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Potts Point NSW 2011  
Australia  
Ph: +61 2 8005 4109  
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31 January 2017

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

Dear Sirs,

#### **Appendix 4C – Quarter Ended 31 December 2016**

Attached to this letter are –

- Attachment 1 – Unaudited Cash Flow Statement for the 12 months to 31 December 2016
- Attachment 2 – Appendix 4C Cash Flow Report for the quarter ended 31 December 2016

Attachment 1 is presented in the format that appears in the Company's Half Year and Annual Reports and prepared on a basis consistent with the requirements of accounting standards.

Attachment 2 is presented in the format required by Paragraph 4.7B of Chapter 4 of the ASX listing rules.

#### **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 total and sub totals; and
- the comparative balances of items from the financial accounts.

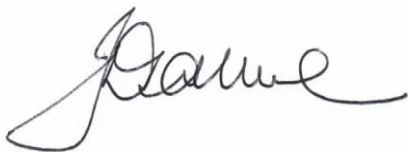
Such differences arise from the process of -

- converting foreign currency amounts to two decimal places in AUD; and
- subsequent rounding of the AUD amounts to one thousand dollars.

Given that the Company's Annual Report for the year ended 31 December 2016 will be released to the market on or prior to 28 February 2017, no supplementary accounting data and Executive Chairman's Report are included in this report.

It is reiterated that all data presented in this report, including the supplementary cash flow statement in Attachment 1 is subject to change, including but not limited to changes resulting from completion of the audit of the annual result to 31 December 2016.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'John Talbot', written in a cursive style.

John Talbot  
Company Secretary

## Attachment 1

### UNAUDITED STATEMENT OF CASH FLOWS

<b>Unaudited Consolidated Cash Flow Statement</b>			
<b>Source: Magontec Limited Consolidated Management Accounts</b>			
<b>\$000</b>	<b>Quarter Ended 31-Dec-16</b>	<b>12 months to 31-Dec-16</b>	<b>9 months to 30-Sep-16</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/ (utilised in) underlying operating activities	741	4,949	4,208
<b>Net working capital assets</b>			
- Trade and other receivables	2,567	(1,158)	(3,725)
- Inventory	(1,016)	3,163	4,179
- Trade and other payables	161	(432)	(593)
- Other	0	-	(0)
<b>Cash generated from/ (utilised in) net working capital asset</b>	<b>1,712</b>	<b>1,573</b>	<b>(139)</b>
<b>Other operating activities</b>			
- Net Interest paid	(188)	(1,045)	(857)
- Income tax paid	(29)	(85)	(56)
<b>Cash generated from/ (utilised in) other operating activities</b>	<b>(217)</b>	<b>(1,129)</b>	<b>(913)</b>
<b>Net Cash generated from/ (utilised in) all operating activities</b>	<b>2,236</b>	<b>5,393</b>	<b>3,156</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net cash out on purchase/disposal of property, plant & equipment	(1,212)	(3,906)	(2,694)
Group information technology	0	(12)	(12)
Security deposit	35	(1)	(36)
Other	-	-	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(1,177)</b>	<b>(3,919)</b>	<b>(2,742)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Bank Debt	(489)	(5,218)	(4,729)
Net capital raised from issue of securities	-	-	-
Other	-	-	-
<b>Net cash provided by / (used in) financing activities</b>	<b>(489)</b>	<b>(5,218)</b>	<b>(4,729)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>570</b>	<b>(3,744)</b>	<b>(4,315)</b>
<b>Foreign exchange effects on total cash flow movement</b>	<b>131</b>	<b>(153)</b>	<b>(284)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,892</b>	<b>8,490</b>	<b>8,490</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4,593</b>	<b>4,593</b>	<b>3,892</b>

**Attachment 2**

**APPENDIX 4C**



**QUARTERLY UNAUDITED CASHFLOW  
APPENDIX 4C**

for the Period Ended 31 December 2016

**Magontec Limited**

ABN: 51 010 441 666  
Registered & Principal Office:  
Suite 1.03, Level 1  
46A Macleay St,  
Potts Point, NSW 2011  
Australia

**Tel:** +61 2 8005 4109  
**Fax:** +61 2 9252 8960

**Website:** [www.magontec.com](http://www.magontec.com)

**Email:** [corporate@magontec.com](mailto:corporate@magontec.com)

**Non-Executive Directors** (as at 31 December 2016)

Zhongjun Li  
Kangmin Xie  
Andre Labuschagne

**Independent Directors** (as at 31 December 2016)

Robert Shaw  
Robert Kaye

**Management Team**

Nicholas Andrews  
*Executive Chairman*

John Talbot  
*Company Secretary*

Derryn Chin  
*Chief Financial Officer*

**Issued Capital** (as at 31 December 2016)**Ordinary Shares** (ASX Code MGL)

1,132,209,291 fully paid Ordinary shares on issue

**Options:** Nil

**Substantial Shareholders**

Major Shareholders	No. of shares	Percent
Qinghai Salt Lake Magnesium Industry Limited	330,535,784	29.19
Straits Mine Management Pty Limited	148,874,507	13.15
J P Morgan Nominees Australia Limited	101,444,586	8.96
Citicorp Nominees Pty Limited	89,181,423	7.88

**Share Registry Services**

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

**Postal Address:**

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 – [www.asx.com.au](http://www.asx.com.au)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Magontec Limited

**ABN**

51 010 441 666

**Quarter ended ("current quarter")**

31 December 2016

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	33,322	127,782
1.2	Payments for		
	(a) research and development	(165)	(418)
	(b) product manufacturing and operating costs	(27,837)	(110,939)
	(c) advertising and marketing	(33)	(67)
	(d) leased assets	-	-
	(e) staff costs	(1,270)	(5,975)
	(f) administration and corporate costs	(1,603)	(4,012)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23	54
1.5	Interest and other costs of finance paid	(211)	(1,099)
1.6	Income taxes paid	(29)	(85)
1.7	Government grants and tax incentives	39	150
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>2,236</b>	<b>5,393</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,212)	(3,924)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	0	(12)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	19
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	35	(1)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,177)</b>	<b>(3,919)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	6,259	11,748
3.6	Repayment of borrowings	(6,748)	(16,966)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(489)</b>	<b>(5,218)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
<b>4.1</b>	<b>Cash and cash equivalents at beginning of quarter/year to date</b>	<b>3,892</b>	<b>8,490</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,236	5,393
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,177)	(3,919)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(489)	(5,218)
4.5	Effect of movement in exchange rates on cash held	131	(153)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,593</b>	<b>4,593</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	4,593	3,892
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,593</b>	<b>3,892</b>

**6. Payments to directors of the entity and their associates**

**Current quarter  
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

35

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Not applicable

**7. Payments to related entities of the entity and their associates**

**Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Not applicable

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	25,342	15,524
8.2 Credit standby arrangements		
8.3 Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**Borrowings facilities as at 31 December 2016**

Lender	Maturity %	Interest rate %	Limit \$A 000	Drawn \$A 000	Security status
Commerzbank Germany	30-Jun-17	2.15%	9,251	6,443	Secured
Commerzbank Germany	31-Dec-18	2.50%	472	472	Secured
ING Romania	Open	3.15%	4,577	3,237	Secured
ING Romania	28-Apr-17	2.70%	634	577	Secured
Bank of Communications China	25-Apr-17	4.52%	3,999	3,999	Secured
Commerzbank Bank China	NA	5.65%	4,999	-	Secured
<b>Total borrowings on balance sheet</b>			<b>23,932</b>	<b>14,728</b>	
Postbank (factoring)			1,410	796	
<b>Total facilities as at 31 Dec 2016</b>			<b>25,342</b>	<b>15,524</b>	

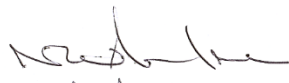
No additional facilities entered into or proposed to be entered into after quarter end.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(104)
9.2 Product manufacturing and operating costs	(27,735)
9.3 Advertising and marketing	(17)
9.4 Leased assets	-
9.5 Staff costs	(1,494)
9.6 Administration and corporate costs	(1,003)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(30,353)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration	Not applicable	Not applicable
10.3 Consideration for acquisition or disposal	Not applicable	Not applicable
10.4 Total net assets	Not applicable	Not applicable
10.5 Nature of business	Not applicable	Not applicable

### 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.



Sign here:  
(Executive Chairman)

Date: 31 January 2017

Print name: Mr Nicholas Andrews