	–	(339)	(315)	(47)	(362)
Research, development, licensing and patent costs		(329)	–	(329)	(368)	(31)	(399)
Promotional activity		(132)	–	(132)	(87)	–	(87)
Information technology		(179)	–	(179)	(170)	(16)	(186)
Personnel		(4,767)	(76)	(4,843)	(4,274)	(102)	(4,376)
Depreciation & amortisation		(348)	–	(348)	(323)	(1)	(324)
Office expenses		(209)	–	(209)	(218)	(34)	(252)
Corporate		(1,767)	(14)	(1,781)	(1,759)	(27)	(1,786)
Foreign exchange gain/(loss)		(1,675)	–	(1,675)	50	(26)	24
Profit/(Loss) before income tax expense from continuing operations		**(4,445)**	**69**	**(4,376)**	**(1,227)**	**(3,589)**	**(4,816)**
Income tax expense		418	–	418	(196)	(238)	(434)
Profit/(Loss) after income tax expense from continuing operations		**(4,027)**	**69**	**(3,958)**	**(1,423)**	**(3,827)**	**(5,250)**
Other Comprehensive Income							
FX differences taken to reserves in equity – translation of overseas entities		1,470	(94)	1,376	(393)	(1)	(394)
Other Comprehensive Income							
Movement in actuarial assessments		407	-	407	116	-	116
Total Comprehensive Income		**(2,150)**	**(25)**	**(2,175)**	**(1,700)**	**(3,828)**	**(5,528)**

	Note	Continuing Operations 6 months to 30 Jun 2025 cents per share	Discontinued Operations 6 months to 30 Jun 2025 cents per share	Total 6 months to 30 Jun 2025 cents per share	Continuing Operations 30 Jun 2024 cents per share	Discontinued Operations 6 months to 30 Jun 2024 cents per share	Total 6 months to 30 Jun 2024 cents per share
Earnings/(Loss) per share from continuing operations							
Basic (cents per share)	9	(6.5)	0.1	(6.4) cents	(1.8)	(4.8)	(6.6) cents
Diluted (cents per share)	9	(5.9)	0.1	(5.8) cents	(1.6)	(4.4)	(6.0) cents

Notes to the financial statements are included on pages 22 to 29.

Consolidated Balance Sheet

as at 30 June 2025

	Note	30 Jun 2025 $'000	31 Dec 2024 $'000
Current assets			
Cash and cash equivalents	7.1	6,308	7,750
Trade & other receivables	11.1	15,496	12,635
Inventory		29,564	29,270
Other		2,444	1,837
Total current assets		**53,812**	**51,492**
Non-current assets			
Other receivables		220	293
Property, plant & equipment	14	14,191	14,188
Deferred Tax Asset		1,926	1,596
Intangibles		2,986	3,021
Total non-current assets		**19,323**	**19,098**
TOTAL ASSETS		**73,135**	**70,590**
Current liabilities			
Trade & other payables	11.2	7,390	6,402
Bank Borrowings	15	1,420	1,356
Provisions		816	850
Total current liabilities		**9,626**	**8,608**
Non-current liabilities			
Other payables		408	502
Bank Borrowings	15	4,336	908
Provisions		10,704	10,576
Total non-current liabilities		**15,448**	**11,986**
TOTAL LIABILITIES		**25,074**	**20,594**
NET ASSETS		**48,061**	**49,996**
Equity attributable to members of MGL			
Share capital	6	59,718	59,718
Reserves	16	19,952	17,929
Accumulated (losses)/profits		(31,609)	(27,651)
TOTAL EQUITY		**48,061**	**49,996**

Notes to the financial statements are included on pages 22 to 29.

Consolidated Statement of Changes in Equity

for the half-year ended 30 June 2025

	Share Capital Ordinary $'000	Retained Earnings $'000	Profits Reserve $'000	FCTR[1] $'000	Capital Reserve $'000	Actuarial Reserve $'000	Expired Options Reserve $'000	Share Issue Reserve $'000	Total Equity $'000
Balance 1-Jan-25	**59,718**	**(27,651)**	**5,446**	**7,308**	**2,750**	**(953)**	**2,802**	**577**	**49,996**
Profit/(Loss) attributable to members of parent entity	–	(3,958)	–	–	–	–	–	–	(3,958)
Dividends	–	–	–	–	–	–	–	–	–
Comprehensive income	–	–	–	1,376	–	407	–	–	1,783
Issue of shares (net)	–	–	–	–	–	–	–	–	–
Share issue reserve	–	–	–	–	–	–	–	240	240
Transfer between reserves	–	–	–	–	–	–	–	–	–
Balance 30-Jun-25	**59,718**	**(31,609)**	**5,446**	**8,684**	**2,750**	**(547)**	**2,802**	**817**	**48,061**
for the half-year ended 30 June 2024									
Balance 1-Jan-24	**59,524**	**(18,133)**	**5,922**	**4,793**	**2,750**	**(1,028)**	**2,127**	**691**	**56,647**
Profit/(Loss) attributable to members of parent entity	–	(5,250)	–	–	–	–	–	–	(5,250)
Dividends	–	–	(476)	–	–	–	–	–	(476)
Comprehensive income	–	–	–	(394)	–	116	–	–	(278)
Issue of shares (net)	194	–	–	–	–	–	–	(114)	80
Share issue reserve	–	–	–	–	–	–	–	337	337
Transfer between reserves	–	–	–	–	–	–	(114)	114	–
Balance 30-Jun-24	**59,718**	**(23,383)**	**5,446**	**4,399**	**2,750**	**(912)**	**2,014**	**1,028**	**51,060**

(1) FCTR = Foreign Currency Translation Reserve

Notes to the financial statements are included on pages 22 to 29.

Consolidated Cash Flow Statement

for the half-year ended 30 June 2025

	6 months to 30 Jun 2025 $'000	6 months to 30 Jun 2024 $'000
Cash flows from operating activities		
Profit before taxation	**(4,376)**	**(4,816)**
Adjustments for:		
– Non-cash equity expense	240	337
– Depreciation & amortisation	1,088	1,456
– Impairment loss on property plant & equipment	–	3,652
– Foreign currency effects	1,708	313
– Other non-cash items	(330)	(691)
Cash generated from/(utilised in) underlying operating activities	**(1,670)**	**251**
Movement in working capital balance sheet accounts		
– Trade Receivables and Other Current Assets	(4,095)	667
– Inventory	1,019	1,395
– Trade Payables and Other Current Liabilities	966	1,028
Cash generated from/(utilised in) working capital accounts	**(2,110)**	**3,090**
Cash generated from/(utilised in) underlying operational cash flow and net working capital assets	**(3,780)**	**3,341**
– Net Interest paid	(137)	(3)
– Income tax paid	31	(810)
Cash generated from/(utilised in) operating activities	**(3,886)**	**2,528**
Cash flows from investing activities		
Net cash out on purchase/disposal of property, plant & equipment	(550)	(1,058)
Group Information Technology software	(4)	(109)
Security Deposit	2	23
Other	88	38
Net cash provided by/(used in) investing activities	**(464)**	**(1,106)**
Cash flows from financing activities		
Dividends paid	–	(385)
Proceeds from borrowings	4,171	5,711
Repayment of borrowings	(918)	(8,908)
Cashflow from leasing activities	(125)	(129)
Other	–	(11)
Net cash provided by financing activities	**3,128**	**(3,722)**
Net increase/(decrease) in cash and cash equivalents	**(1,222)**	**(2,300)**
Foreign exchange effects on total cash flow movement	**(220)**	**6**
Cash and cash equivalents at the beginning of the reporting period	**7,750**	**13,136**
Cash and cash equivalents at the end of the reporting period	**6,308**	**10,842**

Cashflows from Discontinued Operations are disclosed in Note 7.2.

Notes to the financial statements are included on pages 22 to 29.

Notes to the Condensed Financial Statements

for the half-year ended 30 June 2025

1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 31 December 2024.

Basis of Preparation

This report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets. Costs are based on the fair values of consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the 30 June 2025 half-year financial report are consistent with those adopted and disclosed in the Group's annual report for the financial year ended 31 December 2024.

2. SIGNIFICANT TRANSACTIONS AND MATERIAL ITEMS

Aside from those referred to in the commentary in this report and the relevant comparative period reports, there were no other material factors affecting the financial statements of the economic entity for the current and comparative period

During the prior comparative period, the Group recognised an impairment charge of $3.7 million against the value of PRC fixed assets as a result of developments with QSLM as discussed in that report, as well as a write down of all deferred tax asset balances of Magontec Qinghai to zero as at 30 June 2024.

2.1 Call Options for the Issue of the Company's Shares

There are no options on issue as at the reporting date.

2.2 Income Tax Expense/Benefit

Tax losses previously disclosed in the 31 December 2024 Annual Report included those attributable to Magontec Limited and its Australian controlled entities. The tax benefit corresponding to these losses is not recognised as an asset in the accounts. Income taxes incurred in foreign jurisdictions are not sheltered by these Australian tax losses and are governed by relevant tax legislation in the various foreign jurisdictions in which the Group operates with the exception of MAU which forms part of the income tax group with Magontec Limited.

2.3 Dividends

No dividend was declared or recommended with respect to the 6 months ended 30 June 2025 (6 months ended 30 June 2024: nil). The balance of the franking account at 30 June 2025 was $nil (30 June 2024: $nil).

3. RESULTS FROM OPERATIONS

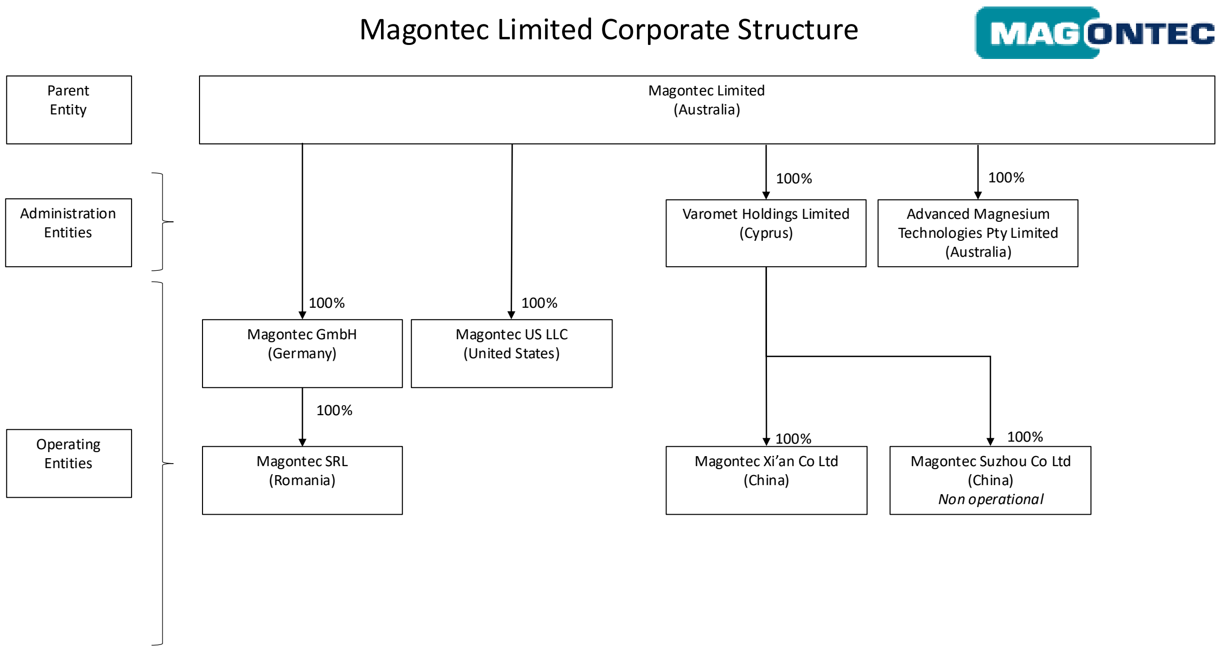
	Continuing Operations 6 months to 30 Jun 2025 $'000	Discontinued Operations 6 months to 30 Jun 2025 $'000	Total 6 months to 30 Jun 2025 $'000	Continuing Operations 6 months to 30 Jun 2024 $'000	Discontinued Operations 6 months to 30 Jun 2024 $'000	Total 6 months to 30 Jun 2024 $'000
Metal	9,516	391	9,907	11,827	11,016	22,843
Anodes - Cathodic Corrosion Protection	19,563	–	19,563	18,568	–	18,568
Sales revenue	**29,079**	**391**	**29,470**	**30,395**	**11,016**	**41,411**
Metal	(10,490)	(232)	(10,722)	(10,850)	(10,663)	(21,513)
Anodes - Cathodic Corrosion Protection	(13,498)	–	(13,498)	(13,831)	–	(13,831)
Cost of sales	**(23,988)**	**(232)**	**(24,220)**	**(24,681)**	**(10,663)**	**(35,344)**
Metal	(974)	159	(815)	977	353	1,330
Anodes - Cathodic Corrosion Protection	6,065	–	6,065	4,737	–	4,737
Gross Profit	**5,091**	**159**	**5,250**	**5,714**	**353**	**6,067**
Impairment of assets						
Inventory write down to net realisable value - EUR segment	–	–	–	(35)	–	(35)
Write down of fixed assets	–	–	–	–	(3,652)	(3,652)
Reversal of provision for bad and doubtful debts	14	–	14	–	–	–
Total	**14**	**–**	**14**	**(35)**	**(3,652)**	**(3,687)**

Notes to the Condensed Financial Statements

continued

4. SEGMENT REPORTING

4.1 Corporate Structure as at 30 June 2025



4.2 Identification of Reportable Segments

The consolidated entity comprises the entities as described in Note 4.1.

With respect to the period to 30 June 2025, information is presented for the three main segments within the Group as described below.

- 'Admin Units' = Magontec administrative entities performing a Head Office function comprising -
  - Magontec Limited (Australia);
  - Advanced Magnesium Technologies Pty Limited (Australia); and
  - Varomet Holdings Limited (Cyprus).
- 'EUR' = Magontec operating entities in Europe and North America comprising -
  - Magontec GmbH (Germany);
  - Magontec SRL (Romania); and
  - Magontec LLC (United States).
- 'PRC' = Magontec operating entities in the People's Republic of China comprising -
  - Magontec Xi'an Co. Ltd. (China); and
  - Magontec Suzhou Co. Ltd. (China) - non operational

Closure procedures with respect to Magontec Suzhou Co. Ltd. (China) are yet to be finalised as at 30 June 2025.

Magontec Qinghai Co Ltd, a 100% owned subsidiary of Magontec Limited was closed on 7 May 2025.

Notes to the Condensed Financial Statements

continued

4. SEGMENT REPORTING (CONTINUED)

4.3 Segment Information – Comprehensive Income

	6 months to 30 June 2025				6 months to 30 June 2024			
	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL
Sale of goods	–	22,669	6,961	29,630	–	23,581	17,853	41,434
Less Inter-segment sales				(160)				(23)
Net Sales	**–**	**22,669**	**6,961**	**29,470**	**–**	**23,581**	**17,853**	**41,411**
Cost of sales	–	(18,201)	(6,179)	(24,380)	–	(18,322)	(17,045)	(35,366)
Less Inter-segment sales				160				23
Net Cost of Sales	**–**	**(18,201)**	**(6,179)**	**(24,220)**	**–**	**(18,322)**	**(17,045)**	**(35,344)**
Gross Profit	**–**	**4,468**	**782**	**5,250**	**–**	**5,259**	**808**	**6,067**
Other income	25	90	260	375	–	181	553	734
Interest expense	(12)	(168)	–	(180)	–	(146)	(36)	(182)
Impairment - inventory, fixed assets, doubtful debts	–	14	–	14	–	(35)	(3,652)	(3,687)
Travel accommodation and meals	(105)	(190)	(44)	(339)	(70)	(198)	(94)	(362)
Research, development, licensing and patent costs	–	(88)	(241)	(329)	–	(50)	(349)	(399)
Promotional activity	–	(132)	–	(132)	(3)	(84)	–	(87)
Information technology	(6)	(137)	(36)	(179)	(5)	(148)	(33)	(186)
Personnel	(706)	(3,509)	(628)	(4,843)	(737)	(3,076)	(563)	(4,376)
Depreciation & amortisation	(44)	(287)	(17)	(348)	–	(299)	(25)	(324)
Office expenses	(77)	(82)	(50)	(209)	(54)	(129)	(69)	(252)
Corporate	(442)	(1,014)	(325)	(1,781)	(400)	(1,006)	(380)	(1,786)
Foreign exchange gain/(loss)	39	(1,921)	207	(1,675)	36	319	(331)	24
Profit/(Loss) before income tax expense	**(1,328)**	**(2,956)**	**(92)**	**(4,376)**	**(1,233)**	**588**	**(4,171)**	**(4,816)**
Income tax expense	–	296	122	418	–	(239)	(195)	(434)
Profit/(Loss) after income tax expense/benefit including discontinued operations	**(1,328)**	**(2,660)**	**30**	**(3,958)**	**(1,233)**	**349**	**(4,366)**	**(5,250)**
Other Comprehensive Income								
FX differences taken to Reserves – translation of overseas entities	(20)	2,052	(656)	1,376	(24)	(321)	(49)	(394)
Movement in actuarial assessments	–	407	–	407	–	116	–	116
Total Comprehensive Income	**(1,348)**	**(201)**	**(626)**	**(2,175)**	**(1,257)**	**144**	**(4,415)**	**(5,528)**

4.4 Segment Information – Balance Sheet

	30 June 2025				31 December 2024			
	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL	$'000 Admin	$'000 EUR	$'000 PRC	$'000 TOTAL
Segment Disclosures								
Segment assets	4,957	45,712	22,466	73,135	5,219	40,983	24,388	70,590
Segment liabilities	1,243	22,383	1,448	25,074	1,493	16,878	2,223	20,594
Segment net assets	**3,714**	**23,329**	**21,018**	**48,061**	**3,726**	**24,105**	**22,165**	**49,996**

Notes to the Condensed Financial Statements

continued

5. CONTINGENT ASSETS AND LIABILITIES

With respect to contingent assets and liabilities, these are unchanged compared with those disclosed in the Annual Report at 31 December 2024 as at the date of this report.

6. SHARE CAPITAL

	6 months to 30 Jun 2025 $'000	6 months to 30 Jun 2024 $'000
Opening balance of share capital attributable to members of MGL	**59,718**	**59,524**
Dividend Reinvestment Plan	–	91
Vesting of Performance Rights	–	114
QSLM share buyback and cancellation	–	–
Various costs associated with issue of shares	–	(11)
Share capital on issued ordinary shares 56,961,826 (2024: 79,643,766)	**59,718**	**59,718**

7. CASH

7.1 Reconciliation of Cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	6 months to 30 Jun 2025 $'000	6 months to 30 Jun 2024 $'000
Cash and cash equivalents at the beginning of the reporting period	**7,750**	**13,136**
Net cash (used)/generated in operating activities	(3,886)	2,528
Net cash provided by / (used in) investing activities	(464)	(1,106)
Net cash provided by / (used in) financing activities	3,128	(3,722)
Foreign exchange effects on total cash flow movement	(220)	6
Cash and cash equivalents at the end of the reporting period	**6,308**	**10,842**

7.2 Cashflows from Discontinued Operations

During the year ended 31 December 2024, production ceased at the Magontec Qinghai Mg Alloy plant and the PRC Metal Business was deemed to be a discontinued operation per AASB 5 Non-Current Assets Held for Sale and Discontinued Operations. Accordingly the results of these operations have been presented separately on the face of the Comprehensive Income Statement for both the current period and the prior period. Cashflows from Discontinued Operations are presented separately below.

	6 months to 30 Jun 2025 $'000	6 months to 30 Jun 2024 $'000
Cash flows from (used in) Discontinued Operations		
Net cash from operating activities	69	4,227
Net cash from investing activities	–	(55)
Net cash from financing activities	–	–
Net cash flows	**69**	**4,172**

8. EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters subsequent to the end of the financial half year that have, or may, significantly affect the Group's operations, the results of those operations, or the state of the Group's affairs.

Notes to the Condensed Financial Statements

continued

9. CALCULATION OF EARNINGS/(LOSS) PER SHARE

		6 months to 30 Jun 2025	6 months to 30 Jun 2024
Earning/(Loss) per share:			
Profit/(Loss) attributable to members of the parent entity	1	($3,958,000)	($5,250, 000)
Average shares on issue for the period	2	61,473,151	79,176,134
Average performance rights on issue for the period	3	6,423,956	8,786,304
Basic Earnings/(Loss) per share (cents per share)	1 ÷ 2 × 100	(6.4)	(6.6)
Diluted Earnings/(Loss) per share (cents per share)	1 ÷ (2 +3) × 100	(5.8)	(6.0)

10. OTHER INCOME IN COMPREHENSIVE INCOME STATEMENT

	6 months to 30 Jun 2025 $'000	6 months to 30 Jun 2024 $'000
Interest revenue	44	144
Government grants	188	517
Derivative market revaluation	(5)	(10)
Compensation received including insurance	58	54
Write back of provisions	2	5
Other adjustments	88	24
Total Other Income	**375**	**734**

11. TRADE RECEIVABLES AND PAYABLES

11.1 Current Trade and Other Receivables

	30 Jun 2025 $'000	31 Dec 2024 $'000
Trade receivables(1)	8,544	8,058
Allowance for doubtful debts	(408)	(403)
	8,136	**7,655**
Net GST/VAT recoverable	455	298
Security deposits	118	120
Notes and other receivables due to operating entities(2)	6,784	4,556
Derivatives fair value adjustment	3	6
	7,360	**4,980**
Total receivables	**15,496**	**12,635**

(1) Trade receivables represent 52.5 days sales at 30 Jun 25 (36.9 days sales at 30 Jun 24)

(2) Notes receivable are issued by customers and their banks as consideration for services provided and can be redeemed prior to maturity for cash at a discount. These notes are limited to a 6-month term.

Notes to the Condensed Financial Statements

continued

11. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

11.2 Current Trade and Other Payables

	30 Jun 2025 $'000	31 Dec 2024 $'000
Trade creditors[1]	5,280	4,170
Other creditors and accruals	2,110	2,232
Total	**7,390**	**6,402**

(1) Trade creditors represent 39.5 days cost of goods sold at 30 Jun 25 (30.5 days costs of good sold at 30 Jun 24)

12. RELATED PARTY DISCLOSURES

During the 6 months ended 30 June 2025, the Group had no transactions with its substantial shareholder Qinghai Salt Lake Magnesium Co Limited to 5 February 2025 when it ceased to be a shareholder apart from the transactions outlined in the EGM on that date (30 June 2024: $nil). There are no balances outstanding as at 30 June 2025.

13. LEASES

Pursuant to AASB 16 Leases, the Group recognises a right of use lease asset at inception in the Property, Plant & Equipment caption on the balance sheet, which includes equipment and vehicles as well as a corresponding lease liability in the Current and Non Current Provisions on the balance sheet. This is calculated as being the future value of lease payments discounted at the relevant incremental borrowing rate.

The right of use asset is depreciated on a straight-line basis per the term of the lease. The lease liability is unwound over the term of the lease, with interest expense recorded in the income statement.

a. Right of use assets

The movement in the right of use assets balance during the 6 months to 30 June 2025 is presented below.

RIGHT OF USE ASSETS SUMMARY	6 months to 30 Jun 2025 $'000	12 months to 31 Dec 2024 $'000
Opening balance	**754**	**448**
Add new leased assets	–	585
Depreciation charge	(155)	(289)
FX movements	25	10
Closing balance	**624**	**754**

b. Lease liabilities

The movement in total lease liabilities during the 6 months to 30 June 2025 is presented below.

LEASE LIABILITY SUMMARY	6 months to 30 Jun 2025 $'000	12 months to 31 Dec 2024 $'000
Opening balance	**753**	**443**
Add new lease liabilities	–	585
Less unwind of lease liabilities	(151)	(285)
FX movements	26	10
Closing balance	**628**	**753**

LEASE LIABILITY SPLIT - CURRENT AND NON CURRENT	30 Jun 2025 $'000	31 Dec 2024 $'000
Lease liabilities recognised in the balance sheet		
Current	220	252
Non Current	408	501
Total lease liabilities recognised in the balance sheet	**628**	**753**

Notes to the Condensed Financial Statements

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14. IMPAIRMENT CONSIDERATION

During the 6 months to 30 June 2025, no impairment expense was recorded.

As the carrying amount of net assets was higher than the market capitalisation, the PRC and MAR CGUs were reviewed for impairment at balance date.

PRC

Following the end of the Qinghai project in 2024, the PRC CGU primarily includes the Anodes Production facility at Magontec Xi'an as well as some smaller trading activities.

The recoverable amount of the PRC CGU was estimated based on the higher of fair value less costs to sell, and its value in use.

The fair value less costs to sell PRC CGU was estimated with reference to an external third-party assessment of the Land & Buildings at the Magontec Xi'an facility.

The value in use at 31 December 2024 (refer to the 2024 Annual Report for key assumptions) was assessed as not being materially different as at 30 June 2025 and remains below the fair value less costs to sell.

The Recoverable Amount determined on this basis was higher than the carrying value of the PRC CGU, and therefore no further impairment expense was recorded during the half to 30 June 2025.

MAR

During the half to 30 June 2025, volumes at the MAR Metal plant were below expectations primarily due to a slower than expected resumption of a key contract and therefore this CGU was also reviewed for impairment at balance date.

A value in use calculation was previously performed at 31 December 2024 which provided for a Recoverable Amount which was well in excess of the carrying value of the MAR CGU.

There was no new information obtained during the half that is expected to materially change this assessment at 30 June 2025.

After a slow start, volumes have picked up at the MAR Metal facility through the half and are starting to approach levels more in keeping with expectations. The slower than expected start was caused by temporary administrative and system setup issues on the customer side that are progressively being resolved.

Based on this, management is of the view that the assumptions underpinning this analysis at 31 December 2024 have not materially changed and that no further impairment was required as at 30 June 2025.

15. BORROWINGS

	30 Jun 2025 $'000	30 Jun 2025 Maturity Date	30 Jun 2025 Interest pa	31 Dec 2024 $'000	31 Dec 2024 Maturity Date	31 Dec 2024 Interest pa
Bank & Institutional Borrowings						
Magontec GmbH (Bank Loan)(1)	4,336	30-Nov-26	3.53%	908	30-Nov-26	4.26%
Magontec GmbH (Factoring Facility)(3)	(12)	31-Mar-25	–	860	28-Feb-25	3.91%
Magontec SRL (Working Capital Facility)(2)	1,420	27-Feb-26	8.39%	1,356	28-Feb-25	7.10%
Magontec Xi'an Limited (Bank Loan)(4)	–	–	–	–	06-Aug-25	2.35%
Total Bank Borrowings	**5,744**			**3,124**		
Bank Borrowings Maturity Profile						
Current	1,420			1,356		
Non Current	4,336			908		
Total Borrowings on Balance Sheet	**5,756**			**2,264**		
Factoring facility (offset against trade receivables)	(12)			860		
Total Borrowings	**5,744**			**3,124**		

(1) These borrowings are secured by a charge over MAB's trade debtors to the extent of €1,672,000 ($2,995,000) and inventory of €4,470,000 ($8,005,000) plus land & buildings.

(2) These borrowings are secured by a charge over MAR's trade debtors and inventory to the extent of RON16,011,000 ($5,647,000) plus land & buildings.

(3) This factoring facility is set off against trade debtors, and thus is not shown in 'Borrowings' on the balance sheet.

(4) This facility was undrawn at 30 June 2025. At the date of this report, this facility remains in the process of being renewed. The Group's understanding from the bank is that this will be completed in September.

Notes to the Condensed Financial Statements

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16. RESERVES

	6 months to 30 Jun 2025 $'000	6 months to 30 Jun 2024 $'000
Capital reserve		
Balance at beginning of financial year	2,750	2,750
Balance at end of financial year	**2,750**	**2,750**
Foreign currency translation reserve		
Balance at beginning of financial year	7,308	4,793
Movement in VHL Consolidated accounts	1,376	(394)
Balance at end of financial year	**8,684**	**4,399**
Actuarial Reserves		
Balance at beginning of financial year	(953)	(1,028)
Deferred tax assets	(200)	(57)
Employee pensions	606	173
Balance at end of financial year	**(547)**	**(912)**
Expired Options Reserve		
Balance at beginning of financial year	2,802	2,127
Transfer from/ (to) Share Issue Reserve	–	(114)
Balance at end of financial year	**2,802**	**2,014**
Share Issue Reserve		
Balance at beginning of financial year	577	691
Transfer from / (to) Expired Options Reserve	–	114
Vesting of performance rights	–	(114)
Fair value of performance rights issued for future periods	240	337
Balance at end of financial year	**817**	**1,028**
Profit Reserve		
Balance at beginning of financial year	5,446	5,922
Dividends paid	–	(476)
Balance at end of financial year	**5,446**	**5,446**
Total reserves	**19,952**	**14,725**
Other Comprehensive Income		
Exchange differences taken to reserves in equity – translation of overseas entities	1,376	(394)
Movement in actuarial assessments	407	116
Total Other Comprehensive Income	**1,783**	**(278)**

Notes

The **capital reserve** is a historical reserve from 2002 that arose after calculation of the outside equity interest in the (as it then was) Australian Magnesium Investments Pty Ltd consolidated entity.

The **foreign currency translation reserve** is a result of translating overseas subsidiaries from their functional currency to the presentation currency of Australian dollars.

The **expired options reserve** captures the balance of unexercised options on their expiry date from the appropriate share capital account.

The **actuarial reserve** represents the cumulative amount of actuarial gains / (losses) on the Group's unfunded defined benefit pension obligation as well as movements in deferred tax assets and financial instruments that need to be recognised in "Other comprehensive income" (OCI).

The **profit reserve** represents profits from prior periods transferred into this reserve instead of against accumulated retained losses. This is in order to preserve their nature as being available for distribution as dividends in future years.

Directors' Declaration

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that there is no intention or necessity to close the current operations or cease trading within twelve months from the date of this report;

b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity

Signed in accordance with a resolution of the Directors pursuant to s. 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Nicholas Andrews
Executive Chairman
Sydney
27 August 2025

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