Office No.10 Level 8
139 Macquarie St
Sydney NSW 2000
Australia
Ph: 61 2 8231 7085
FAX: 61 2 9252 8960

31 January 2012

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

Dear Sirs,

Appendix 4C – Quarter Ended 31 December 2011

The above quarterly cash flow report is attached.

Yours Sincerely

John Talbot
Company Secretary.
Magontec Limited

QUARTERLY CASHFLOW - APPENDIX 4C

for the Period Ended 31 December 2011

Magontec Limited

ABN: 51 010 441 666
Registered & Principal Office:
Office 10, Level 8,
139 Macquarie Street,
Sydney, NSW 2000 Australia

Tel: +61 2 8231 7085
Fax: +61 2 9252 8960
Website: www.am-technologies.com.au
Email: Corporate@magontec.com

Independent Directors (as at 31 December 2011)

Zhongjun Li
Non-Executive Director

Robert Shaw
Non-Executive Director

Management Team

Nicholas Andrews
Executive Chairman

Guenter Franke
Executive Director and Chief Operating Officer)

John Talbot
Chief Financial Officer

Company Secretary
John Talbot

Issued Capital (as at 31 December 2011)

Ordinary Shares (ASX Code MGL)
369,571,890 fully paid Ordinary shares on issue

Unlisted Securities

Unlisted Options	Number	Grant Date	Expiry Date	Exercise Price $
Employee Share Option Plan	1,380,000	16 Aug 2010	16 Aug 2013	$0.10

Substantial Shareholders

Major Shareholders	No. of shares	Percent
KWE(HK)Investment Development Co Limited	55,797,298	16.519
Straits Mine Management Pty Limited	40,499,167	11.99
Citicorp Nominees Pty Limited	32,477,819	9.615

Share Registry Services

Boardroom Pty Limited
Level 7, 207 Kent St
Sydney NSW 2000

Postal:
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 or
International: +61 2 9290 9600
Fax: 1300 653 459
Website: http://www.boardroomlimited.com.au

The current share price can be obtained from the ASX Website

Rule 4.7B

Appendix 4C

Quarterly Report

Introduced 31/3/2000. Amended 30/9/2001.

Name of entity

Magontec Limited

ABN	Quarter ended ("current quarter")
51 010 441 666	**31-Dec-11**

			Quarter Ended 31 December 2011 $A	Year to date (6 months) $A
1.1		**Operating Activities**		
	a	Sales	$23,753,465	$59,464,415
	b	Materials purchase	($18,803,560)	($54,878,772)
	c	Marketing & Distribution	($127,445)	($682,786)
	d	Other income	$1,838,764	$2,625,348
	e	Corporate	($599,981)	($2,164,352)
	f	Office expense	($631,359)	($1,208,999)
	g	Personnel	($1,173,297)	($2,619,660)
	h	Net interest & borrowing expenses	($682,294)	($1,360,312)
	i	GST	$1,156	($11,880)
	j	Taxes	$275,769	$200,634
	k	Other operating expense	($26,331)	($727,396)
		Total Operating Cash Flows	**$3,824,888**	**($1,363,760)**

			Current quarter $A	Year to date (6 months) $A
1.2		**Financing Activities**		
	a	Proceeds from Capital Raising net of costs	$1,354,229	$2,907,216
	b	Reduction of loan to Straits Mine Management Pty Limited	$0	($640,405)
	c	Other Financing Activities	($1,461,920)	$5,504,212
		Total financing cash flows	($107,691)	$7,771,023
1.3		**Investing Activities**		
	a.	Loan to Related Parties	$0	$69,919
	b.	Cash acquired upon acquisition of Magontec group of companies	$0	$2,761,411
	c.	Investment In Fixed Assets	($4,463,974)	($5,525,084)
		Total investing cash flows	**($4,463,974)**	**($2,693,754)**
		Net increase (decrease) in cash held	($746,777)	$3,713,509
1.4		Cash at beginning of quarter /year to date	$7,985,009	$3,524,723
1.5		**Cash at end of quarter /year to date**	$7,238,232	$7,238,232

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A
1.6	Aggregate amount of payments to the relevant parties (aggregate fees paid to directors)	$17,500
1.7	Aggregate amount of loans to the relevant parties	Nil

1.8 Explanation necessary for an understanding of the transactions

This Cash Flow report includes the cash flow effects of AML's 53% owned subsidiary Henan Keweier Alloy Materials Co Ltd. (HNKWE) and of AML's 100% interest in the Magontec group of companies – the latter since 4 July 2011 This Appendix 4C is required to be completed on the principles of AASB 107. However, that standard addresses a cash flow statement in the context of one incorporating the total cash flow of its subsidiaries. The standard then requires the cash flow statement to be reconciled against the profit and loss statement adjusted for minority interests. No such adjustment for minority interests is made in a stand alone cash flow statement.

The Company will shortly be making an announcement regarding its half yearly results to 31 December 2011. In the context of those results a more detailed analysis of past results (including the round of bids for supply contracts at the end of 2011) and future strategies will be made available to shareholders.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions in the quarter which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest.

NIL

Financing facilities available

		Amount available	Amount used
		$A	$A
3.1	Loan facilities	$39,206,721	$35,078,722
3.2	Credit standby arrangements	NIL	NIL

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter	Previous quarter
		$A	$A
4.1	Cash on hand and at bank	$6,638,232	$7,985,009
4.2	Deposits at call	—	—
4.3	Bank overdraft	—	—
4.4	Other – Bank bills & Term deposits	$600,000	—
	Total: cash at end of quarter (item 1.5)	$7,238,232	$7,985,009

Acquisitions and disposals of business entities

		Acquisitions	Disposals
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

+ See chapter 19 for defined terms

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001 (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 31 January 2012
Executive Chairman
Magontec Limited

Print name: Mr Nicholas Andrews

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The definitions in, and provisions of, *AASB 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.

- Aus20.1 - reconciliation of cash flows arising from operating activities to operating profit or loss
- 39 - 42 - itemised disclosure relating to acquisitions and disposals
- 48 - 52 - disclosure of restrictions on use of cash

3 Accounting Standards. ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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