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

Dear Sirs,

31 December 2012

Magontec Limited (Company) – Shortfall Renounceable Rights Issue

On 23 November 2012 the Company announced a partially underwritten renounceable pro rata offer to Eligible Shareholders of approximately 236,115,374 New Shares at an issue price of $0.05 per New Share on the basis of five (5) New Shares for every nine (9) Existing Shares held. The offer also involved the issue of 472,230,748 free New Options on the basis of two (2) free attaching New Options for every one (1) New Share subscribed for. The objective of the offer was to raise up to approximately $11.8 million before Rights Issue costs.

The renounceable Rights Issue closed on 24 December 2012 (**Closing Date**). The Company received valid applications to raise $4,514,314.85.

The Rights Issue was therefore under subscribed and, accordingly, 86,470,682 New Shares (having a value of $4,323,534.10) and 172,941,364 New Options have been placed by way of underwriting participation.

Additionally, 43,751,305 New Shares (having a value of $2,187,565.25) and 87,502,610 New Options have been placed in accordance with ASX Listing Rule 7.2 Exception 3 after the **Closing Date**.

In all, a total of $11,025,414.20 has been raised to date.

The Company will endeavour to place the remaining shortfall of 15,607,090 New Shares and 31,214,180 New Options in accordance with Listing Rule 7.2 Exception 3 within 3 months after the Closing Date.

For further information please contact the Company.

Yours Sincerely,

John Talbot
Company Secretary