

**MAG ONTEC**

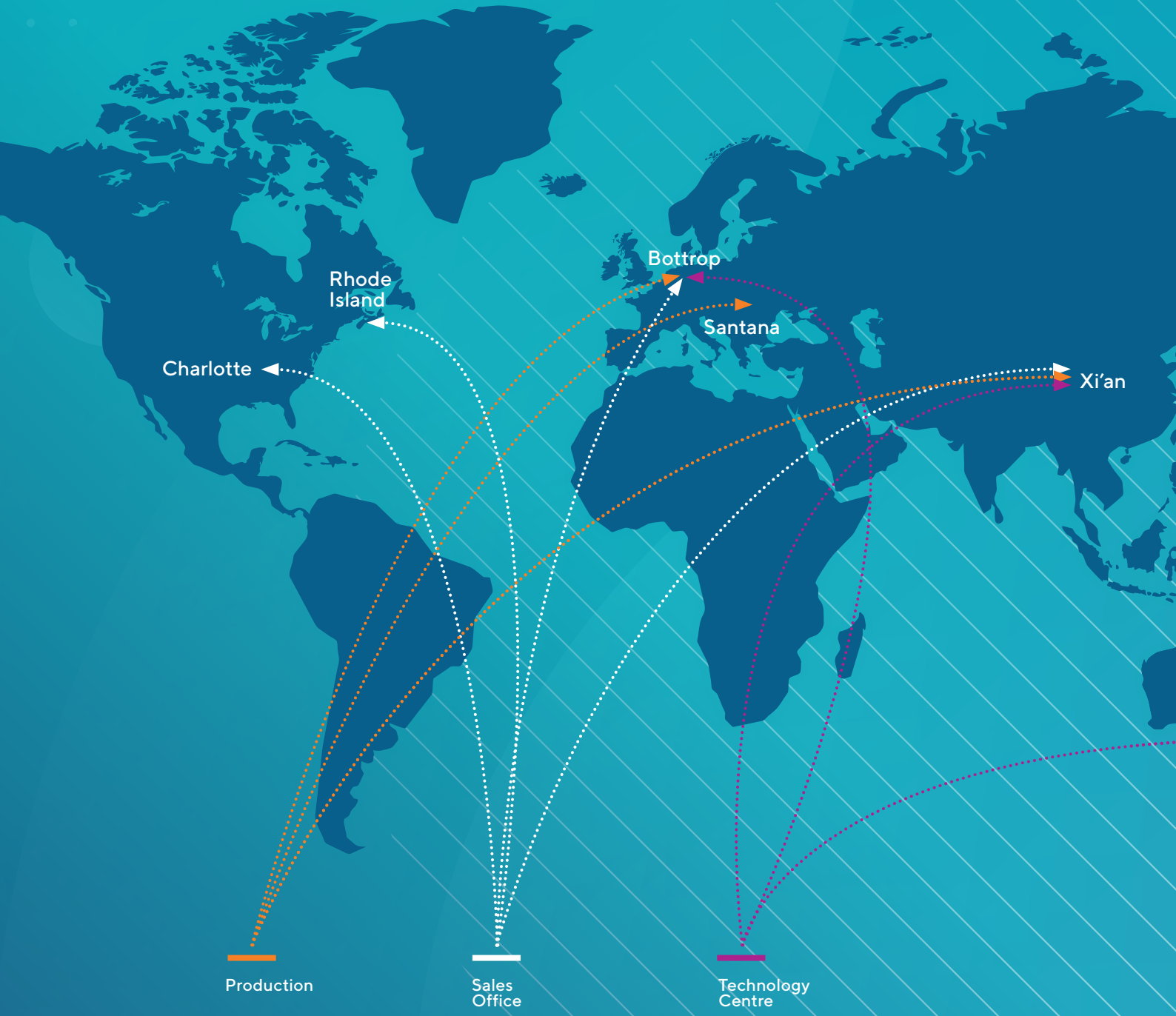
ACN 010 441 666

MAGONTEC LIMITED

# Annual Report

2024

# Global Locations and Activities



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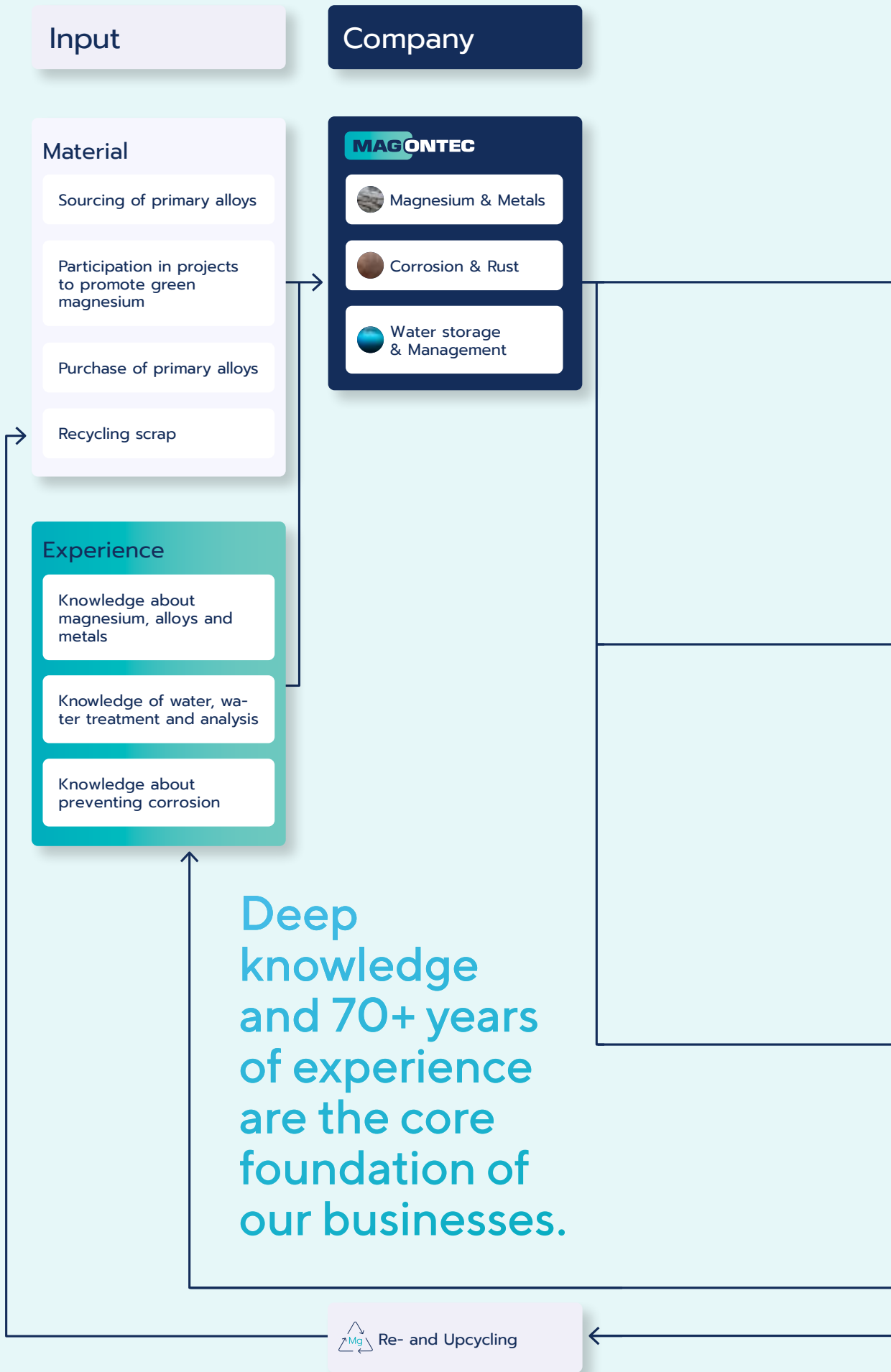
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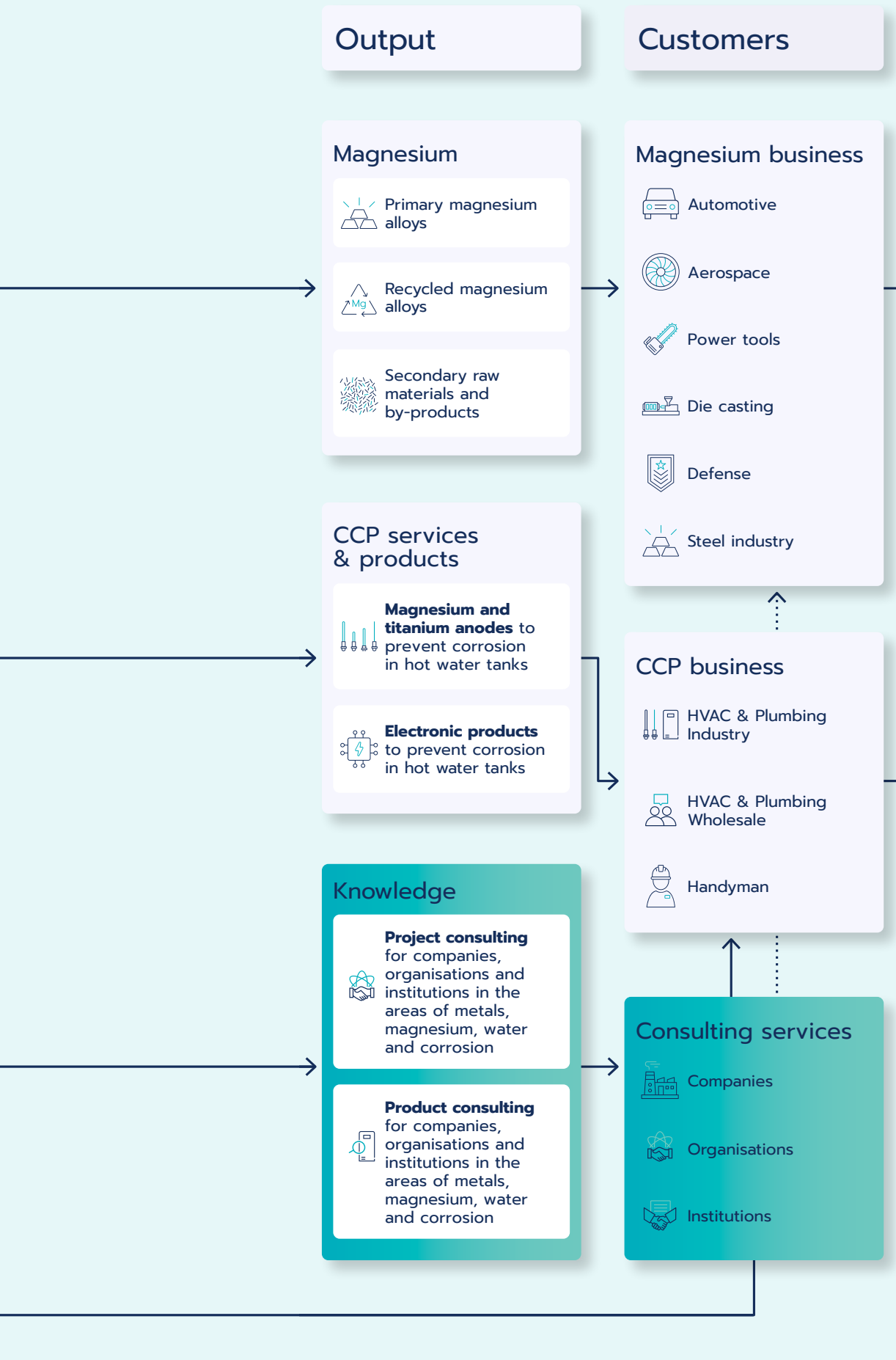
### Authorisation:

Nicholas Andrews, Executive Chair of Magontec Limited has authorised the release of this document to the ASX on 26 February 2025.

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A summary of the Group's corporate governance practices including the Corporate Governance Statement discussing adherence to the Australian Securities Exchange's Fourth Edition "Corporate Governance Principles and Recommendations" can be located at [www.magontec.com](http://www.magontec.com) under the Investor Centre section.





# Executive Chairman's Letter

Nicholas  
Andrews



Over the last three years Magontec has experienced the highs and lows of magnesium markets.

In 2024 earnings tracked below expectations as prices for magnesium products fell steadily while energy prices rose through the year. Our balance sheet, however, remains strong with net cash of \$5.5 million as of 31 December 2024.

Magontec's businesses have a high reliance on European economic activity. Over the last two years GDP growth across the EU of 0.4% and 0.7% has delivered reduced levels of consumer demand, particularly in the more advanced and larger economies. In Germany growth has been negative in each of the last two years (2023 and 2024) while in France and Italy the rate of GDP growth slowed in 2024, turning negative in France in the final

quarter of the year. In the Chinese housing sector, where Magontec has a substantial exposure through its supply of magnesium anodes to hot water appliance manufacturers, new home building activity fell 23% in 2024 and is now down 65% from its peak in 2019.

In addition to these challenging market conditions, one-off legal and administrative costs as well as non-cash write-offs and staff retrenchment costs associated with a business closure, have all added to a difficult year that delivered a headline EBITDA loss of \$2.7 million from Continuing Businesses. Line-item contributions to Magontec's profit and loss through 2024 are set out in the CFO's report

Operating cash generation in the year was negative \$0.99 million. This included a significant tax paid amount of \$5.9 million mostly related to prior year earnings and positive contributions from lower receivables and inventory of \$8.4 million.

The 12 months to 31 December 2024 was a disappointing and difficult year by any measure. Most impactful was the loss of our key project after over a decade of diligent effort by our Chinese and Australian executives. In July our magnesium alloy cast house project in Qinghai came to a halt as our partners, a Chinese state-owned enterprise (SOE), abruptly cancelled the project agreements. As the junior partner, Magontec had little option other than to seek an exit on the best terms possible.

When this project was established in 2014, part of the original cooperation agreement included a 30% shareholding (reduced to 28.5% over the intervening period) to be held by the SOE in Magontec Limited. Under an agreement struck in November, those shares were bought back by Magontec for nil cash consideration and cancelled on 5 February 2025. This gave all the remaining shareholders of Magontec a 40% uplift in ownership of the Group.



Following the share buyback and cancellation, NTA per share for remaining Magontec shareholders rises from \$0.58 to \$0.81 per share based on the financial position as at 31 December 2024.

The agreements between Magontec and the Chinese SOE provided for a different settlement process, but considering all options, including pursuing the SOE through the Chinese courts under the terms of the agreements, the Board came to the decision that an agreement to cancel the SOE's shares and withdraw from any further claims against the SOE was the best course of action. Advisers to Magontec provided an in-depth analysis of this transaction in an Independent Expert's Report that accompanied the Notice of Extraordinary General Meeting and declared the transaction as fair and reasonable.

It remains the case that China is the centre of the magnesium world. For Magontec to operate in this industry it must engage with Chinese magnesium producers. Since the middle of 2024 we have been engaged in building relationships with qualified partners and seeking to establish alternative primary magnesium alloy supply lines that will replicate the business structure that we anticipated with the Qinghai project.

Magontec continues to make world leading magnesium products including anodes and alloys. There is a detailed description of our products and processes in this report. Our magnesium alloy recycling facilities in Germany and Romania are class leading assets both in terms of operating efficiency and environmental footprint.

Our magnesium and electronic anodes are also leading suppliers to hot water appliance manufacturers all over the world. Our challenge in 2024 has been to sustain margins in a falling price, lower volume and higher energy cost environment. The benchmark Chinese magnesium price fell 21% through the year playing a key role in reducing margins. Combined with weak consumer demand, low levels of new home building and renovation as well as continuing low levels of automotive sales in many markets, Magontec's two main products, anodes and magnesium alloys, struggled to make headway.

In other products there was progress in growing customers and volumes. Magontec's specialist metals business, based at Bottrop in Germany, enjoyed a more buoyant year and we commenced sales of non-class one materials to other magnesium industry participants that we expect to grow in 2025.

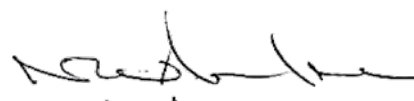
Pivoting Magontec from a focus on its Qinghai magnesium alloy cast house requires the development of a new strategy and new relationships. Our firm view is that the magnesium industry continues to have many growth opportunities. As a leading business within the global magnesium alloy sector, Magontec can revitalise its alloy business and develop through 2025 a more profitable short-term strategy and a longer-term vision. There are several magnesium companies both inside and outside of China, that have approached Magontec to take on collaboration roles in new projects and in activities where we have demonstrated capabilities.

In this first half of 2025, senior management and the Board will review all strategic alternatives and update shareholders at the May Annual General Meeting.

As usual I would like to take the opportunity to thank my fellow Board members for their efforts in 2024. The Board played an essential role in providing advice and counsel in the many difficult discussions and decisions that were made as our partnership in Qinghai foundered. We are fortunate to have a group of Directors with germane experience in the law, in business, in our industry and in China.

As part of the re-structuring that has already taken place we have reduced staff numbers, particularly in China, over the last few months. This was an unsettling time for all staff, and I am pleased to report that the Group has emerged from this process without a loss of focus.

In past years the Magontec team and its collection of assets have returned higher margins and profitability. In 2024 the ebb of economic activity and an unexpected major event have undermined profitability. In 2025 your management and Board will work to stabilise the overall business and effectively leverage Magontec's portfolio of high-quality assets.



**Nicholas Andrews**  
Executive Chairman

# Chief Financial Officer's Report

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Chin



Net tangible assets as at 31 December 2024 of \$46.2 million represented 81 cents per share after adjusting for the cancellation of the QSLM holding.

## Financial Overview

	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
<b>Key financial overview</b>		
<b>Net tangible assets and dividends</b>		
Net tangible assets per share (cents) post QSLM share cancellation	81	95
Net tangible assets per share (cents)	58	68
Dividend per share (cents, unfranked)	-	1.2
<b>Borrowings</b>		
Net debt/(net cash)	(5,486)	(8,717)
Net debt to net debt + equity (%)	(12.3%)	(18.2%)
<b>Earnings and cashflow</b>		
<b>Gross Profit</b>	<b>10,762</b>	<b>19,224</b>
Gross Margin (%)	14.9%	18.8%
<b>Reported EBITDA (continuing operations)</b>	<b>(2,740)</b>	<b>3,854</b>
<b>Underlying NPAT* (continuing operations)</b>	<b>(5,098)</b>	<b>958</b>
Reported Operating Cashflow	(996)	11,396
Underlying Operating Cashflow**	(2,185)	6,145

\* Underlying NPAT = Reported NPAT excluding unrealised FX

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

Net Tangible Assets (NTA) = Net Assets excluding Intangible Assets and Rights of Use Lease Assets



## Highlights

### Balance sheet and capital management

- The balance sheet remains in a net cash position of \$5.5m as at 31 December 2024 (31 December 2023: \$8.7m) This comprised cash of \$7.8m less borrowings of \$2.3m on the balance sheet.

### Trading

- Underlying earnings in 2024 for both Anodes and Metals was down on the prior corresponding period as both segments faced weak trading conditions.

### Net tangible assets per share and impact of QSLM selective share buyback

- Following an Extraordinary General Meeting on 5 February 2025, the QSLM shareholding in Magontec totalling 22.7 million shares was bought back and cancelled in accordance with the Memorandum of Settlement announced to the ASX.
- This reduced Magontec's total shares on issue by 28.48%.
- Net tangible assets as at 31 December 2024 of \$46.2 million represented 81 cents per share after adjusting for the cancellation of the QSLM holding.

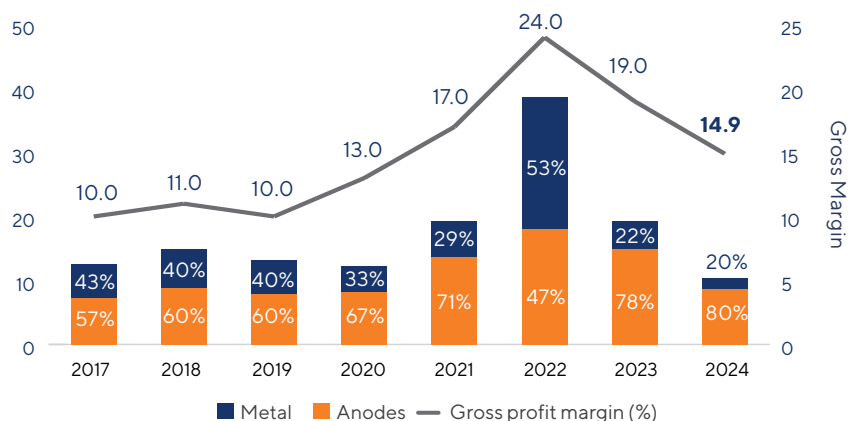
## Earnings and cashflow

	12 months to 31 Dec 2024 A\$'000	12 months to 31 Dec 2023 A\$'000
<b>Reconciliation of significant items in earnings</b>		
<b>Reported Net Profit After Tax</b>	<b>(9,517)</b>	<b>466</b>
Add back unrealised FX losses	89	1,280
<b>Net Profit After Tax excluding unrealised FX (underlying NPAT*)</b>	<b>(9,428)</b>	<b>1,746</b>
Add back tax expense	179	1,519
<b>Net Profit Before Tax excluding unrealised FX</b>	<b>(9,249)</b>	<b>3,265</b>
<b>Significant Items Before Tax</b>		
Add back non-cash equity (expense)/writeback	673	555
Add PRC Metals depreciation (non cash)	454	918
Less PRC Metals EBITDA contribution (discontinued) excluding staff redundancies and impairment charge	(308)	(1,615)
Add PRC Metals impairment loss	3,482	-
Add PRC Personnel closure costs	429	-
Add QSLM legal costs	248	-
<b>Subtotal - Significant Items Before Tax</b>	<b>4,978</b>	<b>(142)</b>
<b>Net Profit Before Tax, unrealised FX and significant items</b>	<b>(4,271)</b>	<b>3,123</b>

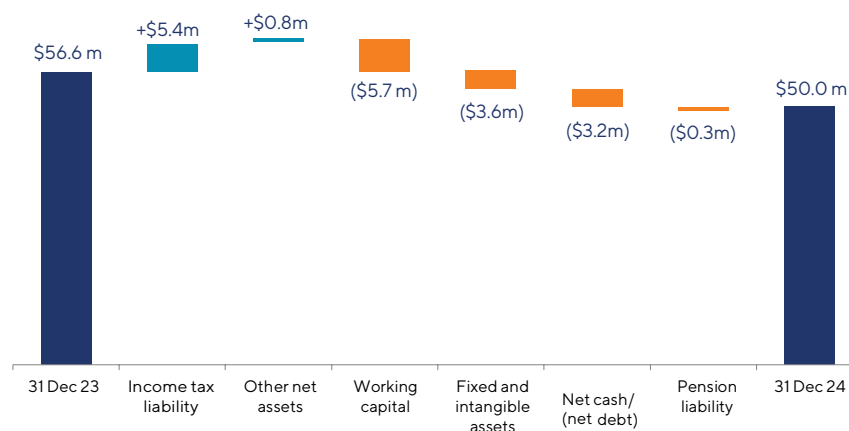
\* Underlying NPAT = Reported NPAT excluding unrealised FX

- The Net Result Before Tax was a loss of \$4.3 million excluding unrealised FX and the significant items in the table above for the year to 31 December 2024 (31 December 2023: \$3.1 million). Underlying trading in both Anodes and Metals was down on the prior corresponding period.
- During the year to 31 December 2024 significant items of \$5.0 million included \$4.6 million of non-cash charges. These included the PRC Metals segment impairment of \$3.5 million in addition to depreciation of \$0.5 million following the closure of the Magontec Qinghai Mg Alloy facility. There were also additional non-cash expenses related to the LTI scheme.
- Operating cashflow for the year to 31 December 2024 was a cash outflow of \$0.99 million, with working capital inflows, mostly from the closure of the PRC Metals segment offset by lower cashflow from earnings. There was also a large income tax payment in Germany that related to historical profits. This had been accrued in the accounts through the prior period.

### Gross Profit (A\$m) by Segment and GP margin (%)



### Magontec Limited Net Asset Bridge Analysis 12 months to 31 December 2024



### Balance Sheet and Working Capital

During the 12 months to 31 December 2024, net assets decreased to \$50.0 million. Significant items included \$5.7 million related to the reduction in working capital and \$3.6 million related to the reduction in fixed and intangible assets offset partly by the reduced income tax liability.

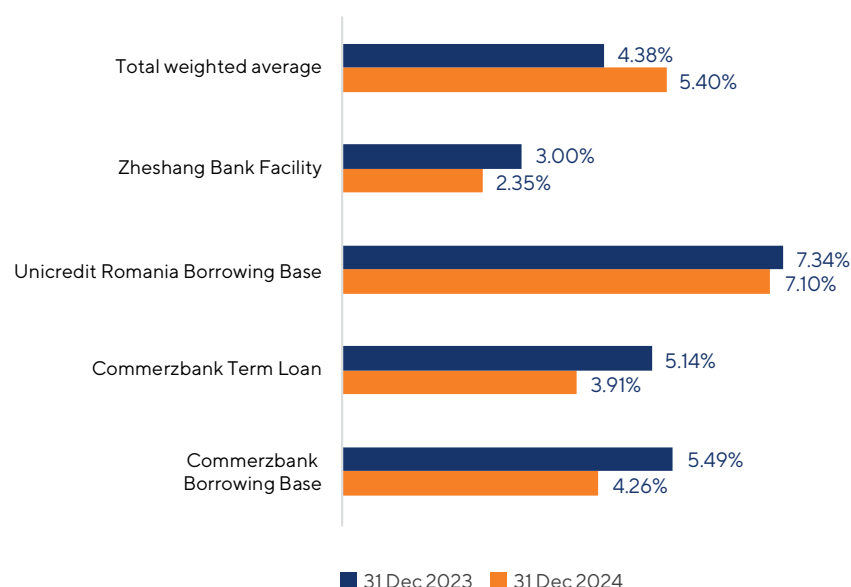
### Balance Sheet Summary (A\$000)

	31 Dec 2024	31 Dec 2023	% chg
Net cash/(net debt)	5,486	8,717	(37.1%)
Working capital	36,978	42,630	(13.3%)
Pension liability	(10,311)	(10,048)	2.6%
Fixed and intangible assets	17,208	20,763	(17.1%)
Income tax liability	-	(5,448)	(100%)
Other net assets	635	34	nmf
<b>Net assets</b>	<b>49,996</b>	<b>56,647</b>	<b>(11.8%)</b>

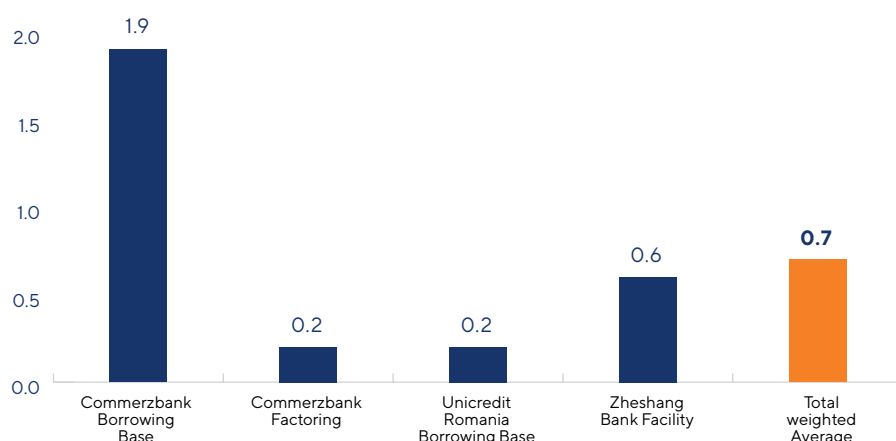
### Working Capital Summary (A\$000)

	31 Dec 2024	31 Dec 2023	% chg
Trade and other receivables	12,635	16,043	(21.2%)
Prepayments	1,474	532	176.9%
Inventory	29,270	32,805	(10.8%)
Trade and other payables	(6,402)	(6,751)	(5.2%)
<b>Net assets</b>	<b>36,978</b>	<b>42,630</b>	<b>(13.3%)</b>

### Bank Borrowing Interest Rate Profile (%)



### Bank Borrowings Maturity Profile (Years)



### Working capital

Working capital (as shown in the table) fell to \$37 million as at 31 December 2024. The closure of the PRC Metals Business was the major cause of this decline.

The inventory balance remains relatively high due to elevated stock levels in our European business (which makes up most of the inventory) as weak demand persisted through to year end. Having said that, the cash and banking position is sufficient to support this inventory level.

### Banking

The weighted average interest rate as at 31 December 2024 for the group increased to 5.4% (31 December 2023: 4.4%). A key factor impacting this calculation is that the relatively low cost Magontec Xi'an bank facility from Zheshang Bank was completely undrawn at 31 December 2024 due to the lower working capital requirement in China.

In Germany, the Borrowing Base Facility from Commerzbank remains in place until 30 November 2026 to the extent of EUR 10 million (total limit). The Romanian (Unicredit) and Xi'an (Zheshang) bank facilities are available on 12-month terms.

It is anticipated the Magontec Romania Unicredit Facility will be extended for a further 12 months in early March 2025 on the basis of our prior working relationship with the bank and positive discussions to date. Similarly, our expectation is that the Magontec Xi'an will also be renewed in 2025.

# Letter from the Chair of the Remuneration & Nominations Committee

Robert  
Kaye, SC



On behalf of the Magontec Limited Board of Directors, I am pleased to present the 2024 Remuneration Report.

Dear Shareholders,

On behalf of the Magontec Limited Board of Directors, I am pleased to present the 2024 Remuneration Report.

## 2024 Group Performance

The 2024 year was extremely challenging. Global geopolitical disruption, the continued transition to lower green house gas emissions and the termination of the agreements with QSLM which resulted in the closure of our Qinghai operations all significantly impacted our financial targets and performance for the year. Despite these distractions, the management team rose to these challenges and focused on managing and mitigating the impact of these events.

**Importantly, the Group was able to complete the selective share buyback of the 28.5% of MGL shares on issue previously held by**

**QSLM for zero cash consideration as part of the settlement detailed in the 2025 EGM post balance date. This gave rise to a 40% rise in net tangible assets per share for all remaining shareholders, a significant achievement especially given the difficult circumstances.**

## Our governance approach

The Remuneration & Nominations Committee (REM) was unchanged from 2023. It comprises of 3 Independent Directors and is Chaired by me as Lead Independent Director.

## 2024 AGM

At the 2024 AGM, the Remuneration Report resolution was passed with 98.62% of the votes received in favour of adopting the remuneration report. In addition, the adoption of the new Magontec Long Term Incentive Plan (LTIP) was passed with 98.3% of votes received voting in favour of the new plan.

**Remuneration and Incentives approved by the Board for the year were:**

## CY24 Executive reward outcomes: Fixed

During 2024, continuing from CY23, no fixed increases in remuneration were provided to the KMP. In 2024 the Group started to transition towards a remuneration mix which is more weighted towards variable pay.

## CY24 Executive reward outcomes: STI

The 2024 short-term incentive was based on the new Remuneration Policy implemented at the beginning of 2024. The Short-Term Incentive was calculated according to a formula which measures the extent of performance between actual financial performance compared with budget and certain KPIs. Whilst no STI payment was made for financial performance, it was pleasing to see that the management team remained focussed on adding business value through achievement of their personal KPIs.

### CY24 Executive reward outcomes: LTI

Performance Rights issued in January 2022 for the 3-year period to 31 December 2024 failed to reach their share vesting hurdle, and subsequently 3,125,212 Performance rights were cancelled.

The Board authorised the issue of 3,742,227 performance rights (PRs) during 2024. This covered the period 1 January 2024 to 31 December 2026. These performance rights were granted prior to the 2024 AGM approval of the new Magontec LTI Plan and were issued in accordance with the previous Magontec Global Incentive Plan.

LTIs remain integral to attracting and retaining high calibre employees and KMP to support Magontec's efforts in leading the magnesium industry.

As of 31 December 2024, 6,763,269 PRs were on issue to the Global Management Group. Details of the LTI Performance Rights on issue are contained in the Remuneration Report.

### Non-executive director fees

The Board reviewed the fees payable to the non-executive directors having regard to benchmark data, market position and relative fees. Following consideration, no changes were made to the main Board fee or any of the Board committee fees for the 2024 financial year.

### In Summary

The events of 2024, particularly the termination of the Group's operating agreements with QSLM and subsequent actions by Management have laid a clearer pathway for 2025.

This will allow Management to focus on developing a new strategy and transitioning the business to deliver on these new objectives.

The Group's remuneration framework is structured to ensure the team are retained and remain motivated during this transition period.

I would like to take this opportunity to thank shareholders for their ongoing support.



**Robert Kaye SC**  
Lead Independent Director  
Chair - Remuneration  
& Nominations Committee



# Magnesium Metals



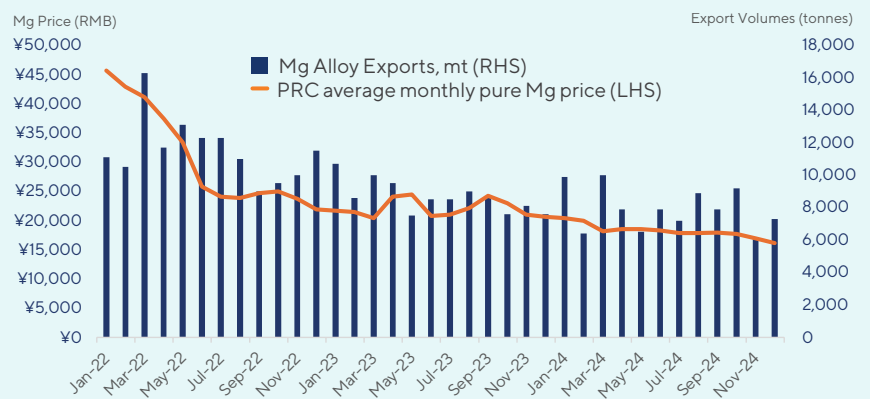
Magontec’s metals businesses in Asia and Europe had varying fortunes in 2024. Specialist metals saw further growth in volumes and profitability while other magnesium product categories were more challenging.

For Magontec as a magnesium alloy manufacturer and recycler servicing the European and North American automotive industries, there were additional hurdles.

While the automotive industry has fared relatively well inside China, with sharply rising EV sales, demand for magnesium alloy applications among automotive OEMs and Tier 1s in other regions has been less robust. Metals Chart 1 shows both the steep decline in Mg prices through 2022 and 2023 that continued through 2024, and the slow deflation in export volumes from China.

Managing the magnesium metal supply chain through 2024 in a declining price environment, where all material comes from China at several weeks delay, has been particularly challenging. Over the past three years the magnesium price has fallen 40% and Mg alloy export volumes from China, which supplies close to 96% of traded magnesium products, has dropped by 31%.

**Metals Chart 1: Monthly PRC Mg Alloy. Exports and Monthly Average Pure Mg Price (1 January 2022 – 31 December 2024)**



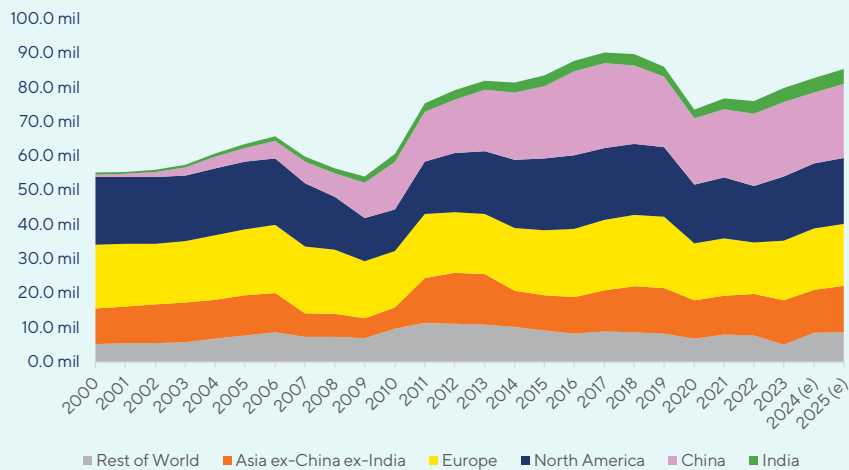


It is difficult to assert that the magnesium price has reached an inflection point, or that there will be a shake-out in producers in China given market conditions, particularly as prices for underlying raw materials, such as dolomite and ferro silicon as well as coal have also fallen heavily. However other important costs, particularly labour, which remains a major input for Pidgeon process magnesium, have risen, and financial breakeven for Chinese magnesium production is estimated to be around current levels.

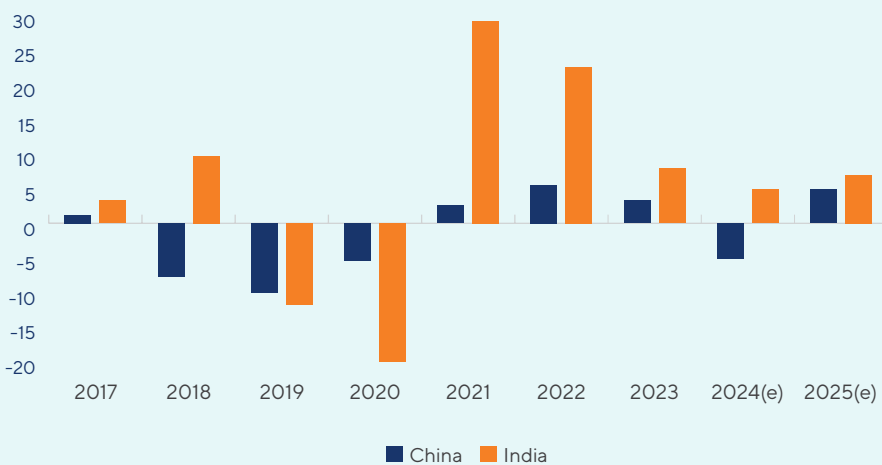
While raw material prices have been important price drivers, demand has also played a large role. The decline in export demand reflecting the travails of the European and US automotive industries as well as generally weaker economic growth, has also contributed to price weakness. The expansion of Chinese automotive exports or the further development of Chinese automotive manufacturing in Europe and the US, following the pattern of Japanese automotive companies in the 1980s and 1990s, are likely drivers of a recovery in global magnesium prices and volumes.

Global automotive sales peaked through 2017 and 2018 when over 90 million vehicles were sold. The only region to outperform a global downtrend over the last 7 years has been India where sales are now over 5 million per annum and growing strongly. While the growth trajectory in India over the last 5 years has been less dramatic than in China in the early part of this century, it is developing momentum as a consumer and producer of motor vehicles.

**Global Automotive Sales (2000 – 2025 (e))**

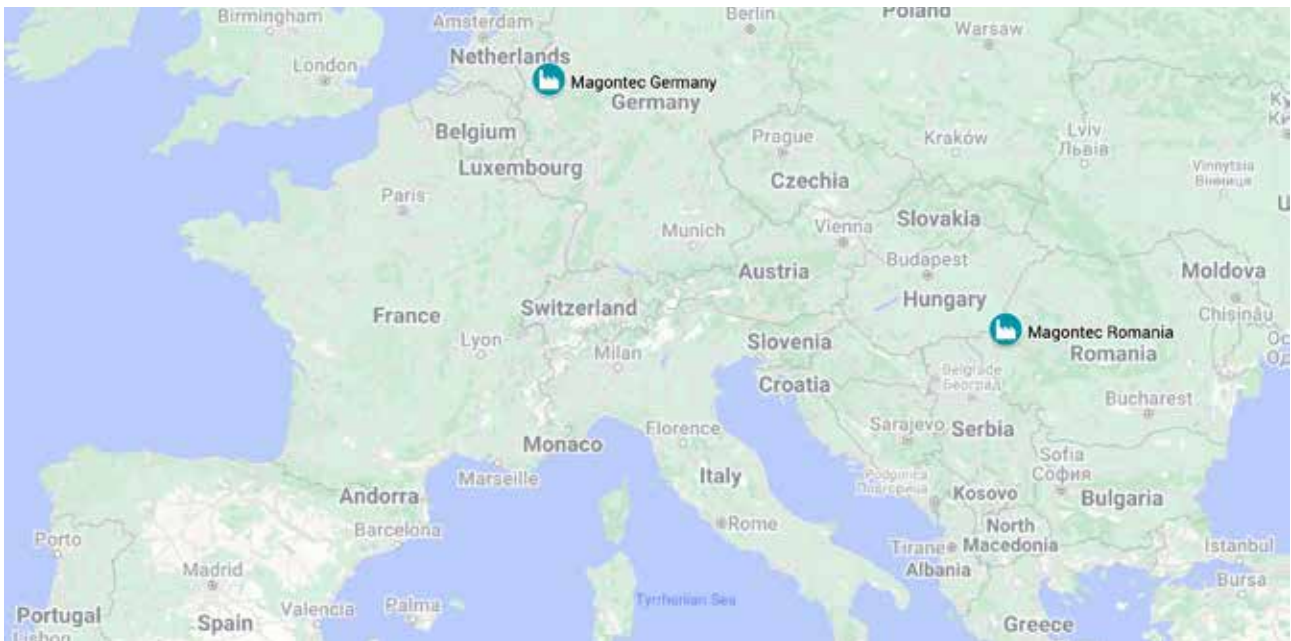


**Automotive Sales Growth Rates – China V India**



Through 2024 Magontec produced magnesium alloys in both China and Europe. As we have explained to shareholders in previous communications, our project in Qinghai has come to an end. This was not an event of Magontec’s choosing and was imposed upon us by the owner of the Qinghai Salt Lake magnesium project.

While we have retreated from Qinghai and severed our trading and equity relationship with that project and its owner, we are in the process of formulating a new metals strategy that will address the future requirements of Magontec’s magnesium alloys business and address the changing dynamics of the global automotive and magnesium industries.



Our remaining magnesium alloy assets are two recycling plants at Bottrop in Germany and at Santana in Romania. These are two of just four major magnesium alloy recycling facilities in Europe and sit at either end of the European industrial belt stretching from northwest Germany to western Romania. Within this region sit most of the continent’s automotive OEM and Tier 1 magnesium alloy die casting manufacturers. Europe’s three largest steering wheel

die casters, the most common automotive application made from magnesium alloy, operate their largest facilities in Romania close to the Magontec plant in Santana.

Magontec’s central strategy has been to source primary magnesium alloy material in China for sale to European die casting companies. We expect the scrap that is generated by those primary volumes (between 40% and 50% of input material) to be recycled at one of the two Magontec plants. Having control of primary sales is an important part of securing secondary recycling business.

Without that flow over the last few years, as we have waited on the commencement of the Qinghai facility, our European recycling assets have struggled to find sufficient scrap volumes.

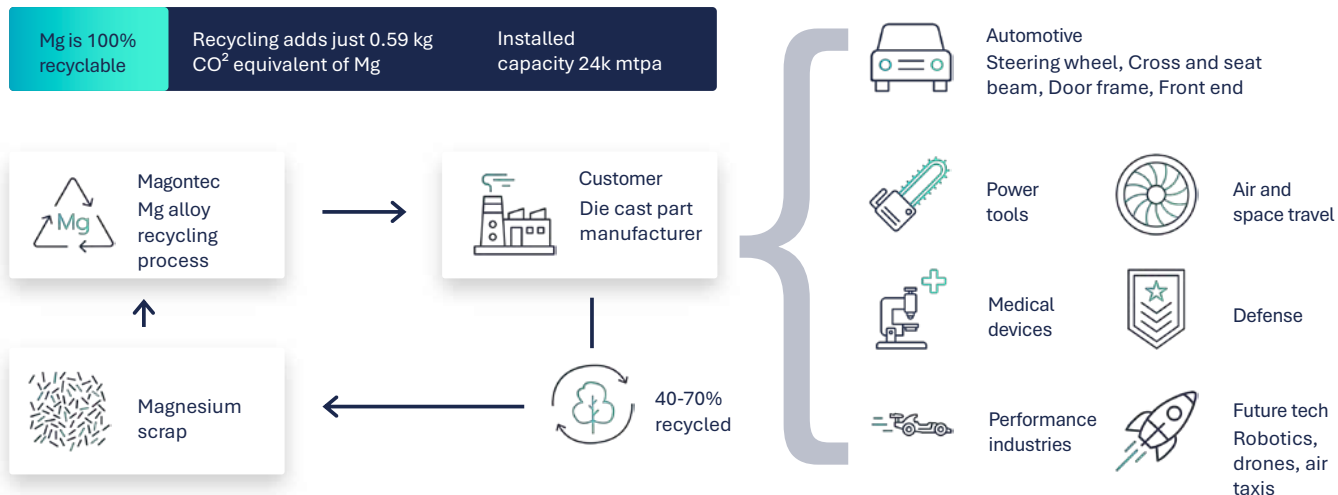
In the last few months we have begun the task of building new relationships in China that will allow us to replicate the primary supply anticipated from Qinghai. We are also examining other opportunities in other regions that will allow us to diversify supply and address one of the critical issues in the wider industry, the extraordinary concentration of productive capacity in just one country.



Image: Magontec Mg alloy recycling factory, Santana, Romania

## Europe's largest Mg recycler Germany & Romania

An essential part of the European and North American die casting industry.



\*German Aerospace Institute of Vehicle Concepts survey on CO<sub>2</sub> emissions from magnesium smelters around the World

## Magnesium (Mg) alloys – material of the future

Mg alloys are **36% lighter than Aluminium** and **78% lighter than iron**.

### UNIQUE PROPERTIES



Low density



Light and strong structural metal

### SPECIFIC APPLICATIONS



Stress resistance



Thermal conductivity



Corrosion

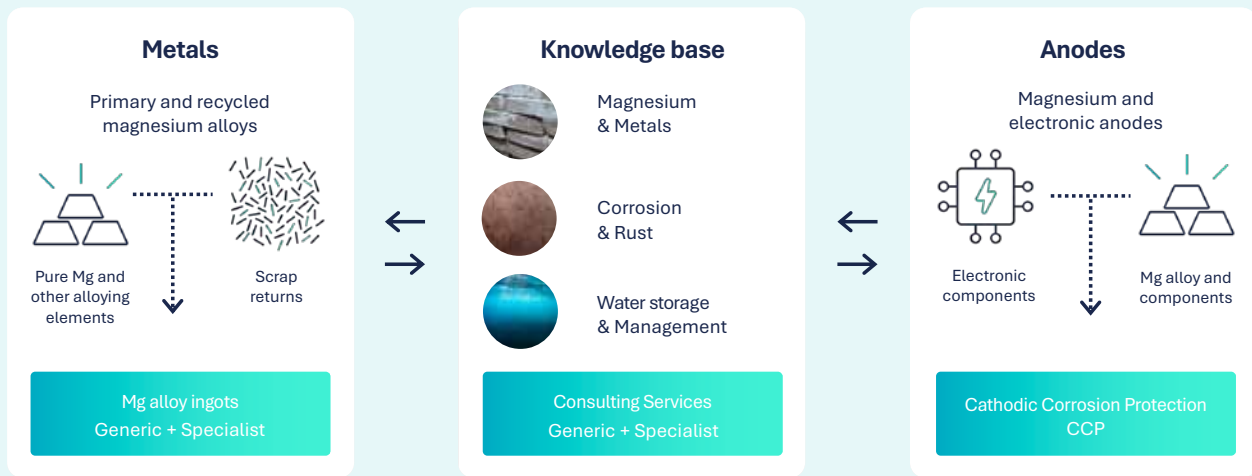
### COMPARISON WITH OTHER METALS

Aluminium    2.70g/cm<sup>3</sup>    Mg 36% lighter

Iron    7.87g/cm<sup>3</sup>    Mg 78% lighter

**Magnesium 1.74g/cm<sup>3</sup>**

# Cathodic Corrosion Protection (CCP – anodes)



Global hot water manufacturers had a challenging year in 2024 with demand levels lower in all regions. Reduced subsidies for heat pump water heater products in western markets added to the economic gloom.

Magontec’s magnesium and electronic anode sales into Europe, the Middle East, North America and Asia were all impacted by these trends and delivered returns below prior years.

Magnesium anodes have also had to contend with a sharply falling magnesium price, down 40% over the last three years. This reduced margins and presented other challenges in managing raw material and finished goods inventory.

While falling levels of new home construction were particularly impactful, Magontec’s most challenging issue in China has been the uneven distribution of subsidies to magnesium anode producers. As the Chinese economy contracts, regional authorities have been supportive of high labour employers, particularly in parts of the country most affected by a slower economy.

The home construction industry in China continued to decline through 2024. Measured in millions of square metres, building completion has fallen by another 23% in 2024 and is now down over 65% since 2019, the year of peak Chinese housing.

This rapid decline in Chinese home building is happening at the same time as home prices are falling with declines in each month since the middle of 2022.

For the magnesium anode and hot water appliance manufacturing sectors, who supply products into the Chinese home construction industry, the underlying economics of this sector have been poor. Home building levels are now back to levels last experienced in 2006. A recovery in 2025 will most likely be driven by further PRC government financial support for this critical sector.

Magontec’s Chinese magnesium anodes business has had a strong share of the domestic Chinese market over many years, but in 2024 pricing for new contracts was extremely tight. Our Chinese factory also supplies to other regions in Asia and North America where conditions have been more stable.

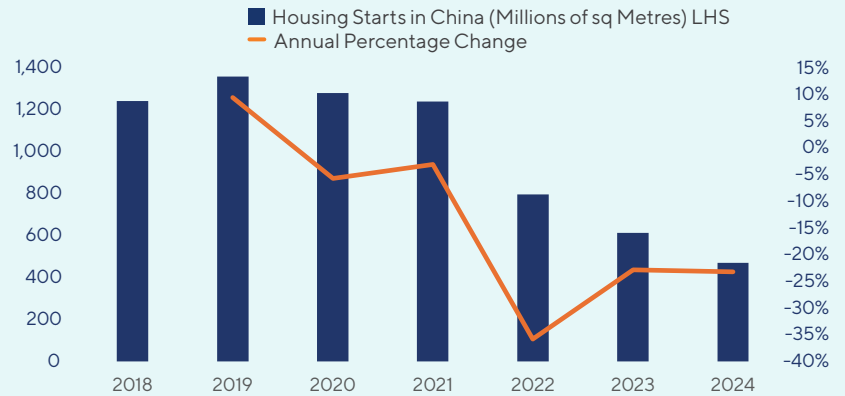
European and Middle Eastern markets for magnesium anodes, which are supplied by Magontec’s Romanian facility, have also encountered slower economic conditions. Revenues for products sold into these regions declined by 22% in 2024 on volumes down 15%. Revenues were impacted by raw material price as well as volume declines.

Overall construction industry activity in Europe is depressed by higher interest rates and a slower overall economy. Our major customers continue to report that they have excess inventory following the fall in building permits in 2023.

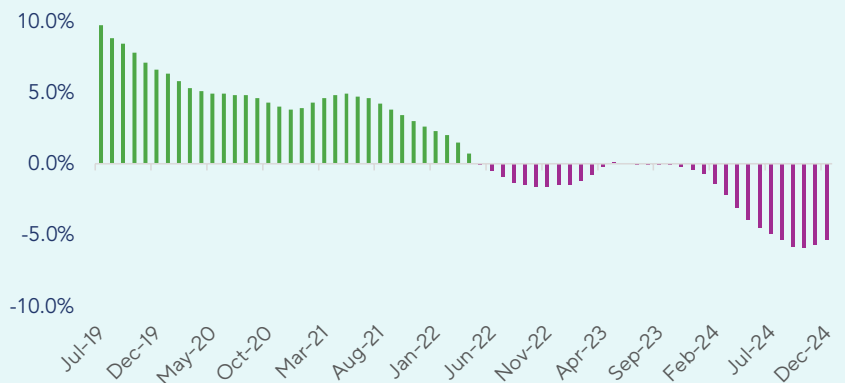
Published data from the EU only extends to the end of 2023, but forecasts indicate further weakness in 2024, which aligns with Magontec’s experience.

Our third CCP product is the Impressed Current Anode System (ICAS), an electronic anode comprising a titanium rod and a proprietary PCB board that intelligently manages corrosion through the application of an electrical pulse.

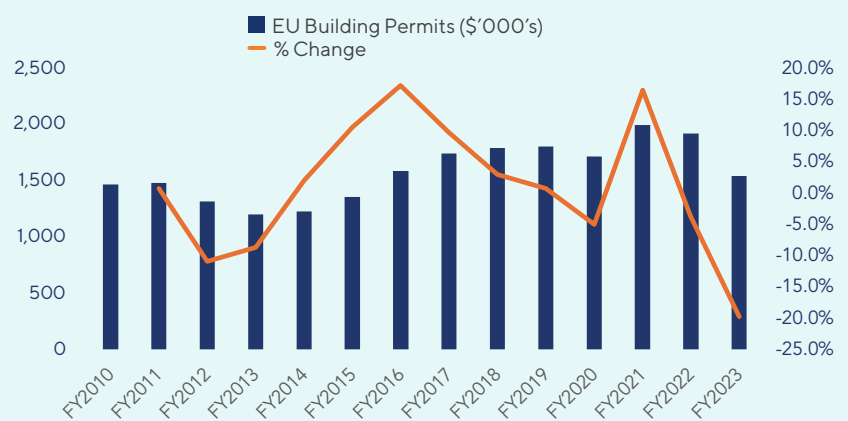
### Chinese Housing Statistics



### Chinese Newly Built House Prices YOY Change



### EU Building Permits 2014 -2023



Magontec's ICAS product has applications in commercial and new technology heat pumps in hot water appliances. A driving force behind heat pump uptake has been a demand for environmentally cleaner home heating applications. Heat pumps are low energy and high efficiency heating devices compared with oil and gas heaters. The initial capital cost of a heat pump is the major barrier to mass market acceptance. This has been addressed in many countries through government subsidies over many years (particularly in Europe), however, over the last two years these subsidies have been withdrawn as governments have halted and reviewed, or simply not renewed, existing subsidy schemes. Slower economies have also presented challenges to the uptake of this technology in the home heating environment.

The industry view is that electronic ICAS CCP products will recover lost ground in the coming years and experience further periods of strong growth. In 2024 Magontec's North American and European ICAS revenues and profitability were below the prior year, mostly driven by lower European sales and slow-moving inventory.

Falling selling prices, falling raw material prices, excessive inventory and a weak economy in the key

European, Chinese and North American markets presented a formidable combination of challenges for Magontec's CCP products. The Group's volumes and revenues were lower in all areas in 2024.

Looking forward to 2025 it is likely that demand levels will recover, driven by lower interest and mortgage rates. Consumer confidence and government actions to bolster demand, again particularly in Europe, will likely have to wait for 2025 elections to be settled. In the meantime a re-stocking of inventory, which has been allowed to reduce to historically low levels, should improve overall volumes.





# Business Risks



**Magontec continues to operate in a volatile global market with the biggest impacts coming from global changes in demand, pricing and costs.**

Magontec and the global magnesium market are not alone in these challenging times as we adapt to the impacts of geopolitical changes occurring in Europe and the USA, the transition to electric vehicles and the transition to cleaner energy required to combat climate change.

In last year's report, we stated that Magontec had reviewed and enhanced its risk management processes to ensure its ability to effectively combat and mitigate these business risks. This heightened awareness of risk and more robust risk management framework, assisted in being able to manage the Qinghai major project risk. Following the termination of the QSLM contracts during 2024 and the closure of the Qinghai plant, Magontec was able to mitigate the impact of the contract termination and closure on the business.

## Our Material Risks







Magontec's risks remain complex because of the wide spread of its operations and geographical locations, requiring a practical and straightforward risk management approach that is regularly reviewed, assessed, and where necessary, adjusted on a continual basis. Our risk management framework guides our approach to managing risks.


We think about our risks in the following way:

- **Strategic:** risks that should they materialise could impact our ability to deliver our strategic goals.
- **Operational:** risks we manage as part of our daily business activities.
- **Future:** risks that could materialise over time.

Magontec's risk management practices are embedded into all processes and operations. The table below outlines the material risks that can impact the Group's achievement of its financial objectives. These risks are identified through a robust risk management framework, prepared by management with independent oversight by the Business Risk Committee and the Board of Directors.

Our most significant risks, those that if not managed effectively would have significant impact on our financial performance, form our material risks. These material risks are monitored formally by our oversight committees and the executive management teams responsible.

Material Risk	Mitigated Risk Assessment	Risk Movement	Risk in detail	Risk Management Approach
<b>Geopolitical changes</b> 	Moderate	Increasing ↑	Geopolitical changes pose a significant risk by disrupting supply chains and markets. Key risks include expanded conflicts (e.g. Russia/Ukraine) trade disputes (e.g. US and EU imposition of tariffs on trade) and regulatory shifts (e.g. taxation, climate change compliance).	Mitigations include diversification and management of localised supply chains (i.e. reducing dependence on offshore supply) and shifting operations closer to markets to minimise global instability.
<b>Automotive Industry changes</b> 	Moderate	Increasing ↑	The automotive industry is undergoing significant transformation due to the electrification of vehicles (EV), advancements in battery technology and government intervention through imposition of tariffs.	Risk is mitigated by improving supply chain resilience, localising supply chains, improving manufacturing processes and efficiency, developing sustainable supply initiatives and development of new products.
<b>Supply chain</b> 	Moderate	Neutral —	There is a risk that the Group may not be able to source key raw materials on an ethical and carbon neutral basis, of a quality and at the price required, within the required period.	Risk addressed through use of multiple suppliers, a diverse geographic base and multiple distribution routes. Our European supply chain process has implemented additional measures because of the conflict in Ukraine and the increase in energy prices.
<b>People skill retention</b> 	Low	Neutral —	As part of a specialised industry, employee retention is critical to our success. We must attract, retain and develop team members with diverse skills, capabilities and backgrounds.	Risk addressed through reward and recognition programs, talent management strategies, employee value propositions and ongoing compliance monitoring of employment laws (including wage compliance).  <b>Refer to the Remuneration Report for further detail.</b>
<b>Employee Safety</b> 	Low	Neutral —	There is a risk that the Group does not provide a safe working environment for its people, contractors and the community.  An unsafe working environment may result in injury, harm or illness to our employees. If we are unable to meet our requirements, we may be subject to regulatory impacts, claims and reputational damage.	Risk addressed through robust internal work health and safety practices, the implementation of initiatives and education programs with a focus on preventative measures with enhanced dedicated support in high-risk areas to ensure the wellbeing of our employees.
<b>Privacy and data management</b> 	Low	Increasing ↑	The quality of data is critical for investment, strategic, and operational decision making. There is a risk that confidential or sensitive information can be accessed and disclosed by unauthorised parties.	Risk addressed through increasing external assurance activities and continually enhancing cyber control framework, technology processes and employee awareness, supported by investment in systems and infrastructure.

Material Risk	Mitigated Risk Assessment	Risk Movement	Risk in detail	Risk Management Approach
<b>Financial Balance Sheet Management</b> 	Low	Reducing 	There is a risk that working capital and cash is not efficiently managed. This may result in insufficient funds to support future growth opportunities and dividend payments.	Risk addressed by monitoring and working with the regional teams adjusting working capital to demand and ensure that no excess or surplus inventory is in existence.
<b>Sustainability</b> 	Moderate	Neutral 	Environmental, Social and Governance risks, if not managed appropriately, could impact business operations, and fall short of stakeholder and societal expectations.	Risk addressed by increasing governance and risk management processes, supported by regular reporting and inspections. <b>Refer Sustainability commentary for further detail.</b>
<b>Compliance</b> 	Low	Neutral 	We are subject to a global range of legal and regulatory requirements, in relation to health and safety, employment and corporate regulation, that require regular monitoring and updating.	Risk addressed by monitoring regulatory changes and their impacts on the group and obtaining advice from external lawyers where required.

## Our Governance structure to manage business risks

Magontec continues to operate 3 levels of defence to manage business risks. The overall enterprise risk management is aligned with International Standards Organisation ISO 31000:2018 with a strong focus on management accountability.

The first line of defence is at the local level, where management take responsibility for all day-to-day operational risks and ensure compliance with all local environmental and safety obligations. During the year, internal reviews were completed on risk management, with increased awareness raised on identification and management of risks with improved reporting and transparency.

These local risks are shared across regions and reviewed by the executive management team where the strategic approach is assessed to manage risk on a consistent basis.

Business Risks are overseen by the Board through the Business Risk Committee, chaired by an Independent Non-Executive Director. The committee is responsible for monitoring the enterprise framework, assessing risk appetite, and ensuring the adequacy of the enterprise framework to manage risk. During the year, the Business Risk Committee met twice.

# Environmental, Social and Governance (ESG)



Magontec is committed to developing a sustainable global business model aimed at minimising its impact on the environment through a socially responsible approach that is effectively and efficiently monitored and governed for our customers and their end consumers.

## Sustainability

During 2024 regulators have continued to place importance on global climate change issues. The Australian government passed legislation in August 2024 which mandated climate related disclosures commencing on 1 January 2025 for large companies and a phased approach for others through to 2027.

In Australia, Magontec has no sustainability reporting obligations for 2024 or 2025, and falls into "Group 3" commencing in 2027. Reporting for our European operations will likely commence from 2026.

Legislation in both Europe and Australia continues to evolve and is being monitored to identify any changes that are relevant and could impact compliance by Magontec's operations.

The Sustainability working group responsible for the roadmap development and implementation reports through to the Business

Risk Committee. This is chaired by Independent Non-Executive Director Andre Labuschagne.

The Magontec Sustainability Roadmap project commenced in 2024 to determine a detailed plan to net-zero which will include clear milestones and methods, with explanations of any built-in assumptions. Magontec's Sustainability plan is to develop a foundation that is integrated across the group, compliant with all jurisdictions and transparent to all stakeholders.

Over the next 2-3 years this will be a major project for the Group. To emphasise this priority, KPIs have been incorporated within the 2025-2027 Strategic Plan and 2025 annual budget for the leadership team.

## Magnesium recycling benefits

The magnesium industry has an inherent environmental deficit as the vast majority (more than 90%) of its global production base relies on off-gas from coal derivatives.

Pidgeon process magnesium plants (silica-thermic reduction) that produce pure magnesium in China, and the coal and ferro silicon industries that supply raw materials to that process, are high CO<sub>2</sub> emission activities.

Magontec's Mg Alloy business is based on the recycling of magnesium alloy, sourcing magnesium alloy scrap from our customers and returning it to them in the form of ingots for re-use in their production process. As a result of our operations being close to our customers, Magontec has a significantly lower carbon footprint compared to the mass production of magnesium sourced from China.

Magontec's most salient environmental contribution is in its commitment to and focus on magnesium, the lightest structural metal. Magnesium is 2/3rds the weight of aluminium and 1/3rd the weight of steel. Unlike plastics and carbon fibre, it is also 100% recyclable.

At all Magontec operations we use electricity as the key power source rather than gas. This gives us the ability to access renewable power and preference energy suppliers that source power from renewable technologies where available. This is particularly important in Europe where we recycle magnesium alloy scrap and manufacture magnesium anodes, and has provided some protection against higher gas prices through 2023 and 2024.

Magontec's manufacturing operations at Santana in Romania and Bottrop in Germany, have significant non-carbon energy inputs and actively seek to grow the proportion of power sourced from renewable energy.

## Environmental

Magontec's processing operations continue to pursue a continuous improvement strategy. The re-processing of waste products from magnesium alloy recycling and the reduction of energy inputs through the implementation of efficiency programmes continued through 2024 are now part of our business culture.

It was unfortunate that the key Green House Gas (GHG) reduction plan centering around Magontec's involvement with the Qinghai Salt Lake Magnesium Co Ltd (QSLM) and its access to high levels of renewable energy was terminated. All production has now ceased at Magontec's Qinghai plant.

This resulted in a re-think in the GHG reduction strategy and specifically carbon neutral energy sources used for production and will be an ongoing project for the respective teams over the next 2 years.

Reviews of our current business operations identified opportunities to reduce the impact of GHG on the environment. The Group implemented a number of successful trials to further refine and reduce waste from our processes.

## Magontec's energy sources

Magontec solely utilises electric arc furnaces in its Mg Alloy recycling process, providing the advantage of flexibility to utilise and source clean carbon-neutral energy from its energy providers. Many in the industry continue to utilise traditional gas furnaces, limiting flexibility and having higher GHG emissions compared to the Magontec manufacturing process.

Much of the electricity consumption supply source is determined by the respective energy supplier's strategy and the respective countries' plans to become net-zero, with significant government investments occurring in Europe.

### - Germany

Germany's electricity grid has been transitioning away from carbon-based energy sources (largely gas) and remains in this transition phase. A number of government initiatives are available to assist businesses better understand their GHG emissions which Magontec actively participates in. The data from Germany is published annually in arrears and current data disclosed in the report reflects 2023 usage.

### - Romania

Our Romanian plant energy supplier provides energy that is net-zero impact on the environment. This is achieved through the use of carbon credits by the energy supplier.

### - China

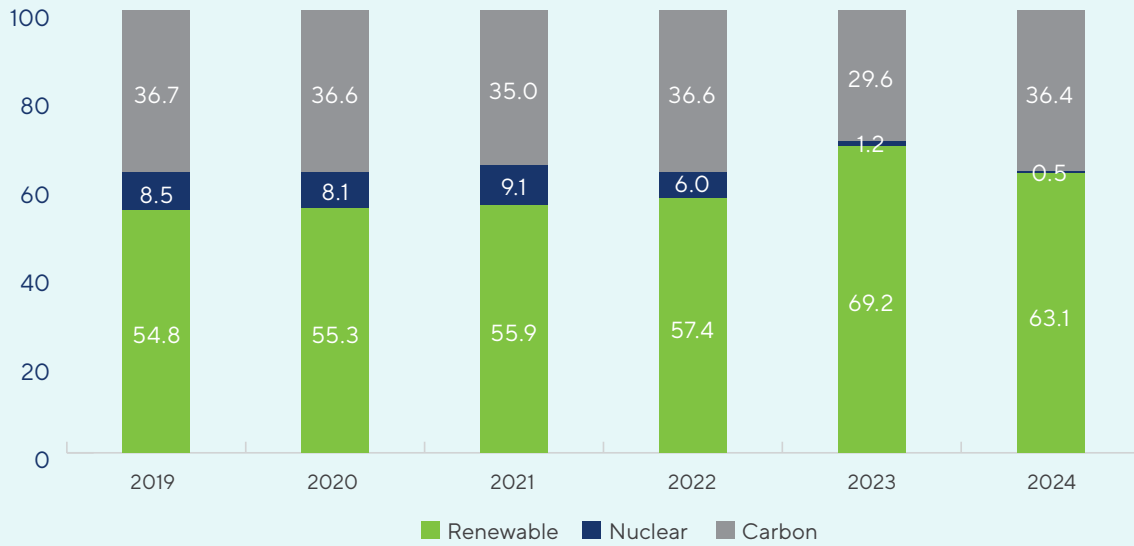
With the closure of the Qinghai plant, our energy mix shifted substantially. Whilst overall consumption kWhs reduced (aligned with the closure of Qinghai), without the Qinghai renewable source, the ratio of carbon sourced electricity increased from our sole Chinese production facility in Xi'an.

## Energy Supply data

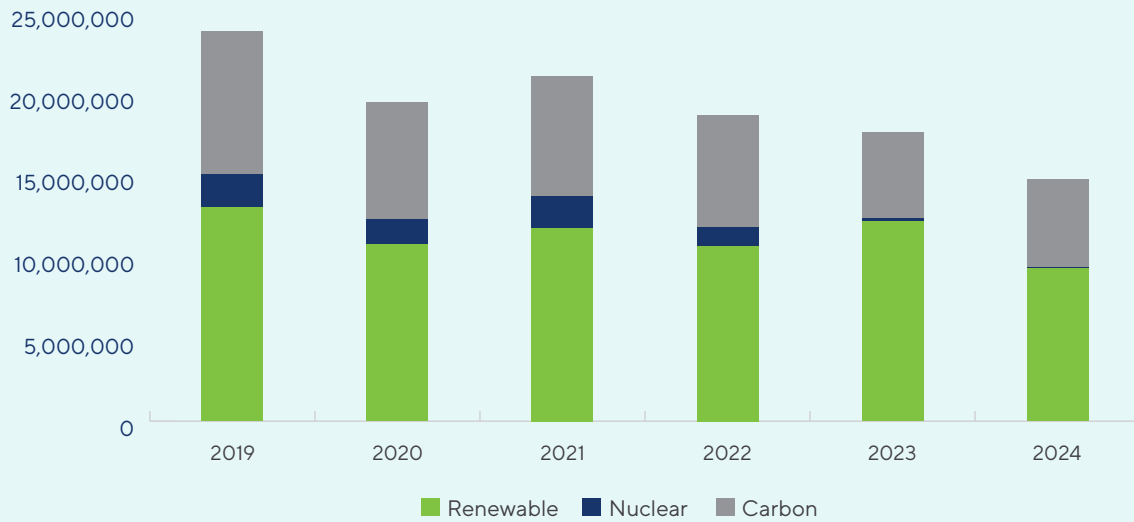
Overall kWhs consumed decreased by 16% across the Magontec business, largely due to the closure of Qinghai in August and lower production in Romania. The lower kWhs were incurred in locations which had high renewable energy supplies, resulting in an overall % mix change in energy sources. This resulted in the proportion of renewable energy utilised dropping from 69.2% to 63.1%.

Nuclear sourced energy continued to decline in Europe representing just 0.5% of overall energy sources.

**Magontec energy supply by source (%)**

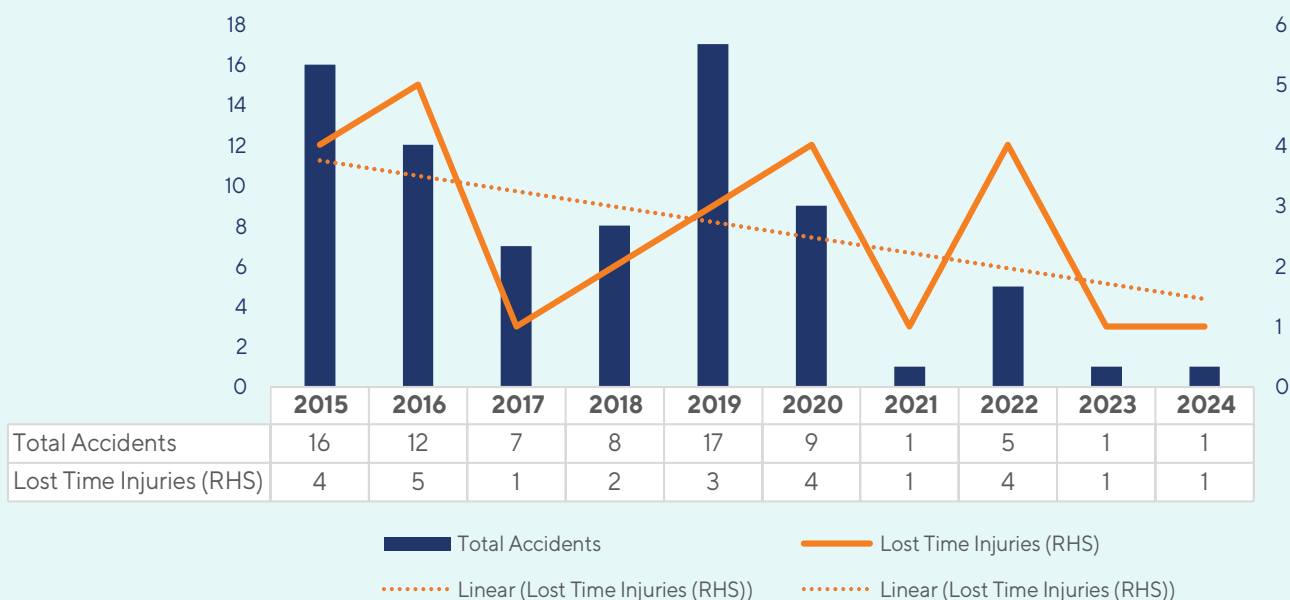


**Magontec energy by supply source (kW hours)**





### Total Accidents and Lost Time Injuries - 2015 to 2024



## Social

### Health & Safety

The Group continues to maintain a rigorous system of workplace management. This system allows Magontec operations managers to closely oversee critical employee actions and habits, particularly in magnesium alloy cast house operations where molten metal is stored, alloyed, or otherwise processed and transferred between one activity and another.

A task of management is to continually review and challenge the processes and structures that are in place to ensure that accidents are avoided wherever possible.

In 2024 there was one lost-time injury (LTI) sustained among 242 Magontec employees of whom 146 work in manufacturing operations and 96 in administrative and management roles.

While all accidents are distressing, particularly where there is an injury to a staff member, remedial action and changes to work processes and oversight are quickly introduced. We continue to seek to make our workplaces safer and to avoid any repeat accidents.

### Retention and Satisfaction

Magontec continues to achieve a strong record of staff retention among its operations employees and in administrative and management roles. The Group’s senior management team, the global executive management group and the regional leadership teams in operations and sales, have an average tenure of over 15 years. While this length of service endows the Group with deep experience across our business activities, it also requires a focus on communication from factory and office staff to our long serving senior management team.

Following the termination of the QSLM agreements, 2024 saw the closure of our Qinghai plant and the subsequent redundancy of employees. Whilst this was a difficult situation, all employees were terminated in accordance with their employment conditions and PRC employment regulatory requirements.

### Diversity

The Metals industry is orientated around a central function that requires the application of relatively heavy physical labour. The management of cast house processes including metal melting, the loading of metal scrap and ingots into furnaces, is labour intensive and has not historically attracted a gender diverse labour force.

In early 2025, Magontec’s Board approved a Diversity Policy providing a clear position on the diversity framework, responsibilities and reporting obligations for all our subsidiaries and people.

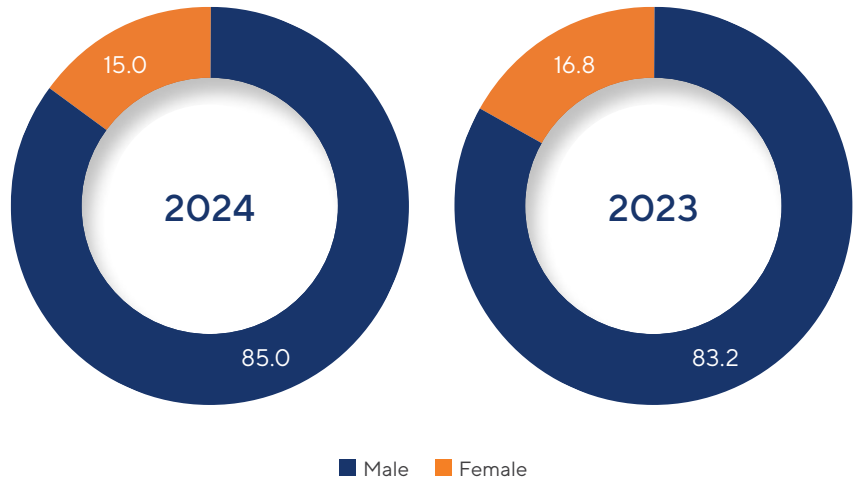
The Group’s Code of Conduct further details the manner in which employees are expected to behave and how employees should be treated by the Group, by management and by each other without discrimination in any form.

As a multi-national organisation there is a high level of geographic and ethnic diversity with Magontec, but a more modest level of gender diversity. Our published Code actively promotes equality, diversity and inclusion within the organisation for employees of all ages, ethnic or national origins, sexual orientation, marital and parental status, physical impairment, disability and religious beliefs.

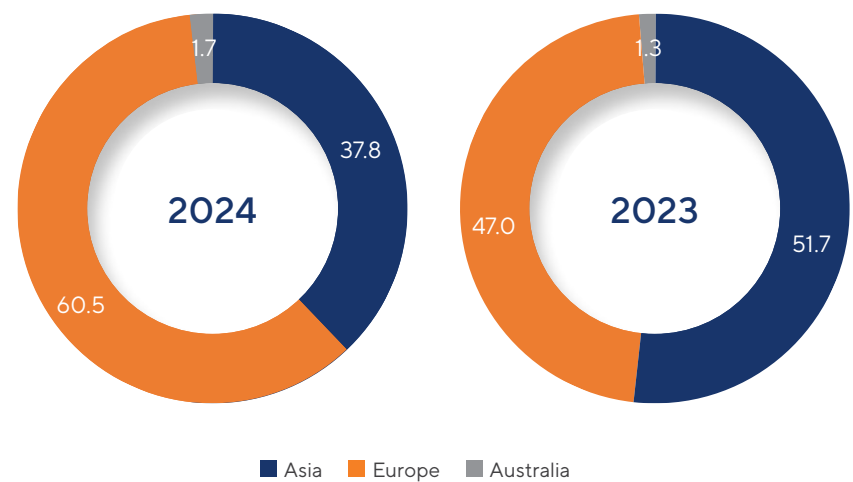
### Pay equality

In Europe we evaluate the specific function of a job based on established criteria. Fixed salary levels are assigned to a range of points for 13 salary levels. Through this mechanism we seek to ensure that there is no difference in pay between employees based on gender or other perceived differences.

### Gender Diversity (%)



### Geographic Diversity (%)



In China, recruitment, promotion and salary levels are based on market benchmarks and an internal position ranking system designed to remove gender discrimination.

These processes are regularly reviewed and will incorporate changing industry standards and regulatory requirements in each of the regions in which Magontec operates.

### Global supply chains

The Magontec business structure is designed so that our plants are in close proximity to our customers and suppliers, with our customers supplying magnesium from their manufacturing process for recycling and sale back. This business model reduces logistics costs and complexity associated with global supply chains. This approach also reduces risks of modern slavery and avoids increased GHG emissions from transportation.

The BRC undertakes a twice-yearly review of the Group's trading relationships in the context of regional, United Nations and other sanctions. Magontec trades with customers and suppliers in 23 different countries.

Through the BRC and management initiatives, policies have been introduced at regional levels so that the Group can more transparently manage its exposure to sanctioned regimes or companies and understand the associated regulatory and supply risks.

### Cyber, data privacy, Information Technology and Fraud

In 2024, a full review of the Group's IT strategy commenced, beginning with a review of Magontec's IT infrastructure. This review identified a number of opportunities to update and improve existing systems that were near end of life, or not technically up to current IT standards. A number of these opportunities were implemented with a key focus on standardisation of systems, employee productivity and system monitoring and security.

Cyber security and data protection, as for all companies, continues to present unique challenges for the Magontec business and is a critical metric in all locations. As part of the annual security review, external testing was performed in 2024 with recommended actions following the review implemented.

We continued with additional risk protection for our European and US subsidiaries through cyber insurance policies. These policies offer protection against identity and reputation theft (blackmailing), bank account and credit card fraud, hardware and data breaches, business interruption and compensation in liability cases and data protection incidents. Based on our experience, this type of insurance policy is not easily accessible to Magontec in China.

### Governance

Magontec's Board of Directors and management are committed to maintaining the highest ethical standards in our business activities.

The Group's Code of Conduct outlines the standards of behaviour expected from all Magontec's employees and is aligned with values that are essential to our continued success in the short, medium and long term.

As an ASX-listed corporation, we respect and support the integrity of our shareholders and key stakeholders critical to our success.

Other governance policies relating to whistleblowers, securities trading, how and when we communicate externally with our stakeholders (continuous disclosure), remuneration, risk management, modern slavery, diversity and inclusion and the protection of personal information are also available at [www.magontec.com](http://www.magontec.com).

To support successful oversight and management of our Governance policies, Magontec operates three independently chaired committees that provide Governance oversight of the Group's operating activities.

An overview of Magontec's Corporate Governance is set out in the Corporate Governance statement published at [www.magontec.com](http://www.magontec.com).

# Board of Directors



## Nicholas Andrews

Executive Chair

Member of the Business Risk Committee (BRC)  
B Ec.(Syd)

Mr Andrews serves as the Executive Chair of Magontec Limited. From 2007 to 2009 Mr Andrews served as a Non-Executive Director of Advanced Magnesium Limited prior to the acquisition of Magontec GmbH and the company name change to Magontec Limited.

Mr Andrews has a financial services background in investment management and investment banking. From 1996 to 2005 he was a Managing Director at UBS Investment Bank and responsible for global distribution of Australian and New Zealand Equity products.

From 1989 to 1996 Mr Andrews was the Chief Investment Officer at LGT Investment Management in charge of the group's investment portfolios for the Australasian region.

Mr Andrews is a Member of the Executive Committee and serves on the Board of the International Magnesium Association. Since 2017 he has also served as Honorary Treasurer of the IMA.

Mr Andrews serves as a Non-Executive Director and Chair of the Finance & Audit Committee of CarbonXT Group Limited.



## Robert Kaye SC

Lead Independent Director  
(re-appointed 11 May 2023)

Chair of the Remuneration and Nominations Committee (REM)  
Member of the Finance, Audit and Compliance Committee (FAC)  
LLB (Syd), LLM (Cambridge) (Hons)

Mr Kaye was admitted to legal practice in 1978 and employed as a solicitor at Allen, Allen & Hemsley Solicitors. Thereafter he pursued his legal career at the NSW Bar and was appointed Senior Counsel in 2003, practising in commercial law.

He has been involved in an array of commercial matters both advisory and litigious in nature and served on a number of NSW Bar Association committees including the Professional Conduct Committee.

In the conduct of his practice as a barrister, he has acted for many financial institutions and commercial enterprises, both public and private and given both legal and strategic advice. He has had significant mediation experience and been involved in the successful resolution of complex commercial disputes.

Mr Kaye is currently Chair and a Non-Executive Director of Collins Foods Limited and a Non-Executive Director at FAR Limited. Mr Kaye was previously the Chair of Spicers Limited, the Chair of the Macular Disease Foundation Australia and was formerly a Non-Executive Director with UGL Limited, Electro Optic Systems Holdings Limited and HT&E Limited.



## Andre Labuschagne

Independent Director  
(re-appointed 25 May 2022)

Chair of the Business Risk Committee (BRC)  
Member of the Finance, Audit and Compliance Committee (FAC)  
B. Comm (Potchefstroom University)

Mr Labuschagne is the Executive Chair of Aeris Resources Limited. Mr Labuschagne is an experienced mining executive with a career spanning more than 30 years, primarily in the gold industry, and has held various executive roles in South Africa, PNG, Fiji and Australia for a number of leading gold companies, including Emperor Gold Mines, DRD Gold and AngloGold Ashanti. Mr Labuschagne was previously Managing Director of ASX listed gold company, Norton Gold Fields Limited.



### Atul Malhotra

Independent Director  
(re-appointed 25 May 2022)

Chair of the Finance, Audit and Compliance Committee (FAC)  
Member of the Remuneration and Nominations Committee (REM)  
Member of the Business Risk Committee (BRC)  
MBA (Delhi University)

Mr Malhotra has an extensive professional background in Procurement, Supply Management, Strategy, Business Development and other functions. During his career spanning over 40 years, he has held executive roles at ABB, Bombardier Transportation, Adtranz and Continental with responsibility for projects and operations in Europe, Asia and Australia.

For over 10 years till October 2013, Mr Malhotra was the Head of Purchasing and a Member of the Group Management at Georg Fischer Automotive Group, Schaffhausen, Switzerland, a leading global supplier of cast metal (including magnesium) parts with an annual turnover of approximately 1,200m Euro and 11 production units located in Europe and China.

As Head of Purchasing, his main responsibilities included establishing procurement strategy and managing the procurement function. As part of the Group's senior management team, he also held co-responsibility for providing strategic direction to, and oversight of, the business units with reporting responsibilities to the Corporate division. Since January 2014 he has been acting as an independent adviser to various corporate clients and businesses.



### Zhong Jun Li

Independent Director  
(re-appointed 15 May 2024)

Member of the Remuneration and Nominations Committee (REM)  
Graduate of Wuhan University of Technology

Mr Li is the owner of Tianjin Keweier Metal Material Co Ltd (KWE (TJ)) in China. He is a graduate of Wuhan University of Technology and spent 10 years at Tianjin Auto Industry Company Ltd. For more than 10 years, Mr Li has built a trading and manufacturing business that specialises in magnesium products. KWE (TJ) has facilities located in Hong Kong and Tianjin and a broad experience of the global magnesium industry.

Mr Li is associated with Yuan Yuan Li, who in February 2025 became a substantial shareholder of Magontec Ltd following the transfer of shares into her name.

# Executive Management



## Christoph Klein-Schmeink

President Magontec Europe, North America and Middle East

MBA (Münster University)



## Tong Xunyou

President, Magontec Asia

B Chem (Dalian University),  
MBA (Hong Kong Polytechnic University)



## Derryn Chin

Chief Financial Officer

B Com (University of New South Wales) CA, CFA



## Patrick Look

Vice President, Finance & HR

Business Economist VWA

Mr Klein-Schmeink joined Magontec Limited (then Hydro Magnesium) in 2000 as Sales and Marketing Manager responsible for global sales of the Group's anode products. He was appointed Head of Sales and Marketing in 2007 and Vice-President of Global Sales and Marketing in 2011.

In 2012 Mr Klein-Schmeink was appointed President of Magontec GmbH and has responsibility for the Group's activities in Europe, North America and the Middle East.

Prior to joining Magontec, Mr Klein-Schmeink held the position of Sales Director Asia Pacific with the global mining services company Terex Mining Corp.

Mr Klein-Schmeink holds a Master's of Business Administration degree from Münster University.

Mr Tong joined Magontec Limited (then Hydro Magnesium) in 2003 in the role of Production Manager, Finance Manager and Deputy General Manager. In 2006 Mr Tong was appointed General Manager and assumed responsibility for all of Magontec's Chinese metal and anode activities.

Prior to joining Magontec Limited Mr Tong spent eight years with the Henkel Adhesive Company Limited where he was Production and Branch Manager.

Mr Tong holds a Bachelor's degree in Chemistry from Dalian University of Science and Engineering and an MBA from Hong Kong Polytechnic University.

Mr Chin joined Magontec Limited in 2014 and was appointed as the Chief Financial Officer in 2016. Prior to joining Magontec, Mr Chin was an equity research analyst at Macquarie Group in Australia and prior to that held roles in both the audit and financial advisory divisions of KPMG.

He is a member of Chartered Accountants Australia and New Zealand, a CFA charterholder and speaks Mandarin.

He holds a Bachelor of Commerce from the University of New South Wales with a double major in Accounting and Finance.

Mr Look is the Vice-President of Finance & HR, with primary finance and operating oversight responsibilities for the Group's divisions in Europe, North America and the Middle East. Mr Look started his career at Magontec GmbH (then Hydro Magnesium) in 1998.

Over the last 20 years, after assuming various finance roles in the Group including accounting, purchasing and logistics and graduating as a Business Economist (VWA) he was appointed Finance Manager in 2009 and Vice-President Finance & HR in 2012.





### Dean Taylor

Company Secretary  
FGIA, FCG

Mr Dean Taylor was appointed to the position of Company Secretary in January 2023.

Mr Taylor is a Chartered Secretary and member of the Governance Institute of Australia.

He has previously acted as Chief Financial Officer, Company Secretary and a Board member for an extensive range of organisations including Standards Australia, LifeHealthcare and HPM Legrand.



### Dr Zisheng Zhen

Technical Director (R&D and Quality Management),  
Magontec Asia

PhD, Materials Processing Engineering (The University of Science and Technology Beijing)

Dr Zhen joined Magontec Limited in 2009 as the R&D manager of Magontec Xi'an Co. Ltd and was appointed as the Technical Director of Magontec Asia in 2011, responsible for R&D activities as well as quality management in China.

Dr Zhen has over 20 years of research and technical development experience in magnesium. He gained his PhD in Materials Processing Engineering from The University of Science and Technology Beijing, China in 2003. He then conducted further research works on magnesium alloys and processing technologies at Oxford University and Brunel University in England, and at the Magnesium Innovation Center in GKSS (then HZG, now Helmholtz-Zentrum Hereon) in Germany where he was a senior research fellow.

He serves on various industrial and academic committees and organisations, including the International Magnesium Association, the China Magnesium Association and the Chinese Materials Research Society (C-MRS). He is the winner of the International Magnesium Science and Technology Award for 2023 bestowed by the International Mg Society.



### Prof Trevor Abbott

Director, Research and Development

B App Sc Metallurgy (SAIT/UniSA)  
PhD (Monash)

Adjunct Professor, University of Queensland  
Adjunct Professor, Swinburne University of Technology  
Adjunct Professor, RMIT University  
Adjunct Fellow, Monash University

Professor Abbott completed his PhD in 1987 and has extensive experience in the metals industry including aluminium alloys (PhD topic), steel (BHP in Melbourne and Wollongong throughout the 1990's) and magnesium alloys (CAST, AMT, Magontec).

Since 2000 he has developed strong industry-academia collaborations through the CAST Cooperative Research Centre and ARC Linkage grants. During the period 2000-2004 he held an academic position at Monash University where he led the magnesium applications activities within CAST. He then transferred to AMT / Magontec and continued the collaboration with academia from the industry side. He has been particularly instrumental in the development of Magontec's high value magnesium alloy business, particularly its core product MicroZir. The high value alloys segment has become increasingly important to Magontec's alloy business in recent years.

In 2013 he established Abbottics Pty Ltd and consults in metallurgical fields, particularly magnesium, aluminium, rare earths, scandium and silicon.

# Directors' Report

for the year ended 31 December 2024

## 1. Corporate information

The consolidated financial statements of Magontec Limited and its controlled subsidiaries as listed in Note 22 herein (collectively, the Group) for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 26 February 2025. Magontec Limited is a company limited by shares incorporated in Australia. The shares are publicly traded on the Australian Securities Exchange (ASX) under the code "MGL".

## 2. Glossary of entities referred to in this report

Formal Name of Entity	Description of Entity	Referred to as
<b>Head Office Entities</b>		
Magontec Limited	The ultimate parent/holding company of the Group.	<b>MGL, the Company or the Parent Entity</b>
Advanced Magnesium Technologies Pty Limited	Wholly owned subsidiary of Magontec Limited that acts as the administrative operating entity.	<b>AMT</b>
Varomet Holdings Limited	The wholly owned holding entity that owns the Group's subsidiaries in Xi'an (PRC) and Suzhou (PRC).	<b>VHL</b>
<b>Operating Entities</b>		
Magontec GmbH	The wholly owned entity that owns the Group's operations in Bottrop, Germany.	<b>MAB</b>
Magontec SRL	The wholly owned entity that owns the Group's operations in Santana, Romania.	<b>MAR</b>
Magontec US LLC	The wholly owned entity that acts as the Group's distributor located in the United States of America.	<b>MAU</b>
Magontec Xi'an Co. Ltd.	The wholly owned entity that owns the Group's operations in Xi'an, PRC.	<b>MAX</b>
Magontec Qinghai Co. Ltd.	The wholly owned entity that owns the Group's operations in Qinghai, PRC. Production ceased at this facility in 2024.	<b>MAQ</b>
Magontec Suzhou Co. Ltd.	The wholly owned entity that owned the Group's operations in Suzhou, PRC. Production ceased at this facility in 2016.	<b>MAS</b>
<b>Major related shareholders</b>		
Qinghai Salt Lake Magnesium Co. Ltd.	<p>QSLM was a <b>28.48%</b> shareholder in MGL as at balance date of 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.</p> <p>This included the selective share buy back of all the shares held by QSLM in the Group. 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.</p> <p>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.</p>	<b>QSLM</b>
KWE (HK) Investment Development Co Ltd	Former shareholder in Magontec Limited. Mr Li Zhong Jun, a director of Magontec Limited is also a director and shareholder of KWE (HK) Investment Development Co. Ltd. During 2024, the shareholding in KWE (HK) was transferred to Ms Li Yuan Yuan, an associate of Mr Li Zhong Jun.	<b>KWE (HK)</b>

## 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 for the prior period. 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.

## Directors' Report

continued

The Directors of Magontec Limited submit herewith the Annual Financial Report of the Group for the twelve-month period ended 31 December 2024. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows.

Directors who held office during and since the end of the financial year were:

- Mr Nicholas Andrews (Executive Chairman)
- Mr Robert Kaye (Lead Independent Director)
- Mr Atul Malhotra (Independent Director)
- Mr Andre Labuschagne (Independent Director)
- Mr Li Zhong Jun (Independent Director)
- Mr Li Xing Cai (Non-Executive Director) - resigned 5 February 2025

*Mr Li Xing Cai Li (MBA, Qinghai Nationalities Minzu University, Graduate of Chongqing University).*

Prior to his resignation from the Board in February 2025, Mr Xing Cai Li was the representative of the Qinghai Salt Lake Magnesium Company (QSLM) on the Board of Magontec Limited. QSLM was previously a 28.5% shareholder of the Group prior to the buyback and cancellation of their shareholding as detailed elsewhere in this report. Mr Xing Cai Li is the General Manager of Qinghai Huixin Asset Management Co Ltd (QHAM), the owner of Qinghai Salt Lake Magnesium Co Ltd (QSLM).

Mr Li has held previous positions as the Deputy Director of Finance at the Shanghai and Hong Kong listed Aluminium Corporation of China (Chalco), one of the world's largest producers of alumina and aluminium. Prior to that Mr Li was Vice President at Western Mining Co Ltd, responsible for overall financial management, fund raising and investment management as well as being secretary to the Board. Western Mining is a ¥23 billion company listed on the Shanghai Stock Exchange engaged in the mining, smelting, and trading of metal minerals, including copper, lead, zinc, iron, gold and silver.

### Directorships of other Listed Companies

Directors who have held a Directorship position in another publicly listed company in the three years immediately before the end of the financial year are as follows:

- Mr Nicholas Andrews is a Non Executive Director of CarbonXT Group Limited
- Mr Robert Kaye is Chair and a Non-Executive Director of Collins Foods Limited and a Non-Executive Director of FAR Limited. During the relevant 3 year period, he also previously served as a Non-Executive Director of Electro Optic Systems Holdings Limited.
- Mr Andre Labuschagne is Executive Chair of Aeris Resources Limited.

### Company Secretary

#### Mr Dean Taylor

*Member, Institute of Chartered Secretaries (FCG), Governance Institute of Australia (FGIA)*

Mr Dean Taylor was appointed to the position of company secretary in January 2023. Mr Taylor is a Chartered Secretary and Fellow Member of the Governance Institute of Australia. He has previously acted as Chief Financial Officer, Company Secretary and a Board member for a range of organisations including Standards Australia, LifeHealthcare and HPM Legrand.

### Principal Activities

The principal activities of the consolidated entity during the course of the financial year consisted of:

- Manufacture and sale of generic and specialist alloys (including both primary alloy manufacture and recycling);
- Manufacture and distribution of magnesium and titanium cathodic corrosion protection products (anodes);
- Research and development of new proprietary magnesium alloys and technologies;
- Research and development of cathodic corrosion protection products (CCP); and
- Creating markets for new magnesium alloys and technologies by supporting demonstration trials and programs for developing new applications.

## Directors' Report

continued

### Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director while they were a director or committee member.

Director	Board Meetings		FAC Meetings <sup>(1)</sup>		REM Meetings <sup>(2)</sup>		BRC Meetings <sup>(3)</sup>	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Nicholas Andrews	8	8					2	2
Mr Li Zhong Jun	7	8			2	2		
Mr Atul Malhotra	7	8	2	2	2	2	2	2
Mr Robert Kaye	7	8	2	2	2	2		
Mr Andre Labuschagne	6	8	2	2			2	2
Mr Li Xing Cai*	2	8						

(1) Finance, Audit & Compliance Committee

(2) Remuneration & Nominations Committee

(3) Business Risk Committee

### Directors' Shareholdings

The following table sets out the relevant interest (direct and indirect) of each serving director in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Performance Rights
Mr Nicholas Andrews	1,800,890	1,783,761
Mr Li Zhong Jun	3,937,386	-
Mr Atul Malhotra	-	-
Mr Robert Kaye	242,350	-
Mr Andre Labuschagne	-	-
Mr Li Xing Cai*	-	-

### Remuneration Report

The Remuneration Report is set out on pages 36 to 50 and forms part of the Directors' Report for the financial year ended 31 December 2024.

### Financial Report

Refer to 'Financial Report' section.

### Operations Report

Refer to Operations Report.

### Dividends

No dividend has been declared for the 12 month period to 31 December 2024.

### Subsequent Events

Subsequent events are detailed in Note 27.

\* resigned 5 February 2025

## Directors' Report

continued

### Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations are likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

### Non-Audit Services

Camphin Boston (the Group's auditors) provided tax and other services during the financial year. Aggregate fees for non audit services paid in the financial year were \$15,275.

### Auditor's Independence Declaration


The Auditor's independence declaration is included on page 51 of this Annual Report.

### Indemnification of Officers and Auditors

The Group paid premia to insure certain officers of the Company and related bodies corporate in relation to performance of their duties as officers of the Company. The officers of the Group covered by this insurance include directors or secretaries of controlled entities.

The Company has not otherwise, during or since the financial year except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### On behalf of the Board of Directors



**Mr N Andrews**

Executive Chairman

Signed on the 26 February 2025 in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

# Directors' Report

continued

## Remuneration Report (audited)

The Directors of Magontec are pleased to present the Remuneration Report for the financial year ended 31 December 2024. The report forms part of the Directors' Report and has been audited in accordance with section 300A and 308 (3C) of the *Corporations Act 2001*.

The remuneration report is presented under the following sections:

1. Key Management Personnel (KMP) covered by this Report
2. 2024 Remuneration at a glance
  - i. Remuneration objectives
  - ii. Remuneration policy
  - iii. KMP remuneration mix
3. Group performance and the link to remuneration
4. Governance of remuneration framework
  - i. Role of the Board
  - ii. Role of the Remuneration and Nominations Committee
  - iii. Other governance requirements
5. 2024 KMP Remuneration
  - i. Current service arrangements for Executive KMP
  - ii. 2024 KMP remuneration
  - iii. Loans to Members of Key Management Personnel
6. Independent & Non-executive Director Remuneration arrangements
7. 2024 KMP statutory disclosures
  - i. 2024 Fixed Remuneration (TFR)
  - ii. 2024 Short-term incentive (STI)
  - iii. 2024 Long-term incentive (LTI)
  - iv. Valuation of LTI
  - v. KMP Equity Holdings

## 1. Key Management Personnel (KMP) Covered by this Report

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, whether directly or indirectly.

Key management personnel holding office in 2024 are:

Type	Name	Position	Appointed	Committee
Non-Executive KMP	Robert Kaye	Lead Independent Non-executive Director	19 Jul 2013	Chair – REM Member – FAC
	Atul Malhotra	Independent Non-executive Director	1 Jan 2019	Chair – FAC Member – REM Member – BRC
	Andre Labuschagne	Independent Non-executive Director	22 Jan 2014	Chair – BRC Member – FAC
	Li Zhong Jun	Independent Non-executive Director	31 Aug 2009	Member – REM
	Li Xing Cai	Non-Executive Director (resigned 05 February 2025)	28 Sep 2022	-
Executive KMP	Nicholas Andrews	Executive Chairman	14 May 2007	Member – BRC
	Christoph Klein-Schmeink	President Magontec Europe, North America and Middle East	7 May 2012	-
	Tong Xunyou	President Magontec Asia	7 May 2012	-
	Derryn Chin	Chief Financial Officer	1 Mar 2016	-

FAC – Finance & Audit Committee

REM – Remuneration & Nominations Committee

BRC – Business Risk Committee



# Directors' Report

continued

## 2. 2024 Remuneration at a Glance

### I. Remuneration Objectives

Magontec's remuneration objectives are to ensure that there is an alignment between the outcomes desired by shareholders with those of the employee with a clear vision and focus on the agreed strategic direction and priorities of the Group.

#### Vision

*Magontec seeks to entrench itself as a leading global manufacturer and recycler of magnesium alloys and magnesium alloy products, to be known as a fair and safe workplace, for its embrace of technology, high environmental standards, efficient execution of global logistics and high standards of corporate governance.*

By ensuring this alignment between shareholders and management, it creates the right environment to deliver on the outcomes, providing a stability in the executive team and focus on the right priorities that drive total shareholder returns.

The Remuneration objectives are not singularly focused on financial issues, but are balanced with environmental, social and governance-based stakeholder expectations.

### II. Remuneration Policy

The Remuneration Policy is reviewed on an annual basis by the Remuneration & Nominations Committee to ensure that the principles and expected outcomes are matched with the business strategy and an evolving market environment.

The remuneration policy objectives will be achieved by ensuring remuneration is reflective of relevant market conditions, our statutory obligations, the level of accountability (responsibility, objectives, goals etc) assigned and the provision of incentives to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

The remuneration policy aims to retain key employees and align employee interests with Group performance and shareholders' interests.

The policy is designed to:

- motivate members of the Global Management Group to originate innovate strategies for growth;
- reward the Global Management Group for the satisfaction of positive strategic and financial outcomes; and
- to provide an adjunct to cash remuneration to preserve cash resources.

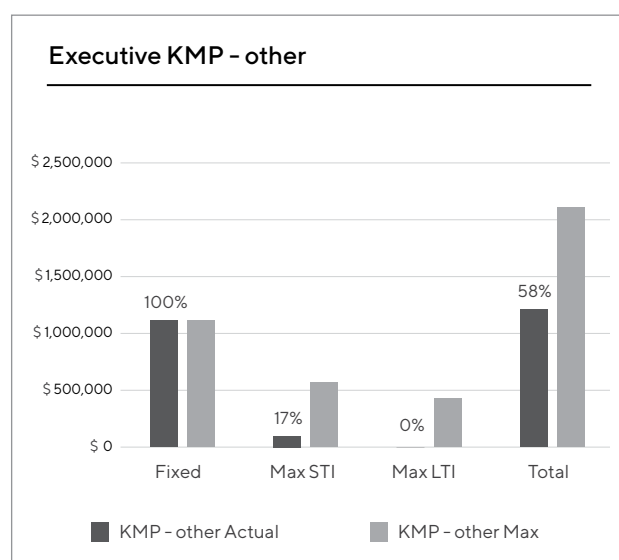
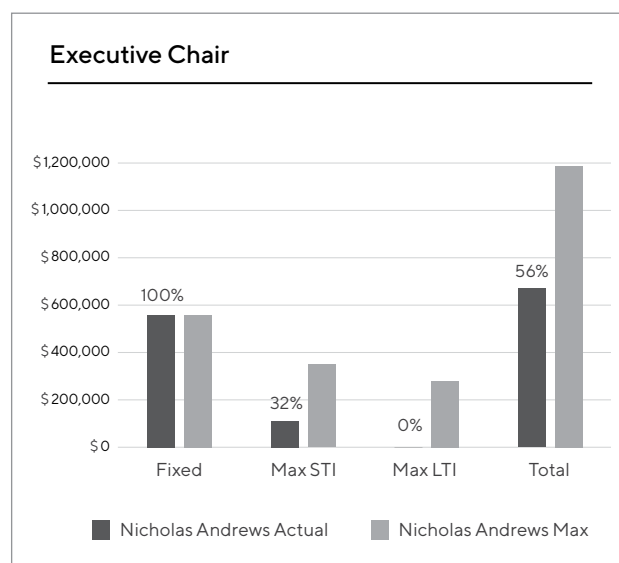
The Group uses a combination of cash and non-cash mechanisms to remunerate key management personnel.

### III. 2024 KMP Remuneration Mix

The Group's remuneration framework includes a mix of fixed and variable at-risk remuneration and comprises of the following three components:

- a. Fixed remuneration (TFR),
- b. Short-term incentives (STI) in the form of cash, and
- c. Long-term incentives (LTI) in the form of equity.

The table below outlines the target remuneration mix and actual received for the Executive Chair and other key management personnel relative to the 2024 year.



1. TFR includes base salary, statutory superannuation and allowances.

## Directors' Report

continued

### 2. 2024 Remuneration at a Glance (continued)

#### Total Fixed Remuneration (TFR)

Executive contracts of employment include base salary and post-employment benefits (statutory superannuation and certain social benefits relative to region) and do not include any guaranteed base pay increases. These are assessed annually by the Remuneration and Nominations Committee and approved by the Board with further independent assistance of remuneration specialists where deemed necessary.

The annual review considers such factors as:

- Role responsibilities and complexity
- Geographic region and size of role
- Experience and skills
- Strategic value of the role

No TFR increases were provided in 2024. An external independent review will be completed for the 2025 year. The Group's aim is to reward its staff at Quartile 2 (50%) market rates within the industry, geographic region and their experience in the role appointed as determined and in consultation with a remuneration specialist where appropriate.

#### Variable at-risk Remuneration

Each member of the Global Management Group has a set of key performance indicators (KPIs) mutually agreed by the employee with the Regional CEO, Executive Chair or Board (as appropriate) on an annual basis.

The KPIs reflect the executive's ability to add value to the Group and increase shareholder wealth by ensuring productive gains such as increasing efficiencies, reduction in costs and increased profitability by maximising sales volumes and margins on sale revenues. Performance against these KPIs forms a component of the assessment of both STI and LTI amounts as outlined below.

The Board retains discretion to adjust final remuneration outcomes for all Executives. Board Policy is reviewed periodically by the Remuneration and Nominations Committee. Where appropriate, recommendations to the Board for variations will be made.

The Board believes that the balance between short-term and long-term remuneration is appropriate and encourages long-term value creation.

#### 2024 Short-Term Incentive (STI)

The STI plan rewards executives according to a set policy with reference to both group profitability and non-financial strategic measures. This includes provisions to limit the overall maximum pool according to constraints inherent in the policy.

<b>How is performance measured?</b>	The STI is measured based on successful achievement of financial and non-financial KPIs based on certain performance criteria and minimum hurdles.
<b>How is the STI calculated for each KMP?</b>	The STI is calculated as a percentage of the KMP fixed remuneration and is capped for over achievement.
<b>Short-Term Incentive Structure</b>	The Short-Term Incentive contains 3 elements to encourage participant engagement at a group and regional level and recognises both financial and non-financial performance measures as follows: <ul style="list-style-type: none"> <li>i. Group Performance achievement</li> <li>ii. Regional Performance achievement</li> <li>iii. Non-Financial Performance achievement</li> </ul>
<b>Short-Term Incentive Hurdles</b>	In order to qualify for Group and Regional Financial Performance award, a minimum Return on Equity (ROE) is required for the Group and for Regional performance.
<b>Group and / or Regional Over-achievement</b>	Where the Group and /or Regional over-achieves the ROE Target by more than 50%, an additional STI amount will be paid up to a maximum of 150% of the STI element.
<b>How is the STI governed?</b>	The payments are subject to approval by the Board upon the recommendation of the Remuneration and Nominations Committee.

## Directors' Report

continued

### 2. 2024 Remuneration at a Glance (continued)

<b>How is risk managed to prevent excessive payment when there is under performance?</b>	<p>There are several ways that risk is managed with the STI:</p> <ul style="list-style-type: none"> <li>- Minimum ROE hurdles required to be achieved. The ROE hurdles are aligned to exceed market TSR returns for similar ASX listed entities.</li> <li>- The STI is capped as a % of fixed remuneration.</li> <li>- The Board has discretion relating to an assessment of the eligible executive's contribution to regional and Group performance, satisfaction of KPIs laid down by management and other subjective factors identified by the Remuneration and Nominations Committee.</li> </ul>
<b>What period does the STI relate to?</b>	<ul style="list-style-type: none"> <li>- The commencement date of the STI plan is 1 January annually.</li> <li>- The STI performance period is the one-year period from the relevant commencement date.</li> <li>- Net operating profit after tax (NOPAT) is defined as reported net profit after tax adjusted for specific items as deemed appropriate by the board for the relevant year completed.</li> </ul>
<b>How is it paid?</b>	STI remuneration is 100% cash settled annually and paid subsequent to completion of the Approved Audited Financial Statements for the relevant year.
<b>What happens if the executive leaves?</b>	If an executive resigns or is terminated for cause before the end of the financial year, or prior to payment of the STI, no STI is awarded for that year unless otherwise determined by the Board.

#### 2024 Long-Term Incentive (LTI)

Long term incentives are provided via the issue of performance rights (a form of option) to the Global Management Group which may convert into Magontec ordinary shares subject to the achievement of pre-determined share price targets in addition to non-market-based conditions.

The 2024 grant provided during the year was issued under the *STI LTI Governing Document - 2020 Shareholder Approved Plan per 2023 AGM (11 May 2023)*. No further grants will be made under this plan following the approval of the updated Magontec Long-Term Incentive Plan approved at the AGM held on 15 May 2024. All grants issued under previous plans which have not vested or lapsed, will continue to be administered under the terms of the respective plan of grant.

<b>How is performance measured?</b>	The plan uses absolute total shareholder return (TSR) as the basis for setting share price targets (based on the 30-day VWAP) for each three-year LTI performance period ended 31 December.
<b>How is the TSR calculated?</b>	<p>TSR comprises the percentage change in the Company's share price, plus the value of any future dividends during the period and is measured over the 3-year LTI performance period.</p> <p>The performance condition of TSR is deemed as being the most appropriate by the Board. It aligns the interests of employees in the management group with those of shareholders.</p>
<b>How is LTI granted?</b>	<p>From the 2021-23 Plan onwards, at the commencement date of the relevant 3-year LTI performance period an eligible executive will receive Performance Rights -</p> <ol style="list-style-type: none"> <li>i. equal in value to 50% of the eligible executive's total fixed remuneration (TFR) at that date;</li> <li>ii. equal in number to the value in i. divided by 75% of the greater of the market value of Magontec ordinary shares on the same date and the market value adopted under this provision at the commencement date of the immediately prior 3-year LTI performance period; and</li> <li>iii. at nil consideration.</li> </ol>
<b>How do Performance Rights Vest?</b>	<p>Performance Rights which are granted may convert into Magontec ordinary shares according to the two tests below:</p> <ol style="list-style-type: none"> <li><b>1. Tier 1 - Individual KPIs (30%)</b> The executive's performance is rated against multiple KPIs prescribed by the individual and approved by the Board.</li> <li><b>2. Tier 2 - Group Level Share Price (70%)</b> Under Tier 2, further performance rights may vest upon achievement of the relevant absolute share price targets (market-based vesting conditions). The number of performance rights vesting under Tier 2 performance rights is only incremental to the Tier 1 entitlement.</li> </ol>

## Directors' Report

continued

### 2. 2024 Remuneration at a Glance (continued)

<b>How is the LTI governed?</b>	The payments are subject to approval by the Board upon the recommendation of the Remuneration and Nominations Committee.
<b>How is risk managed in context to the LTI?</b>	<p>There are several ways that risk is managed with the LTI pool:</p> <ul style="list-style-type: none"> <li>- The maximum value of the LTI benefit is restricted to 50% of the employees' TFR.</li> <li>- The determination of the vesting conditions are recommended by the Remuneration and Nominations Committee to the Board and are aligned with exceeding the share price of the previous period.</li> <li>- The Performance Rights will lapse after 3 years if the vesting conditions are not achieved.</li> <li>- Performance Rights will automatically lapse in the event of the death, dismissal, retrenchment, retirement or resignation of the eligible executive prior to the end date of the 3-year LTI performance period unless otherwise determined by the Board.</li> </ul>
<b>What are the terms of the LTI?</b>	<ul style="list-style-type: none"> <li>- The commencement date of the LTI plan is 1 January annually.</li> <li>- The LTI performance period is the 3-year period from the relevant commencement date.</li> <li>- A Performance Right is a conditional right granted by the Company to an eligible executive whereby that conditional right may, subject to the relevant terms and conditions, vest as Magontec ordinary shares.</li> <li>- Performance Rights will automatically lapse in the event of the death, dismissal, retrenchment, retirement or resignation of the eligible executive prior to the end date of the 3-year LTI performance period unless otherwise determined by the Board.</li> <li>- Performance Rights will vest immediately in the event of a takeover (being the acquisition of control over the voting shares) of the Company.</li> <li>- Performance Rights may not be transferred, assigned or novated except with the approval of the Remuneration and Nominations Committee.</li> <li>- Eligible executives will not grant any security interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Magontec ordinary shares are issued to that eligible executive, and any such security interest or disposal or dealing will not be recognised in any manner by the Company.</li> <li>- Performance Rights do not confer on a participant the right to participate in new issues of shares by the Company, including by way of bonus issue, rights issue or otherwise.</li> <li>- The number of Performance Rights is rounded down to the next whole number if it is not a whole number. Performance rights issued to executives do not have escrow periods.</li> <li>- No entitlement to Performance Rights accrues to the eligible executive until an appropriate confirmation from the Company has been received by the eligible executive.</li> </ul>
<b>How is it paid?</b>	Performance Rights are granted annually. If the vesting conditions are met, the Performance rights will convert to fully paid ordinary shares in Magentec Limited.
<b>What happens if the executive leaves?</b>	Performance rights will automatically lapse in the event of the death, dismissal, retrenchment, retirement or resignation of the executive, unless otherwise determined by the Board having regard to the nature of the contribution to the Company by and circumstances of, the particular executive.

## Directors' Report

continued

### 3. Group Performance and the Link to Remuneration

Remuneration outcomes are intrinsically linked with achieving short-term and long-term performance targets. The targets are directly linked with financial and non-financial KPIs and established within the annual Business Plan / Budget and 3-year Strategic Plan approved by the Board.

The 2024 year was a difficult year with a number of unforeseen challenges impacting achievement of the financial targets. The termination of the agreements with QSLM and subsequent closure of the Qinghai plant had a material impact on achievement of the Annual Business Plan / Budget and the 3-year Strategic Plan approved by the Board.

These unforeseen events took significant management time to resolve, but resulted in a positive outcome in February 2025 where 99.86% of shareholders voted in favour of the resolutions presented at the EGM covering the MoS with QSLM and the selective share buyback of its 28.48% MGL shareholding for zero cash consideration.

In assessing the Group Performance and the Link to Remuneration for 2024, the Remuneration Committee and the Board took these circumstances into consideration.

\$000s	2020	2021	2022	2023	2024
Sales	95,068	115,151	158,600	102,357	72,189
<b>Reported Net Profit after Tax attributable to shareholders</b>	<b>(717)</b>	<b>5,008</b>	<b>16,515</b>	<b>466</b>	<b>(9,517)</b>
<b>Reported Net Profit After Tax from Continuing Operations</b>				<b>(232)</b>	<b>(5,187)</b>

ACTUAL OUTCOMES - KMP					
Actual STI % of TFR	0.0%	13.6%	32.2%	0.0%	12.2%
Actual LTI Vest % of Grant	0.0%	0.0%	0.0%	28.8%	0.0%

ACTUAL OUTCOMES - Shareholders					
Net tangible assets per share (cents)	32.5	42.4	67.9	67.8	58.0
Net tangible assets per share (cents) adjusting for QSLM share buyback and cancellation*					81.1
Share Price closing (cents)	28.5	45.0	32.5	39.0	18.5
Dividend declared per share (cents, unfranked)	-	-	1.2	1.2	-

\* Based on ordinary shares issued post selective buyback and cancellation of QSLM shares held in MGL approved at the EGM held on 5 February 2025.

As the share price targets were not achieved, no vesting occurred for the Performance Rights issued for the 3 year period from 2022-2024.

## Directors' Report

continued

### 4. Governance of Remuneration Framework

#### Role of the Board

The Board maintains overall responsibility for the remuneration strategy and outcomes for executives and non-executive directors and reviews and approves the recommendations received from the Remuneration and Nominations Committee.

The Board Charter is available on the website: [www.magontec.com](http://www.magontec.com)

#### Role of the Remuneration & Nominations Committee (REM)

The Remuneration & Nominations Committee is responsible for the oversight of the Remuneration Framework and ensures that appropriate remuneration and retention strategies are established. The Committee will make recommendations to the board on the remuneration arrangements for non-executive directors (NEDs) and executives.

The Committee is responsible for making recommendations to the Board on all aspects of appointment, remuneration and termination for the Chair and Chief Executive Officer (or equivalent) and to review the appointment, remuneration or termination of key management personnel (defined as those senior executives reporting directly to the Executive Chair / CEO excluding the Company Secretary) as requested by the Board.

The committee assesses the appropriateness of the nature and amount of remuneration of NEDs and executives periodically by reference to relevant employment market conditions, with the overall objective of ensuring maximum benefit from the retention of its directors and executive team.

The REM Committee Charter is available on the website: [www.magontec.com](http://www.magontec.com)

#### Remuneration Approval Process

The board approves the remuneration arrangements of the Executive Chair and executives following recommendations from the Remuneration & Nominations committee.

#### Remuneration benchmarking and use of Remuneration Consultants

From time-to-time external independent advice is sought to provide information that is relevant for remuneration recommendations of the REM Committee and decisions by the Board. The advisors are engaged by the REM Committee and is independent of management.

This advice includes, but is not limited to, advice on current remuneration practices, remuneration trends, regulatory and governance updates and market data.

During the current year ended 31 December 2024, the Group did not engage any consultants for any purposes relating to employee remuneration.

### 5. KMP Remuneration Arrangements

#### I. Current Service Arrangements for Executive KMP

The table below sets out the current service arrangements of the Executive KMP.

Executive Contractual Arrangements						
Name	Position	31 Dec 2024 Fixed Remuneration	Contract Term	Contract Expiry	Notice Period For Termination	Payment in Lieu of Notice
Mr N Andrews	Executive Chairman	\$560,263	3 years	30-Jun-26	Employer initiated - 6 mths Employee initiated - 6 mths	6 months' pay
Mr C Klein-Schmeink	President Magontec Europe & North America	\$417,185	5 years	14-Aug-27	Employer initiated - 12 mths Employee initiated - 12 mths	12 months' pay
Mr X Tong	President Magontec Asia	\$386,988	No fixed term or expiry		Employer initiated - 6 mths Employee initiated - 6 mths	6 months' pay
Mr D Chin	Chief Financial Officer	\$335,107	3 years	30-Jun-26	Employer initiated - 6 mths Employee initiated - 6 mths	6 months' pay



## Directors' Report

continued

### 5. KMP Remuneration Arrangements (continued)

#### II. KMP Remuneration for the year ended 31 December 2024

The Remuneration for Directors and Executive KMP in the current reporting period has been prepared according to accounting standards as required by the *Corporations Act 2001*.

Key Management Personnel Remuneration 12 months ended 31 Dec 2024	Non-Performance Related					Performance Related			Total \$
	Salary & Allowances \$	Termination Payment \$	Super & Statutory Pension Benefits \$	Share based payments \$	Motor Vehicle & Other Allowances \$	STI \$	LTI shares*	NON-CASH accrual LTI Rights** \$	
Mr N Andrews (Exec Chairman)	2024 531,513	-	28,750	-	-	111,804	-	173,042	845,109
	2023 531,513	-	27,500	-	-	-	-	140,576	699,589
Mr C Klein-Schmeink (President Magontec Europe)	2024 380,134	-	20,447	-	16,604	20,971	-	128,397	566,553
	2023 379,821	-	19,964	-	16,210	-	-	110,013	526,008
Mr X Tong (President Magontec Asia)	2024 362,508	-	24,480	-	-	13,237	-	114,625	514,850
	2023 365,333	-	22,833	-	-	-	-	96,543	484,709
Mr D Chin (Chief Financial Officer)	2024 306,357	-	28,750	-	-	62,600	-	102,048	499,755
	2023 306,357	-	27,500	-	-	-	-	82,263	416,120
Mr R Kaye (Lead Independent Dr)	2024 80,000	-	-	-	-	-	-	-	80,000
	2023 80,000	-	-	-	-	-	-	-	80,000
Mr A Malhotra (Independent Dr)	2024 60,000	-	-	-	-	-	-	-	60,000
	2023 60,497	-	-	-	-	-	-	-	60,497
Mr A Labuschagne (Independent Dr)	2024 60,000	-	-	-	-	-	-	-	60,000
	2023 60,000	-	-	-	-	-	-	-	60,000
Mr Z Li (Non Exec Dr)	2024 60,000	-	-	-	-	-	-	-	60,000
	2023 60,000	-	-	-	-	-	-	-	60,000
Mr X Li (Non Exec Dr)	2024 -	-	-	-	-	-	-	-	-
	2023 -	-	-	-	-	-	-	-	-
<b>Total year ended 31 December 2024</b>	<b>1,840,512</b>	<b>-</b>	<b>102,427</b>	<b>-</b>	<b>16,604</b>	<b>208,612</b>	<b>-</b>	<b>518,112</b>	<b>2,686,267</b>
<b>Total year ended 31 December 2023</b>	<b>1,843,521</b>	<b>-</b>	<b>97,797</b>	<b>-</b>	<b>16,210</b>	<b>-</b>	<b>-</b>	<b>429,395</b>	<b>2,386,923</b>

#### \* LTI shares

This reflects the expense related to actual shares vesting to the employee from the scheme that have not been previously accrued.

#### \*\* LTI Rights - Long Term Incentive rights explanatory note

The values listed in the table above under the column LTI rights are non-cash. This accounting expense represents the estimated fair value that the employee obtains from participation in the LTI scheme as required by Australian accounting standards and does not represent an amount that has been received by the employee.

#### III. Loans to Members of Key Management Personnel

As at 31 December 2024, there was one employee loan outstanding to Mr Christoph Klein-Schmeink for a total of A\$56,914 (2023: A\$55,158).

The loan has a term of 10 years expiring on the 15 July 2026 or repayable in full on termination of employment or sale of shares in part or full held in Magontec Limited. Interest of 1.81% (2023: 1.81%) is attached to the loan.

There were no other employee loans to key management personnel outstanding as at 31 December 2024.

## Directors' Report

continued

### 6. Independent & Non-Executive Director Remuneration Arrangements

The remuneration of Independent and Non-Executive Directors (NEDs) consists of Directors' fees. The aggregate amount of independent and NEDs fees are approved by Shareholders and is currently limited to \$600,000 per annum. Any increase to the aggregate amount must be approved by Shareholders.

The Board decides how the aggregate amount, or a lesser amount is divided between the Directors.

Within the aggregate \$600,000 fees approved by Shareholders for Independent and NEDs, compensation is set at \$60,000 per annum for each Independent NED and at \$80,000 for the Lead Independent Director inclusive of any payments for superannuation.

There are currently no additional fees being paid to those directors serving on the Finance, Audit & Compliance Committee, Remuneration & Nominations Committee or the Business Risk Committee.

Independent and NEDs are reimbursed for all reasonable travel costs and other expenses properly incurred by them in attending any meetings of committees of the Board, in attending any general meetings or otherwise in connection with the affairs of the Group

Equity based compensation including the issue of options is generally avoided for Independent and NEDs. However, this can be provided to directors as long as any such issue complies with the requirements of the Corporations Act and the ASX Listing Rules.

### 7. 2024 KMP Statutory disclosures

#### I. 2024 Fixed Remuneration (TFR)

During 2024, no fixed increases in fixed remuneration were received by Key Management Personnel (KMP).

The Remuneration Framework aims to reward KMP at the 50<sup>th</sup> percentile of the relative benchmark for each Executive (measured independently). The benchmarking includes review of fixed and variable components in the relevant industry and region, relative to the Board approved remuneration mix.

#### II. 2024 Short-Term Incentive (STI)

In accordance with the Group's Remuneration Policy and Executive KMP employment arrangements, financial performance KPIs relating to the current year ended 31 December 2024 were not achieved. However, included in the STI plan were personal KPIs, where certain KPIs were assessed as being achieved and were subsequently provided for in the Financial Statements.

#### III. 2024 Executive Long-Term Incentive (LTI)

##### LTI vested grants converted to shares during 2024

Following the vesting of 842,858 performance rights with respect to the 3 year 2021-2023 performance period, these performance rights were converted to the equivalent number of MGL ordinary shares on 29 February 2024.

##### LTI grants vested during 2024

Performance Rights granted in January 2022, for the period 1 January 2022 to 31 December 2024 totalling 3,125,212 Performance Rights, contained two vesting conditions. The share price target and KPI conditions were deemed not to have been achieved on the vesting date and consequently, Performance Rights of 3,125,212 lapsed.

##### LTI granted during 2024

During the year ended 31 December 2024, a total of 3,742,227 performance rights were granted with respect to the three-year period 1 January 2024 to 31 December 2026. The performance rights were granted subsequent to the AGM held in May 2024, but prior to the QSLM actions leading to the termination of the operating contracts and cancellation of the QSLM shareholding.

No other LTIs were granted to Executive KMP during the 2024 financial period.

The calculation of these Performance Rights was included in previously released Notices of AGMs and ASX announcements with the number of performance rights by employee summarised in the table below.

## Directors' Report

continued

### 7. 2024 KMP Statutory disclosures (continued)

#### Summary of current LTI grants

The table below summaries the current LTI grants provided to eligible executive's which includes current approved LTI grants.

Calculation of Performance Rights Issued to Global Management Group			
3 Year LTI Performance Period	1 Jan 22 to 31 Dec 24	1 Jan 23 to 31 Dec 25	1 Jan 24 to 31 Dec 26
1. Aggregate salaries of eligible participants at commencement of 3 year LTI period	\$2,109,518	\$2,039,203	\$2,189,203
2. Multiplication factor	50%	50%	50%
3. Value (1x 2)	\$1,054,759	\$1,019,602	\$1,094,602
4. Share price assumed at commencement of 3 year LTI period assumed adjusted for share consolidation 15 for 1	\$0.450	\$0.450	\$0.390
5. Performance Rights issued at commencement = Amount in step 3 / 75% * share price in step 4	3,125,212	3,021,042	3,742,227
Date of issue of Performance Rights	01-Jan-22	01-Jan-23	01-Jan-24
Vesting date	31-Dec-24	31-Dec-25	31-Dec-26

LTI granted and on issue as at 31 December 2024

Performance Rights Issued to Global Management Group						
3 year LTI Performance Period	1 Jan 22 to 31 Dec 24*	1 Jan 23 to 31 Dec 25	1 Jan 24 to 31 Dec 26	Total Rights	2023 Value \$	2024 Value \$
Nicholas Andrews	774,074	828,175	955,586	2,557,835	136,495	187,400
Derryn Chin	455,556	494,620	570,716	1,520,892	81,521	111,923
Christoph Klein-Schmeink	620,594	591,401	682,385	1,894,380	97,471	133,823
Xunyou Tong	535,755	539,889	622,949	1,698,593	88,982	122,167
John Talbot	185,185	-	-	185,185	-	-
Patrick Look	321,075	332,190	383,296	1,036,561	54,750	75,168
Zisheng Zhen	232,973	234,767	270,885	738,625	38,693	53,123
Dean Taylor	-	-	256,410	256,410	-	50,286
<b>Total Performance Rights</b>	<b>3,125,212</b>	<b>3,021,042</b>	<b>3,742,227</b>	<b>9,888,481</b>	<b>497,912</b>	<b>733,890</b>

\* The 2022-2024 LTI grant lapsed following Board decision on 26 February 2025.

2022-2024 LTI Plan Vesting Schedule			
Performance Level	Share Price	% of Performance Rights vesting	
Below threshold	Share price <	60.0	0%
Threshold range	Share price =	60.0	25%
Target range	Share price =	70.0	50%
Stretch	Share price >=	80.0	100%

## Directors' Report

continued

### 7. 2024 KMP Statutory disclosures (continued)

2023-2025 LTI Plan Vesting Schedule			
Performance Level		Share Price	% of Performance Rights vesting
Below threshold	Share price <	45.0	0%
Threshold range	Share price =	45.0	25%
Target range	Share price =	51.8	50%
Stretch	Share price >=	59.6	100%

2024-2026 LTI Plan Vesting Schedule			
Performance Level		Share Price	% of Performance Rights vesting
Below threshold	Share price <	47.1	0%
Threshold range	Share price =	47.1	25%
Target range	Share price =	55.2	50%
Stretch	Share price >=	71.5	100%

The table below summarises the STI and LTI awards for key management personnel at their fair value at initial grant date. Subsequently, this can differ from the disclosures in the remuneration report table above due to changes in the assessed probability of achieving non-market based targets or other adjustments as required by accounting standards.

The 2024 LTI and 2023 LTI fair value at grant date awarded relates to the 2024-26 Plan and 2023-25 Plan respectively.

Summary of STI and LTI awarded to key management personnel				
	2024 STI awarded \$	2024 LTI fair value awarded at grant date \$	2023 STI awarded \$	2023 LTI fair value awarded at grant date \$
<b>Current KMP executives</b>				
Nicholas Andrews	111,804	187,400	-	136,495
Christoph Klein-Schmeink	20,971	133,823	-	97,471
Xunyou Tong	13,237	122,167	-	88,982
Derryn Chin	62,600	111,923	-	81,521
<b>Total</b>	<b>208,612</b>	<b>555,313</b>	<b>-</b>	<b>404,469</b>
<i>Non Market Vesting Probability at grant date (%)</i>		100%		100%

## Directors' Report

continued

### 7. 2024 KMP Statutory disclosures (continued)

The following table details the number of LTI performance rights granted, lapsed or exercised during the year ended 31 December 2024, by plan participant and in aggregate.

Performance Rights Issued to Global Management Group							
Name	Assumed Grant date	Holding at 1 Jan 24	Granted in 2024	Lapsed in 2024	Vested in 2024	Holding at 31 Dec 2024	Vested at 31 Dec 2024
<b>Nicholas Andrews</b>							
2022-24 Plan	1-Jan-22	774,074	-	(774,074)	-	-	-
2023-25 Plan	1-Jan-23	828,175	-	-	-	828,175	-
2024-26 Plan	1-Jan-24	-	955,586	-	-	955,586	-
<b>Subtotal</b>		<b>1,602,249</b>	<b>955,586</b>	<b>(774,074)</b>	<b>-</b>	<b>1,783,761</b>	<b>-</b>
<b>Derryn Chin</b>							
2022-24 Plan	1-Jan-22	455,556	-	(455,556)	-	-	-
2023-25 Plan	1-Jan-23	494,620	-	-	-	494,620	-
2024-26 Plan	1-Jan-24	-	570,716	-	-	570,716	-
<b>Subtotal</b>		<b>950,176</b>	<b>570,716</b>	<b>(455,556)</b>	<b>-</b>	<b>1,065,336</b>	<b>-</b>
<b>Christoph Klein-Schmeink</b>							
2022-24 Plan	1-Jan-22	620,594	-	(620,594)	-	-	-
2023-25 Plan	1-Jan-23	591,401	-	-	-	591,401	-
2024-26 Plan	1-Jan-24	-	682,385	-	-	682,385	-
<b>Subtotal</b>		<b>1,211,995</b>	<b>682,385</b>	<b>(620,594)</b>	<b>-</b>	<b>1,273,786</b>	<b>-</b>
<b>Xunyou Tong</b>							
2022-24 Plan	1-Jan-22	535,755	-	(535,755)	-	-	-
2023-25 Plan	1-Jan-23	539,889	-	-	-	539,889	-
2024-26 Plan	1-Jan-24	-	622,949	-	-	622,949	-
<b>Subtotal</b>		<b>1,075,644</b>	<b>622,949</b>	<b>(535,755)</b>	<b>-</b>	<b>1,162,838</b>	<b>-</b>
<b>John Talbot</b>							
2022-24 Plan	1-Jan-22	185,185	-	(185,185)	-	-	-
2023-25 Plan	1-Jan-23	-	-	-	-	-	-
2024-26 Plan	1-Jan-24	-	-	-	-	-	-
<b>Subtotal</b>		<b>185,185</b>	<b>-</b>	<b>(185,185)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Patrick Look</b>							
2022-24 Plan	1-Jan-22	321,075	-	(321,075)	-	-	-
2023-25 Plan	1-Jan-23	332,190	-	-	-	332,190	-
2024-26 Plan	1-Jan-24	-	383,296	-	-	383,296	-
<b>Subtotal</b>		<b>653,265</b>	<b>383,296</b>	<b>(321,075)</b>	<b>-</b>	<b>715,486</b>	<b>-</b>

## Directors' Report

continued

### 7. 2024 KMP Statutory disclosures (continued)

Performance Rights Issued to Global Management Group							
Name	Assumed Grant date	Holding at 1 Jan 24	Granted in 2024	Lapsed in 2024	Vested in 2024	Holding at 31 Dec 2024	Vested at 31 Dec 2024
<b>Zisheng Zhen</b>							
2022-24 Plan	1-Jan-22	232,973	-	(232,973)	-	-	-
2023-25 Plan	1-Jan-23	234,767	-	-	-	234,767	-
2024-26 Plan	1-Jan-24	-	270,885	-	-	270,885	-
<b>Subtotal</b>		<b>467,740</b>	<b>270,885</b>	<b>(232,973)</b>	<b>-</b>	<b>505,652</b>	<b>-</b>
<b>Dean Taylor</b>							
2022-24 Plan	1-Jan-22	-	-	-	-	-	-
2023-25 Plan	1-Jan-23	-	-	-	-	-	-
2024-26 Plan	1-Jan-24	-	256,410	-	-	256,410	-
<b>Subtotal</b>		<b>-</b>	<b>256,410</b>	<b>-</b>	<b>-</b>	<b>256,410</b>	<b>-</b>
<b>Aggregate</b>							
2022-24 Plan	1-Jan-22	3,125,212	-	(3,125,212)	-	-	-
2023-25 Plan	1-Jan-23	3,021,042	-	-	-	3,021,042	-
2024-26 Plan	1-Jan-24	-	3,742,227	-	-	3,742,227	-
<b>Total</b>		<b>6,146,254</b>	<b>3,742,227</b>	<b>(3,125,212)</b>	<b>-</b>	<b>6,763,269</b>	<b>-</b>

#### IV. Valuation of performance rights

The fair value of performance rights granted as consideration by the Group has been estimated by reference to the fair value of the equity instruments granted.

The group uses a binomial options pricing model which was used to determine the fair value of performance rights issued to executives for market-based conditions.

The fair value of the equity instruments granted for market-based conditions is calculated assuming a 0% probability of forfeiture before grant date (i.e., it is assumed all participants remain employed by Magontec during the period) and is expensed on a straight-line basis over the vesting period.

Tier 1 Non-Market Based Conditions are based on % of KPI achievement x 30%. The expense recorded assumes 100% KPI achievement and 100% of eligible members will be still eligible at the end of the 3-year period.



## Directors' Report

continued

### 7. 2024 KMP Statutory disclosures (continued)

As the LTI payout under Tier 2 is only incremental to Tier 1, the valuation has been calculated as being the higher of:

- the existing market-based binomial valuation model (Tier 2); or
- the pay-out that would be owing by satisfaction of the non-market-based conditions (Tier 1)

Grant Year	2022	2023	2024
Status	Approved	Approved	Approved
Grant Date	01 January 2022	01 January 2023	01 January 2024
Performance Period	01 January 2022 to 31 December 2024	01 January 2023 to 31 December 2025	01 January 2024 to 31 December 2026
Vesting Date	31 December 2024	31 December 2025	31 December 2026
Vesting Period	3 years	3 years	3 years
Performance Rights Awarded – Exec Chair	774,074	828,175	955,586
Performance Rights Awarded – other KMP	2,351,138	2,192,867	2,786,641
Total Grant	3,125,212	3,021,042	3,742,227
Share Price at grant date	45.0c	32.5c	39.0c
Share Price Target (cents)	80.0c	59.6c	71.5c
Volatility %	62.3%	64.8%	56.0%
Discount rate (risk free) p.a.	0.93%	3.19%	3.81%
Dividend Yield p.a.	0.0%	3.7%	3.1%
Fair Value (cents)	25.2c	16.5c	19.6c

## Directors' Report

continued

### 7. 2024 KMP Statutory disclosures (continued)

#### V. KMP Equity Holdings

Fully paid ordinary shares of Magontec Limited - 31 Dec 2024

	Total balance (held directly and indirectly) 01 Jan 24 No.	Granted as remuneration vesting No.	Acquired On Market No.	Issued under Dividend Reinvestment Plan No.	Total balance (held directly and indirectly) 31 Dec 24 No.	Balance held nominally (indirectly) No.
Mr Z Li <sup>(a)</sup>	3,875,307	-	-	62,079	3,937,386	3,909,154
Mr N Andrews <sup>(b)</sup>	1,567,582	200,000	-	33,308	1,800,890	1,800,890
Mr R Kaye <sup>(c)</sup>	242,350	-	-	-	242,350	242,350
Mr C Klein-Schmeink	480,023	168,991	-	10,396	659,410	-
Mr X Tong	686,402	145,606	-	13,330	845,338	-
Mr D Chin <sup>(d)</sup>	104,071	111,933	-	4,070	220,074	220,074
<b>Total</b>	<b>6,955,735</b>	<b>626,530</b>	<b>-</b>	<b>123,183</b>	<b>7,705,448</b>	<b>6,172,468</b>

(a) 3,909,154 shares held via Yuan Yuan Li and 28,232 shares are held directly

(b) 1,800,890 shares are held via DEWBERRI PTY LIMITED as trustee for Andrews Superannuation Fund

(c) 242,350 shares held through Bella Rebecca Kaye

(d) 220,074 shares held through Fen Kang

Fully paid ordinary shares of Magontec Limited - 31 Dec 2023

	Total balance (held directly and indirectly) 01 Jan 23 No.	Granted as remuneration No.	Acquired On Market No.	Issued under Dividend Reinvestment Plan No.	Total balance (held directly and indirectly) 31 Dec 23 No.	Balance held nominally (indirectly) No.
Mr Z Li <sup>(a)</sup>	3,792,907	-	-	82,400	3,875,307	3,847,524
Mr N Andrews <sup>(b)</sup>	1,520,364	-	-	47,218	1,567,582	1,185,536
Mr R Kaye <sup>(c)</sup>	102,565	-	139,785	-	242,350	242,350
Mr C Klein-Schmeink	467,686	-	-	12,337	480,023	-
Mr X Tong	668,765	-	-	17,637	686,402	-
Mr D Chin	100,936	-	-	3,135	104,071	-
<b>Total</b>	<b>6,653,223</b>	<b>-</b>	<b>139,785</b>	<b>162,727</b>	<b>6,955,735</b>	<b>5,275,410</b>

(a) 3,847,524 shares held via KWE (HK) Investment Development Co Limited and 27,783 shares are held directly

(b) 1,185,536 shares are held via DEWBERRI PTY LIMITED as trustee for Andrews Superannuation Fund and 382,046 are held directly

(c) 242,350 shares held through Bella Rebecca Kaye



The Board of Directors  
Magontec Limited  
Level 2 Suite 1/139 Macquarie St  
Sydney NSW 2000

Dear Board Members,

**Lead Auditor's Independence Declaration  
Under Section 307C of the *Corporations Act 2001***

We hereby declare, that to the best of our knowledge and belief, during the financial year ended 31 December 2024 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Camphin Boston**  
Chartered Accountants

**Justin Woods**  
**Lead Audit Partner**

Sydney

Dated this 28<sup>th</sup> day of February 2025.

Camphin Boston  
Chartered Accountants  
ABN 69 688 697 499

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# Consolidated Statement of Profit & Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Note	Continuing Operations 12 months to 31 Dec 2024 \$'000	Discontinued Operations 12 months to 31 Dec 2024 \$'000	Total 12 months to 31 Dec 2024 \$'000	Continuing Operations 12 months to 31 Dec 2023 \$'000	Discontinued Operations 12 months to 31 Dec 2023 \$'000	Total 12 months to 31 Dec 2023 \$'000
Sale of goods	2(a)	57,093	15,096	72,189	79,460	22,897	102,357
Cost of sales	2(b)	(46,786)	(14,641)	(61,427)	(61,400)	(21,733)	(83,133)
<b>Gross profit</b>		<b>10,307</b>	<b>455</b>	<b>10,762</b>	<b>18,060</b>	<b>1,164</b>	<b>19,224</b>
Other income	2(c)	660	170	830	2,206	476	2,682
Interest expense		(330)	(22)	(352)	(407)	(88)	(495)
Impairment - inventory, fixed assets, doubtful debts	2(d)	(801)	(3,482)	(4,283)	(1,281)	(190)	(1,471)
Travel accommodation and meals		(604)	(92)	(696)	(691)	(112)	(803)
Research, development, licensing and patent costs		(814)	(20)	(834)	(1,024)	(99)	(1,123)
Promotional activity		(123)	-	(123)	(77)	-	(77)
Information technology		(347)	(35)	(382)	(363)	(39)	(402)
Personnel		(8,936)	(669)	(9,605)	(8,925)	(189)	(9,114)
Depreciation & amortisation		(671)	(1)	(672)	(721)	(9)	(730)
Office expenses		(388)	(74)	(462)	(486)	(140)	(626)
Corporate		(3,596)	(95)	(3,691)	(4,229)	(78)	(4,307)
Foreign exchange gain/(loss)		278	(108)	170	(684)	(88)	(772)
<b>Profit/(Loss) before income tax expense</b>		<b>(5,365)</b>	<b>(3,973)</b>	<b>(9,338)</b>	<b>1,378</b>	<b>607</b>	<b>1,985</b>
Income tax (expense)/benefit	3(a)	178	(357)	(179)	(1,610)	91	(1,519)
<b>Profit/(Loss) after income tax expense</b>		<b>(5,187)</b>	<b>(4,330)</b>	<b>(9,517)</b>	<b>(232)</b>	<b>698</b>	<b>466</b>
<b>Other Comprehensive Income - that may later emerge in the Profit and Loss Statement</b>							
Exchange differences taken to reserves in equity - translation of overseas entities	17	2,295	220	2,515	681	(139)	542
<b>Other Comprehensive Income - that will not emerge in the Profit and Loss Statement</b>							
Movement in actuarial assessments	17	75	-	75	(461)	-	(461)
<b>Total Comprehensive Income</b>		<b>(2,817)</b>	<b>(4,110)</b>	<b>(6,927)</b>	<b>(12)</b>	<b>560</b>	<b>548</b>

	Note	Continuing Operations 12 months to 31 Dec 2024 cents per share	Discontinued Operations 12 months to 31 Dec 2024 cents per share	Total 12 months to 31 Dec 2024 cents per share	Continuing Operations 12 months to 31 Dec 2023 cents per share	Discontinued Operations 12 months to 31 Dec 2023 cents per share	Total 12 months to 31 Dec 2023 cents per share
<b>Profit/(Loss) after income tax expense for the year</b>							
Members of the parent entity - Basic (cents per share)	19	(6.5)	(5.5)	(12.0)	(0.3)	0.9	0.6
Members of the parent entity - Diluted (cents per share)	19	(5.8)	(4.9)	(10.7)	(0.3)	0.8	0.5

# Consolidated Balance Sheet

as at 31 December 2024

	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents	25(d)	7,750	13,136
Trade & other receivables	6	12,635	16,043
Inventory	7	29,270	32,805
Other	8	1,837	532
<b>Total current assets</b>		<b>51,492</b>	<b>62,516</b>
<b>Non-current assets</b>			
Other receivables	9	293	307
Property, plant & equipment	10	14,188	17,786
Deferred tax asset	3(c)	1,596	1,582
Intangibles	11	3,021	2,977
<b>Total non-current assets</b>		<b>19,098</b>	<b>22,652</b>
<b>TOTAL ASSETS</b>		<b>70,590</b>	<b>85,168</b>
<b>Current liabilities</b>			
Trade & other payables	12	6,402	6,751
Bank borrowings	13	1,356	4,418
Provisions	14	850	6,691
<b>Total current liabilities</b>		<b>8,608</b>	<b>17,860</b>
<b>Non-current liabilities</b>			
Other payables		502	221
Bank borrowings	13	908	-
Provisions	15	10,576	10,440
<b>Total non-current liabilities</b>		<b>11,986</b>	<b>10,661</b>
<b>TOTAL LIABILITIES</b>		<b>20,954</b>	<b>28,521</b>
<b>NET ASSETS</b>		<b>49,996</b>	<b>56,647</b>
<b>Equity attributable to members of MGL</b>			
Share capital	16	59,718	59,524
Reserves	17	17,929	15,255
Accumulated (losses)/profits	18	(27,651)	(18,133)
<b>Total equity</b>		<b>49,996</b>	<b>56,647</b>

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

	Share Capital		Retained Earnings	Profits Reserve	Foreign Currency Translation Reserve	Capital Reserve	Actuarial Reserve	Expired Options Reserve	Employee Share Issue Reserve	Total Equity
	Ordinary									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance 1-Jan-23</b>	<b>59,174</b>	<b>(18,599)</b>	<b>6,857</b>	<b>4,250</b>	<b>2,750</b>	<b>(567)</b>	<b>1,637</b>	<b>627</b>	<b>56,129</b>	
Profit/(Loss) attributable to members of parent entity	-	466	-	-	-	-	-	-	466	
Transfer to Reserves	-	-	-	-	-	-	490	(490)	-	
Dividends	-	-	(935)	-	-	-	-	-	(935)	
Comprehensive income	-	-	-	542	-	(461)	-	-	82	
Issue of shares (net of costs)	350	-	-	-	-	-	-	555	905	
<b>Balance 31-Dec-23</b>	<b>59,524</b>	<b>(18,133)</b>	<b>5,922</b>	<b>4,793</b>	<b>2,750</b>	<b>(1,028)</b>	<b>2,127</b>	<b>691</b>	<b>56,647</b>	
<b>Balance 1-Jan-24</b>	<b>59,524</b>	<b>(18,133)</b>	<b>5,922</b>	<b>4,793</b>	<b>2,750</b>	<b>(1,028)</b>	<b>2,127</b>	<b>691</b>	<b>56,647</b>	
Profit/(Loss) attributable to members of parent entity	-	(9,517)	-	-	-	-	-	-	(9,517)	
Transfer to Reserves	-	-	-	-	-	-	(114)	-	(114)	
Dividends	-	-	(476)	-	-	-	-	-	(476)	
Comprehensive income	-	-	-	2,515	-	75	-	-	2,590	
Share issue reserve	-	-	-	-	-	-	788	(788)	-	
Issue of shares (net of costs)	194	-	-	-	-	-	-	673	866	
<b>Balance 31-Dec-24</b>	<b>59,718</b>	<b>(27,651)</b>	<b>5,446</b>	<b>7,308</b>	<b>2,750</b>	<b>(953)</b>	<b>2,802</b>	<b>577</b>	<b>49,996</b>	

Note: Amounts transferred to the Profits Reserve in prior periods characterise profits available for distribution as dividends in future years.



# Consolidated Cash Flow Statement

for the year ended 31 December 2024

Note	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>(9,338)</b>	<b>1,985</b>
Adjustments for:		
- Non-cash equity expense	673	555
- Depreciation & amortisation	2,752	2,990
- Impairment losses	3,482	2,990
- Foreign currency effects	89	1,281
- Other non-cash items	157	(666)
<b>Cash generated from/(utilised in) underlying operating activities</b>	<b>(2,185)</b>	<b>6,145</b>
<b>Movement in working capital balance sheet accounts</b>		
- Trade receivables and other current assets	3,486	10,727
- Inventory	4,873	3,790
- Trade payables and other current liabilities	(1,173)	(5,297)
<b>Cash generated from/(utilised in) underlying operational cash flow and net working capital assets</b>	<b>5,001</b>	<b>15,365</b>
- Net Interest paid	(115)	(271)
- Income tax paid	(5,882)	(3,698)
<b>Cash generated from/(utilised in) operating activities</b>	<b>(996)</b>	<b>11,396</b>
<b>Cash flows from investing activities</b>		
Net cash out on purchase/disposal of property, plant & equipment	(1,803)	(3,823)
Group information technology software	(118)	(143)
Security deposits	(46)	(68)
Other	23	38
<b>Net cash provided by/(used in) investing activities</b>	<b>(1,944)</b>	<b>(3,996)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(385)	(563)
Proceeds from borrowings	5,464	5,375
Repayment of borrowings	(7,642)	(10,116)
Cashflow from leasing activities	(285)	(219)
Other	-	(21)
<b>Net cash provided by financing activities</b>	<b>2(e) (2,848)</b>	<b>(5,544)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,788)</b>	<b>1,856</b>
<b>Foreign exchange effects on total cash flow movement</b>	<b>402</b>	<b>21</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>25(d) 13,136</b>	<b>11,259</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>25(d) 7,750</b>	<b>13,136</b>

Cashflows from Discontinued Operations as required by AASB 5 are disclosed in Note 2(g)

# Notes to the Financial Statements

for the year ended 31 December 2024

## 1. Summary of Accounting Policies

### Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The audited accounts were authorised for issue by the Directors on 26 February 2025. The Group has assessed that there are no new standards with a material impact to be adopted with a date of initial application of 1 January 2024.

### Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical cost, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounts are prepared on a going concern basis. The Group, having made appropriate enquiries have a reasonable expectation that Magontec Limited has adequate resources to continue in operational existence for the foreseeable future.

### Changes in Significant Accounting Policies

There were no changes in significant accounting policies during the period.

### Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### a. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, at call and on deposit.

#### b. Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. Contributions by the Group to superannuation plans on behalf of Australian employees and other defined contribution payments on behalf of employees are expensed when incurred.

Provision is made for any long term defined benefit pension obligations the Group has to employees in foreign jurisdictions. The required amount of the provision is actuarially assessed having regard to such matters as future interest rates, the date at which pension payments might commence and the likely period over which pensions may be paid.

#### c. Financial Assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost less any allowance for impairment. Other financial assets are classified into the following categories in accordance with AASB 9 Financial Instruments being 'amortised cost', 'fair value through profit or loss' and 'fair value through other comprehensive income'. The classification depends on the nature and purpose of the financial asset.

#### Receivables

Trade receivables and other receivables are recognised initially at their fair value and subsequently at amortised cost less impairment in accordance with the Expected Credit Loss method.

#### d. Financial Instruments Issued by the Group

##### *Debt and Equity Instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Transaction Costs on the Issue of Equity Instruments*

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

# Notes to the Financial Statements

continued

## 1. Summary of Accounting Policies (continued)

### e. Foreign Currency

#### *Foreign Currency Transactions*

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items are translated at the exchange rate prevailing at the end of the reporting period. Non-monetary items measured at fair value are reported at the exchange rate prevailing at the date when the fair value was determined

#### **Foreign Operations**

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly.

Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

### f. Goods and Services Tax and Value Added Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) or value added tax (VAT) for certain foreign jurisdictions, except where the GST or VAT is not recoverable from the relevant tax authority. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST or VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

### g. Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

### h. Income Tax

#### *Current Tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability to the extent that it is unpaid.

#### *Deferred Tax*

Deferred tax assets and liabilities are ascertained based on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### *Current and Deferred Tax for the Period*

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

# Notes to the Financial Statements

continued

## 1. Summary of Accounting Policies (continued)

### *Tax Consolidation*

The Parent Entity and all its wholly-owned Australian subsidiaries are part of a tax-consolidated group under Australian tax consolidation legislation. Magontec Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand-alone taxpayer' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in the notes to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

### i. Intangible Assets

#### *Patents, Trademarks and Licences*

Patents, trademarks and licences are recorded at cost of acquisition. Patents and trademarks have an indefinite useful life and are carried at cost. Carrying values are subject to impairment testing as outlined above.

#### *Research and Development Costs*

Expenditure on the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

### j. Inventories

Inventory is measured at the lower of cost and net realisable value. Costs are assigned to inventory using a weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### k. Leases

Leases are recognised by recording a lease liability at inception and a corresponding "right of use" asset on the balance sheet. The lease liability is unwound over time, with each lease payment apportioned between an interest expense component and a principal reduction component. The right of use asset is depreciated over the useful life of the asset.

### l. Non-current Assets Held for Sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

### m. Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

### n. Presentation Currency

The presentation currency of the Group is Australian dollars.

### o. Principles of Consolidation and Investments in Subsidiaries

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements.' A list of subsidiaries appears in the notes to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Similarly, any excess of the fair market value over the cost of acquisition is recognised as a discount upon acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

# Notes to the Financial Statements

continued

## 1. Summary of Accounting Policies (continued)

### p. Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on plant and equipment and is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Useful life is determined having regard to the nature of the plant and equipment, the environment in which it operates (including geographical and climatic conditions) and an expectation that maintenance is conducted on a scheduled basis.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The assets' estimated useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each annual reporting period. The estimated useful lives of significant items of property, plant and equipment are as follows:

- Land & Buildings	4 - 60 years
- Plant & Equipment	3 - 20 years

### q. Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### r. Revenue Recognition

#### *Sale of Goods*

Revenue from the sale of goods is recognised when the consolidated entity has satisfied performance obligations in transferring to the buyer the significant risks and rewards of ownership of the goods. The Group's activities involve the sale and delivery of a variety of products including primary and recycled magnesium ingots, as well as both magnesium and titanium anodes.

As it relates to Magontec specifically, the timing of revenue recognition and satisfaction of performance obligations is determined with reference to the INCO shipping terms (e.g. FOB, CIF, DDP, DAP) that apply to each delivery. Invoices are issued and revenue is recognised at the point where the transfer of the significant risks and rewards of ownership of the goods are determined to have passed to the customer in line with this framework. For example, under FOB shipping terms, the Group recognises revenue at the point when goods have arrived at the port of departure and has received the bill of lading.

#### *Rendering of Services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

#### *Interest Revenue*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

### s. Share-based Payments

Senior executives of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### *Equity-settled Transactions*

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a binomial options pricing valuation model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's estimate of the number of equity instruments that will ultimately vest.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

# Notes to the Financial Statements

continued

## 1. Summary of Accounting Policies (continued)

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. Any additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### *Cash-settled Transactions*

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

### **t. Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Group's accounting policies, which are described in this note, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Material examples of management applying critical accounting judgements and key sources of estimation uncertainty include:

- impairment assessments
- valuation of Long Term Incentive Expenses;
- actuarial assessment of future pension liabilities;
- value of trade debtors; and
- valuation of intellectual property acquired

### **u. New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has not early adopted any of these standards.

### **v. Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.



## Notes to the Financial Statements

continued

### 2. Results from Operations

	Continuing Operations 12 months to 31 Dec 2024 \$'000	Discontinued Operations 12 months to 31 Dec 2024 \$'000	Total 12 months to 31 Dec 2024 \$'000	Continuing Operations 12 months to 31 Dec 2023 \$'000	Discontinued Operations 12 months to 31 Dec 2023 \$'000	Total 12 months to 31 Dec 2023 \$'000
<b>(a) Sales Revenue</b>						
Metal	21,280	15,096	36,376	30,710	22,897	53,607
Anodes - Cathodic Corrosion Protection	35,813	-	35,813	48,750	-	48,750
	<b>57,093</b>	<b>15,096</b>	<b>72,189</b>	<b>79,460</b>	<b>22,897</b>	<b>102,357</b>
<b>(b) Cost of Sales</b>						
Metal	(19,555)	(14,641)	(34,196)	(27,552)	(21,733)	(49,285)
Anodes - Cathodic Corrosion Protection	(27,231)	-	(27,231)	(33,848)	-	(33,848)
	<b>(46,786)</b>	<b>(14,641)</b>	<b>(61,427)</b>	<b>(61,400)</b>	<b>(21,733)</b>	<b>(83,133)</b>
<b>Gross Profit</b>						
Metal	1,725	455	2,180	3,158	1,164	4,322
Anodes - Cathodic Corrosion Protection	8,582	-	8,582	14,902	-	14,902
	<b>10,307</b>	<b>455</b>	<b>10,762</b>	<b>18,060</b>	<b>1,164</b>	<b>19,224</b>
<b>(c) Other Income in Comprehensive Income Statement</b>						
Interest revenue					193	179
Government grants					585	643
Derivative market re-valuation					(22)	(37)
Gain/(Loss) on disposal of fixed assets					-	126
Compensation received including insurance					101	182
Write back of provisions					6	1,294
Other adjustments					(33)	295
					<b>830</b>	<b>2,682</b>

## Notes to the Financial Statements

continued

### 2. Results from Operations (continued)

	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
<b>(d) Significant expenses in Comprehensive Income Statement (not detailed elsewhere)</b>		
<b>Personnel Costs</b>		
Consultancies	(413)	(264)
Share based payments	(673)	(555)
Defined contribution payments recognised as an expense	(1,136)	(1,160)
Other staff payments	(7,383)	(7,135)
<b>Total personnel costs</b>	<b>(9,605)</b>	<b>(9,114)</b>
Director fees	(260)	(260)
<b>Asset impairment expense</b>		
Inventory Impairment Expense	(756)	(1,251)
Fixed Asset Impairment Expense	(3,482)	(200)
Write down of trade debtors	(45)	(20)
<b>Total asset impairment expense</b>	<b>(4,283)</b>	<b>(1,471)</b>

	31 Dec 2023 \$'000	Cash Flows \$'000	Non-cash movements \$'000	Non-cash FX & other \$'000	31 Dec 2024 \$'000
<b>(e) Financing cash flows reconciliation</b>					
Bank Borrowings	4,418	(2,178)	-	24	2,264
Lease liabilities	443	(285)	584	11	753
<b>Total liabilities from financing activities</b>	<b>4,861</b>	<b>(2,463)</b>	<b>584</b>	<b>34</b>	<b>3,017</b>

## Notes to the Financial Statements

continued

### 2. Results from Operations (continued)

#### (f) Share-Based Payments

##### Executive LTI plan

Under the executive LTI plan, awards are made to executives and other key talent who have an impact on the Group's performance. LTI awards are delivered in the form of performance rights which vest into shares upon achievement of share price targets (market based) and or operational outcomes (non-market based).

For market based targets, the Board uses absolute total shareholder return (TSR) as the key performance measure. TSR comprises the percentage change in the company's share price, plus the value of any future dividends received during the period and is measured over a 3 year period.

The fair value of this scheme is recorded as an expense in the profit and loss statement. Refer to the Remuneration Report for further detail.

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
(Expense)/Writeback recognised from equity-settled share-based payments	(673)	(555)
<b>Total (Expense)/Writeback - share-based payments</b>	<b>(673)</b>	<b>(555)</b>

#### (g) Discontinued Operations

##### PRC Metal Business

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.

##### Cash flows from (used in) Discontinued Operations

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Net cash from operating activities	5,041	435
Net cash from investing activities	(55)	(192)
Net cash from financing activities	-	-
<b>Net cash flows</b>	<b>4,986</b>	<b>243</b>

## Notes to the Financial Statements

continued

### 3. Income Taxes

	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
<b>(a) Income tax recognised in profit and loss</b>		
<b>Tax expense comprises:</b>		
Current tax expense	(199)	(1,000)
Deferred tax expense		
Utilisation/(write down) of tax losses	46	52
Change in recognised deductible temporary differences	(26)	(571)
Subtotal deferred tax expense	20	(519)
<b>Total tax expense</b>	<b>(179)</b>	<b>(1,519)</b>
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:		
<b>Profit/(Loss) from total operations before tax</b>	<b>(9,338)</b>	<b>1,985</b>
Nominal Income tax benefit/(expense) calculated at 30%	2,801	(595)
<b>Nominal tax benefit (expense) effected by:</b>		
Adjusted for effect of tax rates in foreign jurisdictions	(808)	66
Tax effect - P & L items not assessable or deductible for tax purposes.	(1,323)	(340)
Adjustments - changes in deductible temporary differences, tax losses	(849)	(650)
<b>Actual tax benefit/(expense)</b>	<b>(179)</b>	<b>(1,519)</b>

The tax expense related to the profit or loss from the ordinary activities of the discontinued operation for the current and prior period have been presented on the face of the Consolidated Statement of Profit & Loss and Other Comprehensive Income.

	12 months to 31 Dec 2024 \$	12 months to 31 Dec 2023 \$
<b>(b) Income tax amounts recognised in OCI</b>		
Revaluation of defined benefit pension plan	112	(688)
<b>Tax effect (expense)/benefit through OCI</b>	<b>(37)</b>	<b>227</b>

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>(c) Deferred Tax Asset</b>		
Current	363	-
Non-Current		
Timing differences	1,340	1,263
Carryforward tax losses	256	319
<b>Non-Current deferred tax asset</b>	<b>1,596</b>	<b>1,582</b>
<b>Total</b>	<b>1,959</b>	<b>1,582</b>

## Notes to the Financial Statements

continued

### 3. Income Taxes (continued)

#### Tax Consolidation

The parent Company and its wholly-owned Australian subsidiary (AMT) have formed a tax-consolidated group with effect from 1 February 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Magontec Limited.

The members of the tax-consolidated group are identified at Note 22.

#### Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group ensure that inter-company transactions are conducted at fair market value and at arm's length.

Magontec Limited has not entered into a tax funding arrangement or tax sharing agreement with AMT.

	Consolidated Parent Entity	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>(d) Unrecognised deferred tax balances</b>		
The following deferred tax assets have not been brought to account as assets:		
<b>Australian Tax Consolidated Group</b>		
Deferred Tax Asset (DTA) on pre-tax consolidation revenue losses	81,581	81,581
DTA on post-tax consolidation revenue losses*	39,695	38,524
DTA on capital losses	29,019	29,019
<b>Sub Total Australian Tax Consolidated Group</b>	<b>150,295</b>	<b>149,124</b>
These are based on the following tax losses:		
Aust consolidated group Tax losses – revenue pre-tax consolidation	271,936	271,936
Aust consolidated group Tax losses – revenue post-tax consolidation*	132,317	128,415
Aust consolidated group Tax losses – capital	96,732	96,732
<b>Consolidated Group Total</b>	<b>500,985</b>	<b>497,083</b>

\* The 31 December 2023 numbers were updated subsequent to the release of the 2023 Annual Report following the finalisation of the Tax Return for the Australian Tax Consolidated Group.

The benefit from the Australian deferred tax asset in respect of unused tax losses will only be obtained if:

- the tax consolidated group derives future Australian assessable income of a nature and amount sufficient to enable the benefits to be realised;
- the consolidated group continues to comply with the conditions for deductibility imposed by the tax law; and
- no changes in tax legislation adversely affect the consolidated group in realising the benefit of the losses.

No deferred tax asset has been brought to account as an asset for the Australian Tax Consolidated Group because it is not probable that taxable profit will be available against which such an asset could be utilised.

Unused tax losses incurred after the formation of the former Advanced Magnesium Limited (the former name of Magontec Limited) consolidated group are \$132.3 million. These losses will be fully available to offset future taxable income to the extent MGL continues to satisfy the loss integrity rules (i.e. Continuity of Ownership Test and Same Business Test).

Based on testing performed by MGL and its advisors, these losses should satisfy the loss integrity rules as at 31 December 2024.

Unused tax losses incurred prior to the formation of the former Advanced Magnesium Limited (the former name of Magontec Limited) consolidated group were \$271.9 million. These losses will be subject to restricted use (Available Fraction rules).

These restrictions on use are in addition to the loss integrity rules. Broadly, the Available Fraction rules limit the amount of losses that can be used each year by applying the following formula:

$$\text{Available Fraction} \times \text{Taxable income for year} = \text{Pre consolidation losses available for use for year}$$

## Notes to the Financial Statements

continued

### 3. Income Taxes (continued)

Based on testing performed by MGL and its advisors, MGL's pre consolidation losses should satisfy the loss integrity rules at 31 December 2024 subject to further testing and continued compliance with loss integrity rules. No detailed Available Fraction calculations have been performed as at 31 December 2024, however it is unlikely that the Available Fraction applying to pre-consolidation tax losses will be greater than 0.2.

The Australian tax consolidated entity has not paid income tax up to 31 December 2024 and neither is any assessment expected to be received which will result in a tax liability for the period to 31 December 2024. Accordingly, there are no franking credits available for distribution in the year ended 31 December 2024.

#### Tax outside of Australian tax consolidation regime

The Group has overseas entities which are not subject to Australian tax consolidation and are therefore not sheltered by Australian tax losses. Those entities may incur income tax based on local corporate tax law and are subject to the local jurisdiction.

### 4. Key Management Personnel Remuneration

The aggregate compensation of the key management personnel of the Group is set out below:

	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
Short term employee benefits	2,049	1,844
Post-employment benefits	102	98
Motor vehicle	17	16
Equity based payment	518	429
<b>Total Remuneration KMP</b>	<b>2,686</b>	<b>2,387</b>

#### Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

### 5. Remuneration of Auditors

	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
<b>Group auditor</b>		
- Audit or review of the financial report	132	100
- Accounting/taxation services	15	9
<b>Auditors of subsidiaries</b>		
- Audit or review of the financial reports	120	81
- Accounting/taxation services	25	57
	<b>292</b>	<b>247</b>

The auditor of Magontec Limited is Camphin Boston Chartered Accountants. Magontec GmbH, Magontec Xi'an Co Limited, Magontec Qinghai Co Limited and Magontec Romania are all audited by local auditors who supply information as requested by the Group Auditor Camphin Boston.



## Notes to the Financial Statements

continued

### 6. Current Trade and Other Receivables

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Trade receivables <sup>(1)</sup>	8,058	10,381
Allowance for doubtful debts	(403)	(342)
	<b>7,655</b>	<b>10,039</b>
Net GST/VAT recoverable	298	314
Security deposits	120	72
Notes and other receivables due to operating entities <sup>(2)</sup>	4,556	5,591
Other	6	27
	<b>4,980</b>	<b>6,004</b>
<b>Total receivables</b>	<b>12,635</b>	<b>16,043</b>

(1) Trade receivables represent 40.9 days sales at 31 Dec 24 (37.0 days sales at 31 Dec 23)

(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. Refer also to Note 25(j) for further detail.

### 7. Current Inventories

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Inventory of finished goods at cost	10,765	12,348
Provision for inventory loss	(1,653)	(1,573)
Net value of finished goods inventory	9,112	10,775
Raw materials	11,194	13,397
Work in progress	8,964	8,633
<b>Current inventories at net realisable value</b>	<b>29,270</b>	<b>32,805</b>

### 8. Other Current Assets

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Prepayments	1,474	532
Other	363	-
	<b>1,837</b>	<b>532</b>

### 9. Non Current Trade and Other Receivables

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Pension asset	290	304
Security deposits and prepayments	3	3
	<b>293</b>	<b>307</b>

## Notes to the Financial Statements

continued

### 10. Property Plant & Equipment

	Capital WIP \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>Gross carrying amount</b>				
<b>Balance at 1 January 2023</b>	<b>641</b>	<b>19,500</b>	<b>39,599</b>	<b>59,740</b>
Additions	1,105	36	2,833	3,974
Transfer from CWIP to PP&E	(724)	-	724	-
Adjustments, reclassifications, right of use additions	679	(139)	(814)	(274)
Impairment	(186)	(5)	-	(191)
Disposals and write offs	(84)	(3)	(5,272)	(5,359)
Net foreign currency exchange differences	(15)	340	228	553
<b>Balance at 31 December 2023</b>	<b>1,417</b>	<b>19,729</b>	<b>37,298</b>	<b>58,443</b>
Additions	455	22	1,373	1,850
Adjustments, reclassifications, right of use additions	(1,494)	1,338	704	548
Disposals	(42)	(480)	(1,231)	(1,753)
Net foreign currency exchange differences	14	794	1,361	2,169
<b>Balance at 31 December 2024</b>	<b>349</b>	<b>21,403</b>	<b>39,505</b>	<b>61,257</b>
<b>Accumulated depreciation/amortisation and impairment</b>				
<b>Balance at 1 January 2023</b>	<b>-</b>	<b>12,544</b>	<b>30,097</b>	<b>42,641</b>
Disposals and write offs	-	-	(5,246)	(5,246)
Adjustments and reclassifications	-	-	(2)	(2)
Depreciation expense	-	583	2,176	2,758
Net foreign currency exchange differences	-	225	282	506
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>13,351</b>	<b>27,306</b>	<b>40,657</b>
Disposals and write offs	-	-	(840)	(840)
Adjustments and reclassifications	-	-	(290)	(290)
Impairment	-	-	3,482	3,482
Depreciation expense	-	501	2,130	2,631
Net foreign currency exchange differences	-	526	903	1,429
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>14,378</b>	<b>32,691</b>	<b>47,069</b>
<b>Net Book Value As at 31 Dec 23</b>	<b>1,417</b>	<b>6,378</b>	<b>9,992</b>	<b>17,786</b>
<b>Net Book Value As at 31 Dec 24</b>	<b>349</b>	<b>7,025</b>	<b>6,814</b>	<b>14,188</b>

During the year to 31 December 2024, the Group mutually agreed with QSLM to discontinue the operating agreements with Magontec Qinghai. An impairment expense of \$3.5 million was recorded during the year to reflect the write off of property plant & equipment and production of Mg Alloy was ceased. As a result, the Group reassessed the CGUs of the remaining PRC segment as at 31 December 2024 and determined that this entire segment is now a CGU (PRC CGU). The PRC CGU now primarily includes the existing Anodes Production facility at Magontec Xi'an as well as some smaller trading activities. During the period, the Anodes business saw a drop in volume during the year which was deemed an indicator of impairment. Therefore the PRC CGU was further tested for impairment at balance date as required by AASB 136.

The recoverable amount 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 of the PRC CGU was assessed using forward projections drawing upon the Group's long experience in the Mg Anodes industry. The volumes through to year 5 of the forecast in the value in use calculation were assumed to be below the peak historical sales and profitability assumptions were also reduced to below target levels that the Group believes are reasonably achievable given the operating history of the Group.

## Notes to the Financial Statements

continued

### 10. Property Plant & Equipment (continued)

The value in use calculation started with a Base Scenario which assumed a pre-tax discount rate of 8.2% and a terminal growth rate of 0%. Following this, the Group used the Expected Cashflow Approach whereby a probability weighted analysis of possible expected cashflow scenarios surrounding this Base Scenario ranging from most pessimistic to most optimistic was compiled to arrive at the final value in use estimate used to obtain an estimate of the Recoverable Amount.

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 year ended 31 December 2024.

### 11. Intangibles

	Indefinite Life <sup>(1)</sup> \$'000	Finite Life \$'000	Total \$'000
<b>Gross carrying amount</b>			
<b>Balance at 31-Dec-23</b>	<b>2,800</b>	<b>2,662</b>	<b>5,462</b>
Additions	–	118	118
Adjustments	–	39	39
Net foreign currency exchange differences	–	86	86
<b>Balance at 31-Dec-24</b>	<b>2,800</b>	<b>2,905</b>	<b>5,705</b>
<b>Accumulated depreciation/amortisation and impairment</b>			
<b>Balance at 31-Dec-23</b>	–	<b>2,485</b>	<b>2,485</b>
Depreciation/amortisation expense	–	121	121
Net foreign currency exchange differences	–	78	78
<b>Balance at 31-Dec-24</b>	–	<b>2,684</b>	<b>2,684</b>
<b>Net Book Value As at 31-Dec-23</b>	<b>2,800</b>	<b>177</b>	<b>2,977</b>
<b>Net Book Value As at 31-Dec-24</b>	<b>2,800</b>	<b>221</b>	<b>3,021</b>

Note 1 - Indefinite Life Intangible Assets - Patents and trademarks in relation to "AE44" and "Correx".

The indefinite life intangible assets comprise the patents and trademarks over the "AE" alloys and the "Correx" anode system. Both products enjoy technical superiority over possible alternatives and continue to earn high margins. In testing this asset for impairment, an average discount rate of 8.8% (2023: 9.5%) to management cash flow forecasts was applied. A zero growth rate has been assumed over the initial 5 year period, with an average terminal decline rate of 5% (2023: 5%) per annum thereafter. The value in use was found to be in excess of the carrying amount and thus no impairment loss was recorded during the year ended 31 December 2024.

### 12. Current Trade and Other Payables

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Trade creditors <sup>(1)</sup>	4,170	5,131
Other creditors and accruals	2,232	1,620
	<b>6,402</b>	<b>6,751</b>

(1) Trade creditors represent 24.7 days cost of goods sold at 31 Dec 24 (22.5 days cost of goods sold at 31 Dec 23)

## Notes to the Financial Statements

continued

### 13. Borrowings

		31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023
	Notes	\$'000	Maturity Date	Interest pa	\$'000	Maturity Date	Interest pa
<b>Bank &amp; Institutional Borrowings</b>							
Magontec GmbH (Bank Loan) <sup>(1)</sup>	25(i)	908	30-Nov-26	4.26%	-	30-Nov-26	5.49%
Magontec GmbH (Factoring Facility) <sup>(3)</sup>		860	28-Feb-25	3.91%	528	28-Feb-25	5.14%
Magontec SRL (Working Capital Facility) <sup>(2)</sup>		1,356	28-Feb-25	7.10%	1,312	28-Feb-24	7.34%
Magontec Xi'an Limited (Bank Loan)		-	06-Aug-25	2.35%	3,106	06-Jun-24	3.00%
<b>Total Bank Borrowings</b>		<b>3,124</b>			<b>4,946</b>		
<b>Current Borrowings</b>							
Bank borrowings as above (excluding factoring facility)		1,356	Various		4,418	Various	
<b>Total Current Borrowings</b>		<b>1,356</b>			<b>4,418</b>		
<b>Non-Current Borrowings</b>							
Bank borrowings as above		908		-	-		
<b>Total Non-Current borrowings</b>		<b>908</b>			<b>-</b>		

(1) These borrowings are secured by a charge over MAB's trade debtors to the extent of €530,000 (\$887,000) and inventory of €5,543,000 (\$9,279,000) plus land & buildings.

(2) These borrowings are secured by a charge over MAR's trade debtors and inventory to the extent of RON16,403,000 (\$5,519,000) plus land & buildings. It is anticipated the Magontec Romania Unicredit Facility will be extended for a further 12 months in early March 2025 on the basis of our prior working relationship with the bank and positive discussions to date.

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

### 14. Current Provisions

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Provision for annual & long service leave and employee costs	549	650
Provision for income tax payable	-	5,448
Other current provisions	301	593
<b>Total</b>	<b>850</b>	<b>6,691</b>

### 15. Non-Current Provisions

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Provision for defined benefit pension obligation	10,311	10,048
Other provisions	266	392
<b>Total</b>	<b>10,576</b>	<b>10,440</b>

## Notes to the Financial Statements

continued

### 15. Non-Current Provisions (continued)

#### Reconciliation of the defined benefit pension obligation

	Year Ended 31 Dec 2024 \$'000	Year Ended 31 Dec 2023 \$'000
<b>Defined benefit obligation beginning of year</b>	<b>10,048</b>	<b>9,024</b>
Current service cost	122	111
Interest cost	350	355
Total benefits paid - actual	(418)	(399)
Foreign currency exchange rate changes	320	269
Actuarial (gains)/ losses due to change of assumptions	(111)	688
<b>Defined benefit obligation end of year</b>	<b>10,311</b>	<b>10,048</b>

The extent of the Provision for the Defined Benefit Obligation is assessed annually based on actuarial calculations which take into account such matters as:

- number of participants in the plan;
- likely retirement salaries of participants in the pension plan;
- their life expectancy beyond retirement; and
- implied interest earnings on the extent of the fund

The defined benefit plan is an unfunded plan which has been provided to certain employees in the European business. Increasing interest rates will act to decrease the Provision. The converse is also true. A summary of the key assumptions underpinning the actuarial calculation and a sensitivity analysis is provided below.

#### Key actuarial assumptions used in calculation of the defined benefit obligation

	Year Ended 31 Dec 2024 \$'000	Year Ended 31 Dec 2023 \$'000
Discount rate	3.50%	3.45%
Expected salary increase per annum	2.75%	2.75%
Expected pension increase per annum	2.20%	2.20%

#### Key sensitivities of actuarial assumptions used in calculation of defined benefit obligation

	% chg	Year Ended 31 Dec 2024 \$'000	Year Ended 31 Dec 2023 \$'000
Discount rate (%)	+0.5%	(696)	(696)
	(0.5)%	783	785
Salary increase (%)	+0.5%	23	26
	(0.5)%	(22)	(25)
Pension increase (%)	+0.5%	620	613
	(0.5)%	(569)	(562)
Life expectancy (years)	+1 year	488	467

## Notes to the Financial Statements

continued

### 16. Share Capital

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Opening balance of share capital attributable to members of MGL</b>	<b>59,524</b>	<b>59,174</b>
Dividend Reinvestment Plan	91	372
Vesting of Performance Rights	114	-
Various costs associated with issue of shares	(11)	(21)
<b>Share capital on issued ordinary shares 79,643,766 (2023: 78,515,474)</b>	<b>59,718</b>	<b>59,524</b>

A reconciliation of the movement in fully paid ordinary shares during the period is set out below.

	CONSOLIDATED/PARENT ENTITY			
	31 Dec 2024		31 Dec 2023	
	No.	\$'000	No.	\$'000
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	78,515,474	59,524	77,521,835	59,174
Dividend reinvestment plan	285,434	91	993,639	372
Vesting of Performance Rights	842,858	114	-	-
Expenses of various issues	-	(11)	-	(21)
	<b>79,643,766</b>	<b>59,718</b>	<b>78,515,474</b>	<b>59,524</b>

During the year to 31 December 2024, the Dividend Reinvestment Plan resulted in the issue of 285,434 new shares (2023: 993,639 new shares). Fully paid ordinary shares carry one vote per share and carry the right to dividends.

#### Cancellation of QSLM shares

As described in Notes 24 and 27, an Extraordinary General Meeting (EGM) was convened on 5 February 2025 post balance date.

At this EGM, Magontec Limited shareholders approved the selective buyback of QSLM's 28.48% shareholding in MGL (total of 22,681,940 shares) in exchange for the transfer of certain fixed assets at Magontec Qinghai (zero book value at 31 December 2024) and the waiver of all current and future claims between both parties as described in the summary of the Memorandum of Settlement tabled at the meeting.

These shares were subsequently cancelled by the Group, substantially reducing the number of ordinary shares on issue post balance date of 31 December 2024.

#### Dividend Declaration

No dividends were declared with respect to the 12 months ended 31 December 2024. The DRP issue during the year related to dividends declared in the prior period.

#### Performance rights

Performance rights carry no rights to dividends and no voting rights until converted into ordinary shares.

Further details of the share-based payment schemes are contained in the Remuneration Report.

# Notes to the Financial Statements

continued

## 17. Reserves

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Capital reserve</b>		
Balance at beginning of financial year	2,750	2,750
<b>Balance at end of financial year</b>	<b>2,750</b>	<b>2,750</b>
<b>Foreign currency translation reserve</b>		
Balance at beginning of financial year	4,793	4,250
Movement in VHL Consolidated accounts	2,515	542
<b>Balance at end of financial year</b>	<b>7,308</b>	<b>4,793</b>
<b>Actuarial Reserves</b>		
Balance at beginning of financial year	(1,028)	(567)
Deferred tax assets	(37)	227
Employee pensions	112	(688)
<b>Balance at end of financial year</b>	<b>(953)</b>	<b>(1,028)</b>
<b>Expired Options Reserve</b>		
Balance at beginning of financial year	2,127	1,637
Transfer to Expired Options Reserve	788	490
Adjustment	(114)	-
<b>Balance at end of financial year</b>	<b>2,802</b>	<b>2,127</b>
<b>Share Issue Reserve</b>		
Balance at beginning of financial year	691	627
Transfer from / (to) Expired Options Reserve	(674)	(490)
Vesting of performance rights	(114)	-
Fair value of performance rights issued for future periods	673	555
<b>Balance at end of financial year</b>	<b>577</b>	<b>691</b>
<b>Profit Reserve</b>		
Balance at beginning of financial year	5,922	6,857
Dividends paid	(476)	(935)
<b>Balance at end of financial year</b>	<b>5,446</b>	<b>5,922</b>
<b>Total reserves</b>	<b>17,929</b>	<b>15,255</b>
<b>OCI - that may later emerge in the Profit and Loss Statement</b>		
Exchange differences taken to reserves in equity – translation of overseas entities	2,515	542
<b>OCI - that will not emerge later in the Profit and Loss Statement</b>		
Movement in actuarial assessments	75	(461)
<b>Total Other Comprehensive Income</b>	<b>2,590</b>	<b>82</b>

### Notes

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

The **foreign currency translation reserve** arises as 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 that needs to be recognised in "Other comprehensive income" (OCI) as well as movements attributable to the market value of derivatives and deferred tax assets where relevant.

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.



## Notes to the Financial Statements

continued

### 18. Accumulated Losses

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Balance at beginning of financial year	(18,133)	(18,599)
Profit/(Loss) attributable to members of Magontec Limited	(9,517)	466
	<b>(27,651)</b>	<b>(18,133)</b>

### 19. Earnings/(Loss) Per Share

	Continuing Operations 12 months to 31 Dec 2024 cents per share	Discontinued Operations 12 months to 31 Dec 2024 cents per share	Total 12 months to 31 Dec 2024 cents per share	Continuing Operations 12 months to 31 Dec 2023 cents per share	Discontinued Operations 12 months to 31 Dec 2023 cents per share	Total 12 months to 31 Dec 2023 cents per share
Basic earnings/(loss) per share	(6.5)	(5.5)	(12.0)	(0.3)	0.9	0.6
Diluted earnings/(loss) per share	(5.8)	(4.9)	(10.7)	(0.3)	0.8	0.5

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	Continuing Operations 12 months to 31 Dec 2024 \$'000	Discontinued Operations 12 months to 31 Dec 2024 \$'000	Total 12 months to 31 Dec 2024 \$'000	Continuing Operations 12 months to 31 Dec 2023 \$'000	Discontinued Operations 12 months to 31 Dec 2023 \$'000	Total 12 months to 31 Dec 2023 \$'000
<b>Profit/(Loss) after income tax expense</b>						
Attributable to owners of the parent	(5,187)	(4,330)	(9,517)	(232)	698	466
<b>Total Comprehensive Income</b>						
Attributable to owners of the parent	(2,817)	(4,110)	(6,927)	(12)	560	548
<b>Weighted average number of ordinary securities on issue (for basic earnings calculation)</b>			<b>79,411,228</b>			<b>78,089,812</b>
Performance rights			9,340,404			8,435,052
<b>Weighted average number of ordinary securities on issue (for diluted earnings calculation)</b>			<b>88,751,632</b>			<b>86,524,864</b>

### 20. Contingent Assets and Liabilities

At 31 December 2024 a contingent liability exists in relation to the item below.

#### Claim Against MAS

A claim was made against the Magontec Suzhou company with respect to restoration costs on the property formerly occupied by this plant. The Group does not believe there is a reasonable basis for this claim. Although there has been a judgement against the Group, the Group continues to contest this matter.

## Notes to the Financial Statements

continued

### 21. Capital and Leasing Commitments

#### a. Right of use assets

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.

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.

The movement in the right of use assets balance during the period is summarised below.

#### RIGHT OF USE ASSETS SUMMARY

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Opening balance</b>	<b>448</b>	<b>449</b>
Add new leased assets	585	218
Depreciation charge	(289)	(232)
FX movements	10	13
<b>Closing balance</b>	<b>754</b>	<b>448</b>

#### b. Lease liabilities

The total lease liabilities recorded on the balance sheet are as follows:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Lease liabilities recognised in the balance sheet</b>		
Current	252	222
Non Current	501	221
<b>Total lease liabilities recognised in the balance sheet</b>	<b>753</b>	<b>443</b>

Interest charges and amounts recognised in interest payments in the cash flow statement during the period were as follows:

	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
<b>Amounts recognised in the profit and loss statement</b>		
Interest charge on lease liabilities	30	15
<b>Amounts recognised in the cash flow statement</b>		
Total cash inflow/(outflow) for leases	(315)	(234)

#### c. Low value items

During the year to 31 December 2024, the expense relating to leases of low value was \$11,000 (2023: \$27,000).

#### d. Capital Expenditure Commitments

There are no material capital commitments for the Group as at 31 December 2024.

## Notes to the Financial Statements

continued

### 22. Controlled Entities

#### a. Consolidated Controlled Entities

Name of entity	Ownership Entity	Country of Incorporation	Ownership interest 31 Dec 2024	Ownership interest 31 Dec 2023
<b>Parent entity</b>				
Magontec Limited <sup>(a)</sup>		Australia	100%	100%
<b>Directly Controlled Subsidiaries Of Parent</b>				
Advanced Magnesium Technologies Pty Ltd <sup>(a)</sup>	Magontec Limited	Australia	100%	100%
Magontec GmbH	Magontec Limited	Germany	100%	100%
Varomet Holdings Limited	Magontec Limited	Cyprus	100%	100%
Magontec Qinghai Co. Ltd.	Magontec Limited	China	100%	100%
Magontec US LLC	Magontec Limited	United States	100%	100%
AML China Ltd <sup>(b)</sup>	Magontec Limited	China	100%	100%
<b>Indirectly Controlled Subsidiaries of Parent - Level 1</b>				
Magontec SRL	Magontec GmbH	Romania	100%	100%
Magontec Xi'an Co Ltd.	Varomet Holdings Ltd	China	100%	100%
Magontec SuZhou Co Ltd	Varomet Holdings Ltd	China	100%	100%

(a) Entities included in the Australian tax consolidated Group.

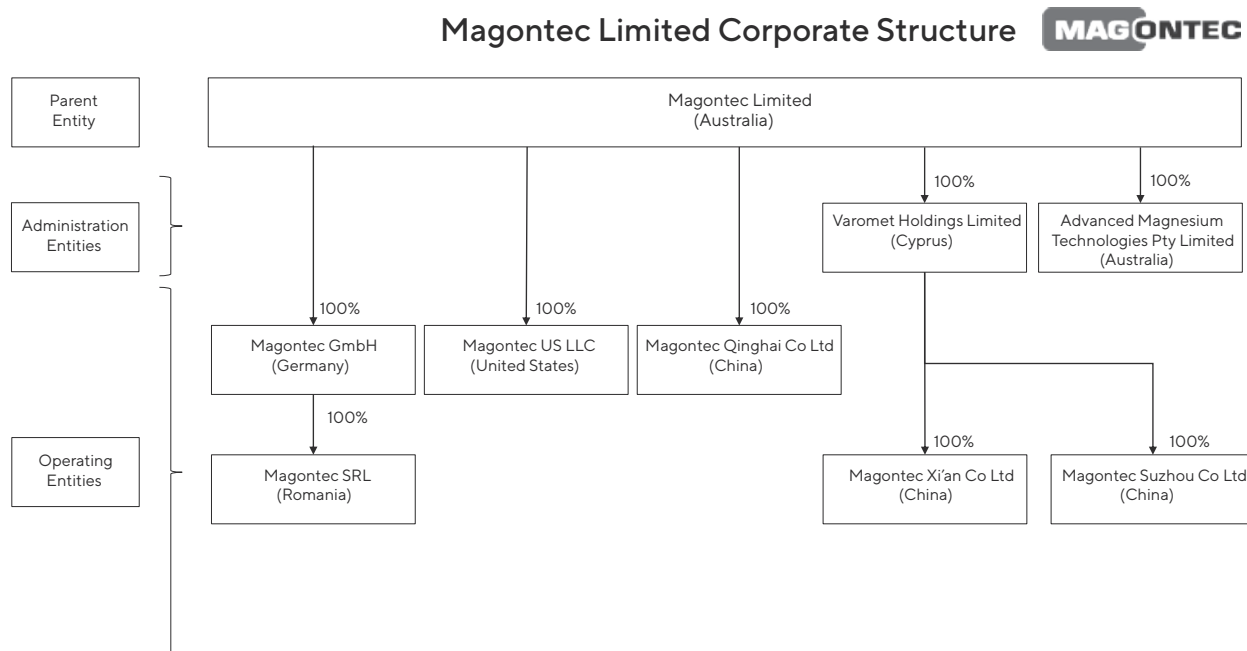
(b) Dormant from 30 June 2012.

# Notes to the Financial Statements

continued

## 22. Controlled Entities (continued)

### b. Corporate Structure as at 31 December 2024



### c. Acquisition of Controlled Entities

There were no acquisitions of controlled entities made during the relevant period.

### d. Disposal of Controlled Entities

There were no disposals of controlled entities made during the relevant period.

## 23. Segment Information

### Identification of reportable segments

The consolidated entity comprises the entities as described in Note 22.

In respect of the period to 31 December 2024, segment information is presented in respect of the three main departments within the Group.

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

### Types of products and services

The principal operating activities comprise:

- Magnesium alloy production
- Magnesium alloy recycling
- Manufacture of cathodic corrosion protection products

### Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 1 to the accounts. The segment data below is presented net of intergroup transactions (other than sales).

# Notes to the Financial Statements

continued

## 23. Segment Information (continued)

### Statement of Comprehensive Income

	12 months to 31 December 2024				12 months to 31 December 2023			
	\$'000 Admin	\$'000 EUR	\$'000 PRC	\$'000 TOTAL	\$'000 Admin	\$'000 EUR	\$'000 PRC	\$'000 TOTAL
Sale of goods	-	42,243	29,972	72,215	-	58,017	44,380	102,397
Less Inter-segment sales				(26)				(40)
<b>Net Sales</b>	<b>-</b>	<b>42,243</b>	<b>29,972</b>	<b>72,189</b>	<b>-</b>	<b>58,017</b>	<b>44,380</b>	<b>102,357</b>
Cost of sales	-	(32,925)	(28,528)	(61,453)	-	(41,999)	(41,174)	(83,173)
Less Inter-segment sales				26				40
<b>Net Cost of Sales</b>	<b>-</b>	<b>(32,925)</b>	<b>(28,528)</b>	<b>(61,427)</b>	<b>-</b>	<b>(41,999)</b>	<b>(41,174)</b>	<b>(83,133)</b>
<b>Gross Profit</b>	<b>-</b>	<b>9,318</b>	<b>1,444</b>	<b>10,762</b>	<b>-</b>	<b>16,018</b>	<b>3,206</b>	<b>19,224</b>
Other income	2	267	561	830	3	1,777	902	2,682
Interest expense	(13)	(295)	(44)	(352)	-	(319)	(176)	(495)
Impairment - inventory, fixed assets, doubtful debts	-	(801)	(3,482)	(4,283)	(1)	(1,270)	(200)	(1,471)
Travel accommodation and meals	(148)	(363)	(185)	(696)	(162)	(417)	(225)	(803)
Research, development, licensing and patent costs	-	(176)	(658)	(834)	(5)	(423)	(695)	(1,123)
Promotional activity	(3)	(120)	-	(123)	-	(77)	-	(77)
Information technology	(16)	(297)	(69)	(382)	(25)	(299)	(78)	(402)
Personnel	(1,723)	(6,294)	(1,588)	(9,605)	(1,550)	(6,099)	(1,464)	(9,114)
Depreciation & amortisation	(43)	(557)	(72)	(672)	-	(681)	(49)	(730)
Office expenses	(125)	(189)	(148)	(462)	(82)	(264)	(279)	(626)
Corporate and other	(906)	(1,976)	(809)	(3,691)	(750)	(2,876)	(680)	(4,307)
Foreign exchange gain/(loss)	(311)	835	(354)	170	(42)	(457)	(274)	(772)
<b>Profit/(Loss) before income tax expense</b>	<b>(3,286)</b>	<b>(648)</b>	<b>(5,404)</b>	<b>(9,338)</b>	<b>(2,615)</b>	<b>4,612</b>	<b>(12)</b>	<b>1,985</b>
Income tax expense	-	123	(302)	(179)	-	(1,506)	(13)	(1,519)
<b>Profit/(Loss) after income tax expense</b>	<b>(3,286)</b>	<b>(525)</b>	<b>(5,706)</b>	<b>(9,517)</b>	<b>(2,615)</b>	<b>3,106</b>	<b>(25)</b>	<b>466</b>
<b>Other Comprehensive Income</b>								
Movement in actuarial assessments	-	75	-	75	-	(461)	-	(461)
FX differences taken to Reserves - translation of overseas entities	(16)	1,426	1,105	2,515	88	923	(468)	542
<b>Total Comprehensive Income</b>	<b>(3,302)</b>	<b>976</b>	<b>(4,601)</b>	<b>(6,927)</b>	<b>(2,527)</b>	<b>3,568</b>	<b>(494)</b>	<b>548</b>
<b>Segment Disclosures</b>								
Segment assets	5,219	40,983	24,388	70,590	3,229	48,020	33,919	85,168
Segment liabilities	1,493	16,878	2,223	20,594	814	20,937	6,770	28,521
<b>Segment net assets</b>	<b>3,726</b>	<b>24,105</b>	<b>22,165</b>	<b>49,996</b>	<b>2,415</b>	<b>27,083</b>	<b>27,149</b>	<b>56,647</b>
Acquisition of segment fixed assets	-	1,302	558	1,860	-	2,285	1,538	3,823
Non-cash share based payments expense	311	198	164	673	247	170	139	555
<b>Provisioning</b>								
- Inventory Increase/(Decrease)	-	80	-	80	-	1,394	-	1,394
- Doubtful debts Increase/ (Decrease)	-	61	-	61	-	(316)	-	(316)

## Notes to the Financial Statements

continued

### 24. Related Party Disclosures

#### a. Equity interests in related parties

##### Equity interest in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 22 to the financial statements.

#### b. Transactions with Key Management Personnel including Loans

Details of KMP compensation are disclosed in Note 4 to the financial statements and in the Remuneration Report.

#### c. Group Entity

The parent entity is Magontec Limited. Members of the group are set out in Note 22. Transactions during the financial year between group entities included:

- Investment in controlled entities;
- Repayment of interest free funds from controlled entities to the parent entity; and
- Incurring expenditure on behalf of other entities for office rental and related costs, travel costs, seconded employees and other sundry costs.

The entity is fully reimbursed for these costs on an actual cost basis.

#### d. Transactions with Related Parties apart from Directors and Key Management Personnel

		Sales to Related Parties \$'000	Purchases from Related Parties \$'000	Amounts owed by Related Parties \$'000	Amounts owed to Related Parties \$'000
<b>Entity with significant influence</b>					
Qinghai Salt Lake Magnesium Co. Ltd	<b>2024</b>	-	-	-	-
	2023	-	-	-	-

##### Nature of related party transactions with Qinghai Salt Lake Magnesium Co. Ltd

During the year, there were no purchases from Qinghai Salt Lake Magnesium Co. Ltd. (QSLM), the largest shareholder of Magontec Limited as at the balance date.

Outstanding balances owing to QSLM are unsecured and are on an interest free basis. Settlement occurs in cash, with no guarantees provided for any related party receivable or related party payable balance outstanding between the parties.

##### Memorandum of Settlement with QSLM (post balance date event)

On 1 November 2024, the Group announced to the ASX that following the termination of the Agreements with QSLM, the two parties had agreed a Memorandum of Settlement.

The terms of this Memorandum of Settlement can broadly be summarised as follows:

- The Group agreed to swap all its current and future potential claims against QSLM for all the MGL fully paid ordinary shares held by QSLM (total of 22,681,940 shares or 28.48% of MGL's issued capital as at 31 December 2024). These shares were to be bought back by the Group and cancelled.
- MGL agreed to transfer ownership of agreed upon fixed assets owned by its subsidiary, Magontec Qinghai Co Ltd, to QSLM for zero cash consideration. These assets had been fully impaired to a zero book value in the financial statements as at 31 December 2024.
- All debts payable to QSLM by Magontec and its subsidiaries were cancelled and vice versa. Each party agreed to irrevocably waive all rights of action, objection or arbitration and to withdraw all claims.
- Mr Li Xing Cai, the representative of QSLM on the Board of MGL, will resign and the right to further QSLM Board representation will expire.

The execution of this Memorandum of Settlement was subject to approval at an Extraordinary General Meeting post balance date on 5 February 2025, and was subsequently ratified by shareholders on this date.

# Notes to the Financial Statements

continued

## 25. Financial Instruments

### AASB 9 – classification and measurement of financial assets and financial liabilities

AASB 9 provides three categories for classification of financial assets, being amortised cost, fair value through other comprehensive income and fair value through profit and loss. This is assessed in accordance with the contractual cash flows and nature of the underlying asset. The table below summarises the classifications under AASB 9.

The main financial impact of adopting AASB 9 related to the application of the impairment of trade receivables arising from Lifetime Expected Credit Losses as can be seen below. The Group did not apply hedge accounting to derivatives during the reporting period.

	Category per AASB 9	Fair value hierarchy where applicable*
<b>Financial assets:</b>		
Cash and cash equivalents	Amortised cost	Not applicable
Trade & other receivables	Amortised cost	Not applicable
Other	Amortised cost	Not applicable
<b>Financial liabilities:</b>		
Trade & other payables	Other financial liabilities	Not applicable
Current Bank Borrowings	Other financial liabilities	Level 2
Non-Current Bank Borrowings	Other financial liabilities	Level 2

\* Fair value information is not provided where carrying amounts are assumed to be a reasonable approximation of fair value

### AASB 9 – Impairment of Financial Assets

The Group adopts an "Expected Credit Loss" model to assess impairment of financial assets. The Group has elected to apply the practical expedient with respect to impairment losses on trade receivables with the use of a provision matrix which takes into account historical bad debt losses as well as estimates of future losses where considered material. More detail is provided in the credit risk section below.

#### (a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the potential future return to stakeholders through the development and marketing of the Group's technologies and its production facilities.

The capital structure of the Group consists of cash and cash equivalents, equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Note 16, Note 17 and Note 18 respectively and debt funding provided by Chinese and European banks (Note 13).

The Group's main financial risk management issues are ensuring the integrity of debtors and the continued availability of debt funding. The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades.

None of the Group's entities are subject to externally imposed capital requirements.

#### (b) Financial risk management objectives

The magnesium alloy industry operates with a disparity of trade terms on the purchase of production inputs and the sale of output. The Group's senior management effort is aimed at firstly, arranging funding for working capital and secondly, negotiating with purchasers and buyers the best available terms.

The Group's senior management team co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group in line with the Group's policies. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.



## Notes to the Financial Statements

continued

### 25. Financial Instruments (continued)

#### (c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

#### (d) Categories and maturity profile of financial instruments and interest rate risk

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2024.

31 December 2024	Notes	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets:</b>						
Cash and cash equivalents		1.21%	7,750	-	-	7,750
Trade & other receivables (net of provision for loss)		-	-	-	12,635	12,635
Other		-	-	-	1,474	1,474
			<b>7,750</b>	<b>-</b>	<b>14,109</b>	<b>21,859</b>
<b>Financial liabilities:</b>						
Trade & other payables		-	-	-	6,402	6,402
Current Bank Borrowings	13	5.86%	2,216	-	-	2,216
Non-Current Bank Borrowings	13	-	908	-	-	908
			<b>3,124</b>	<b>-</b>	<b>6,402</b>	<b>9,526</b>

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2023.

31 December 2023	Notes	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets:</b>						
Cash and cash equivalents		2.46%	4,998	-	8,138	13,136
Trade & other receivables (net of provision for loss)		-	-	-	16,043	16,043
Other		-	-	-	532	532
			<b>4,998</b>	<b>-</b>	<b>24,713</b>	<b>29,711</b>
<b>Financial liabilities:</b>						
Trade & other payables		-	-	-	6,751	6,751
Current Borrowings	13	4.38%	4,946	-	-	4,946
Non-Current Borrowings	13	-	-	-	-	-
			<b>4,946</b>	<b>-</b>	<b>6,751</b>	<b>11,697</b>

## Notes to the Financial Statements

continued

### 25. Financial Instruments (continued)

#### (e) Market risk

Refer comments under headings a and b of Note 25.

#### (f) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### (g) Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

#### (h) Foreign currency risk management

The Group has exposure to four main currencies – the United States Dollar (USD), the Euro (EUR), the Chinese Yuan (RMB) and the Romanian Leu (RON). The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows.

	Foreign Currency Monetary Assets & Liabilities Table			
	Assets		Liabilities	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Foreign currency monetary assets and liabilities</b>				
Cash and cash equivalents	6,164	13,058		
Trade and other receivables	12,635	16,045		
Other non-current receivables	290	304		
Trade and other payables			6,278	7,151
Provisions			10,743	16,536
Borrowings			2,264	4,418
<b>Other</b>				
Other net assets and liabilities	51,501	55,761	1,669	416
<b>Total</b>	<b>70,590</b>	<b>85,168</b>	<b>20,954</b>	<b>28,521</b>

The Group undertakes sales transactions denominated in RMB, USD and EUR and incurs manufacturing input costs denominated in EUR, RMB and RON. Additionally certain Head Office overheads are incurred in AUD and the Group reports in AUD. The objective is to centralise treasury risk and cash management so that foreign exchange risk washes through to a single point.

#### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and 10% decrease in relevant foreign currency monetary items against the Australian Dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates over the medium term. The sensitivity analysis includes foreign currency monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

## Notes to the Financial Statements

continued

### 25. Financial Instruments (continued)

A positive number in the table below indicates an increase in profit or a decrease in loss and other equity where the foreign currency strengthens against the Australian dollar. A negative number in the table below indicates a decrease in profit or an increase in loss and other equity where the foreign currency weakens against the Australian dollar.

	Notes	31 Dec 2024 \$'000	31 Dec 2023 \$'000
USD impact			
Effect on Profit/Loss and other equity of a 10% increase in USD rate	(i)	(78)	533
Effect on Profit/Loss and other equity of a 10% decrease in USD rate		78	(533)
EUR impact			
Effect on Profit/Loss and other equity of a 10% increase in EUR rate	(ii)	(980)	(713)
Effect on Profit/Loss and other equity of a 10% decrease in EUR rate		980	713
RMB impact			
Effect on Profit/Loss and other equity of a 10% increase in RMB rate	(iii)	1,256	534
Effect on Profit/Loss and other equity of a 10% decrease in RMB rate		(1,256)	(534)
RON impact			
Effect on Profit/Loss and other equity of a 10% increase in RON rate	(iv)	(217)	(224)
Effect on Profit/Loss and other equity of a 10% decrease in RON rate		217	224

A positive number in the above table represents a reduction in the operating profit/loss and or other equity

- (i) Exposure to USD is represented by net monetary liabilities of USD 0.5 million as at 31-Dec-24 (Net monetary assets of USD 3.6 million as at 31-Dec-23)
- (ii) Exposure to EUR is represented by net monetary liabilities of EUR 5.9 million as at 31-Dec-24 (Net monetary liabilities of EUR 4.4 million as at 31-Dec-23)
- (iii) Exposure to RMB is represented by net monetary assets of RMB 56.7 million as at 31-Dec-24 (Net monetary assets of RMB 25.8 million as at 31-Dec-23)
- (iv) Exposure to RON is represented by net monetary liabilities of RON 6.5 million as at 31-Dec-24 (Net monetary liabilities of RON 6.8 million as at 31-Dec-23)

#### Derivatives and hedging

The Group engages in foreign exchange hedges primarily to manage risks associated with its USD receivables and securing the EUR-USD rate on real metal purchases of pure magnesium. The gains and losses on the market value of these hedges are recognised directly in the profit and loss statement. There were no open FX hedges as at 31 December 2024.

	Notes	Carrying value \$'000	Market value \$'000	Cash flow due within 1 year \$'000	Cash flow due after 1 year \$'000
<b>31 December 2024</b>					
Interest rate swaps	14	6	6	6	-
<b>31 December 2023</b>					
Interest rate swap	14	27	27	-	27

## Notes to the Financial Statements

continued

### 25. Financial Instruments (continued)

The sensitivity of interest rate hedges to movements in the underlying rates is outlined in the table below:

	AUD impact of change	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Interest rate swaps</b>		
Sensitivity to +0.5% change in interest rates	2	4
Sensitivity to -0.5% change in interest rates	(2)	(4)

#### (i) Capital Management and Interest rate risk management

The Group has bank loans outstanding of \$908,000 (refer Note 13) owing to Commerzbank globally. Management remains confident that Commerzbank will continue offering its facilities as the Group's relationship with the bank is strong and significant headroom exists compared with facilities drawn.

#### (j) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of as far as possible dealing with creditworthy counterparties – an ideal not always possible in a product development environment. The use of collateral or other contributions can act as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by limits that are continually reviewed.

The Group's alloy sales to European customers are, for the most part, centralised through Magontec GmbH in Bottrop Germany. Magontec GmbH has insurance cover in place to cover its exposure to debtors secured under the Commerzbank facility. The insured percentage cover for 'named' debtors is 90% and for 'unnamed' debtors is 80% but with individual claims in respect of 'unnamed' debtors limited to EUR 10,000.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group also receives notes receivable (promissory notes) as consideration for goods and services provided from a limited number of counterparties in China. The majority of these are guaranteed by a bank, and the Group only accepts these from specific large customers. Upon maturity, these are converted into cash at no charge. Early redemption of Notes Receivable for cash can be requested, however an interest charge will apply on a pro rata basis for the remaining term of the receivable. As the term of the Notes Receivables are limited to 6 months, these are recorded at the undiscounted value and classified as a current asset on the balance sheet.

#### Provision matrix

The Group applies a provision matrix in order to determine Expected Credit Losses in accordance with AASB 9 Financial Instruments. This provision matrix is based on:

- Historical experiences of bad debts in the last 5 years (which have been low as a percentage of sales)
- Where deemed material, estimates to incorporate the Group's forward looking expectations on future operating and economic conditions

Provision Matrix	EU & NA	PRC
Due Date	0.01%	0.01%
1-30 days overdue	0.02%	0.02%
31-60 days overdue	0.03%	0.03%
61-90 days overdue	0.04%	0.04%
90 days + overdue	0.05%	0.05%

## Notes to the Financial Statements

continued

### 26. Parent Entity Information Magontec Limited

#### Statement of Comprehensive Income

	Magontec Limited	
	12 months to 31 Dec 2024 \$'000	12 months to 31 Dec 2023 \$'000
Sale of goods	-	-
Cost of sales	-	-
<b>Gross profit</b>	<b>-</b>	<b>-</b>
Other income	-	2
Interest expense	-	-
Impairment - investments	(4,838)	290
Travel accommodation and meals	-	-
Research, development, licensing and patent costs	-	(5)
Promotional activity	-	-
Information technology	-	-
Personnel	-	(30)
Depreciation & amortisation	-	-
Office expenses	(1)	(14)
Corporate	(1,701)	(681)
Foreign exchange gain/(loss)	852	(21)
Other operating expenses	-	-
<b>Profit/(Loss) before income tax expense/benefit from continuing operations</b>	<b>(5,688)</b>	<b>(458)</b>
Income tax (expense)/benefit	-	-
<b>Profit/(Loss) after income tax expense/benefit from continuing operations</b>	<b>(5,688)</b>	<b>(458)</b>
<b>Other Comprehensive Income - that may later emerge in the Profit and Loss Statement</b>		
Exchange differences taken to reserves in equity - translation of overseas entities	-	-
Other Comprehensive Income - that will not emerge in the Profit and Loss Statement	-	-
Movement in actuarial assessments	-	-
<b>Total Comprehensive Income</b>	<b>(5,688)</b>	<b>(458)</b>

## Notes to the Financial Statements

continued

### 26. Parent Entity Information Magontec Limited (continued)

#### Balance Sheet

	Magontec Limited	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash and cash equivalents	1,557	23
Trade & other receivables	2	-
Other	106	76
<b>Total current assets</b>	<b>1,665</b>	<b>99</b>
<b>Non-current assets</b>		
Inter Company Loan Receivables (net of provisioning)	11,140	11,324
Investment in shares of subsidiaries (net of provisioning)	5,596	11,718
Other financial assets	8,314	8,314
<b>Total non-current assets</b>	<b>25,050</b>	<b>31,356</b>
<b>Total assets</b>	<b>26,714</b>	<b>31,455</b>
<b>Current liabilities</b>		
Trade & other payables	106	89
<b>Total current liabilities</b>	<b>106</b>	<b>89</b>
<b>Non-current liabilities</b>		
Other	3,522	2,196
<b>Total non-current liabilities</b>	<b>3,522</b>	<b>2,196</b>
<b>Total liabilities</b>	<b>3,628</b>	<b>2,285</b>
<b>Net assets</b>	<b>23,086</b>	<b>29,170</b>
<b>Equity attributable to members of MGL</b>		
Share capital	59,313	59,233
Reserves	7,083	7,559
Accumulated losses	(43,310)	(37,623)
<b>Total equity</b>	<b>23,086</b>	<b>29,170</b>

#### Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2024.

#### Capital commitments - Property, plant and equipment

The parent entity had no material capital commitments for property, plant and equipment as at 31 December 2024.

#### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

## Notes to the Financial Statements

continued

### 27. Subsequent Events

#### Cancellation of QSLM shares

As described in Note 24 (Related Party Disclosures), on 1 November 2024 the Group announced to the ASX that it had entered into a Memorandum of Settlement with QSLM following the termination of the Operating Agreements regarding the Group's Magontec Qinghai facility.

At an Extraordinary General Meeting (EGM) convened on 5 February 2025 post balance date, Magontec Limited shareholders approved this Memorandum of Settlement.

This included:

- The selective buyback of QSLM's 28.48% shareholding in MGL (total of 22,681,940 shares) for zero cash consideration. These shares were subsequently cancelled by the Group, substantially reducing the number of ordinary shares on issue.
- The transfer of certain agreed upon remaining fixed assets from the Magontec Qinghai plant to QSLM for zero cash consideration (book value of zero as at 31 December 2024); and
- The waiver of all present and future claims as detailed in the key terms of the Memorandum of Settlement tabled at the EGM.

Further to the events above, it is anticipated that the Magontec Romania Unicredit bank borrowing facility referred to in Note 13 (Borrowings) will be renewed in early March 2025 for a further 12 month term through to February 2026 on the basis of the Group's prior working relationship with the bank and positive discussions to date.

To the best of the Group's knowledge there have been no other material subsequent events that require disclosure.

#### ADDITIONAL COMPANY INFORMATION

Magontec Limited (MGL) is a listed public company and is incorporated in Australia. The MGL Group operates globally including subsidiaries in Australia, Europe and China.

#### Registered Office and Principal Place of Business

Level 2, Suite 1  
139 Macquarie St,  
Sydney, NSW 2000  
Tel: 612 8084 7813

In accordance with the requirements of Subsection 295(3A) of the Australian *Corporations Act 2001 (Cth)*, set out below is the consolidated entity disclosure statement disclosing information in respect of Magontec Limited and entities it controlled at 31 December 2024.

## Consolidated Entity Disclosure Statement

### Consolidated Entity Disclosure Statement

Entity Name	Entity Type	Trustee, Partner or Joint Venture	Body Corporates		Tax Residency	
			Place Incorporated or Formed	% of Share Capital Held	Australian or Foreign	Jurisdiction
Magontec Limited	Body Corporate	No	Australia	100%	Australian	Australia
Advanced Magnesium Technologies Pty Ltd	Body Corporate	No	Australia	100%	Australian	Australia
Magontec GmbH	Body Corporate	No	Germany	100%	Foreign	Germany
Magontec SRL	Body Corporate	No	Romania	100%	Foreign	Romania
Magontec US LLC	Body Corporate	No	United States	100%	Foreign	United States
Magontec Xi'an Co Ltd.	Body Corporate	No	China	100%	Foreign	China
Magontec Qinghai Co. Ltd.	Body Corporate	No	China	100%	Foreign	China
Magontec SuZhou Co Ltd	Body Corporate	No	China	100%	Foreign	China
Varomet Holdings Limited	Body Corporate	No	Cyprus	100%	Foreign	Cyprus
AML China Ltd	Body Corporate	No	China	100%	Foreign	China



## Directors' Declaration

The Directors declare as follows -

- a. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- b. in the Directors' opinion:
  - i. the financial statements and notes thereto set out on pages 52 to 88 of this Annual Report, are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Group;
  - ii. the consolidated entity disclosure statement required by s295(3A) of the Australian *Corporations Act 2001 (Cth)* disclosed in this report is true and correct; and
- c. the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s.295A of the *Corporations Act 2001*.

### On behalf of the Board of Directors



**Mr N Andrews**  
Executive Chairman  
26 February 2025



**Mr A Malhotra**  
Non-Executive Director



**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF MAGONTEC LIMITED**  
**Report on the Audit of the Financial Report**

*Auditor’s Opinion*

We have audited the accompanying financial report of Magontec Limited and Controlled Entities (the ‘Group’), which comprises the Consolidated Balance Sheet as at 31 December 2024, and the Consolidated Statement of Profit & Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year ended on that date, a statement of accounting policies, other explanatory notes and the Directors’ Declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group’s financial position as at 31 December 2024 and of its performance for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards* (including the *Australian Accounting Interpretations*) and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with *Australian Auditing Standards*. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the 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 same time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Impairment of Assets</b></p> <p>The Company’s assets include plant &amp; equipment in the MAQ and MAR subsidiary entities. We focused on this area due to the:</p> <ul style="list-style-type: none"> <li>• Customer concentration risk at MAR;</li> <li>• The discontinued operations at MAQ</li> <li>• The Group’s Net Assets exceeding its Market Capitalisation; and</li> </ul>	<p>Our procedures included, amongst others,</p> <ul style="list-style-type: none"> <li>• Assessing management’s determination of the relevant CGU;</li> <li>• Comparing the underlying values and assumptions in the cash flow model to approved budgets;</li> <li>• Challenging management with respect to key forward looking assumptions including future production volumes, the forecast period and discount rates applied, and compare these</li> </ul>

Camphin Boston  
 Chartered Accountants  
 ABN 69 688 697 499

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 Sydney, NSW 2000  
 GPO Box 3403, Sydney NSW 2001

(02) 9221 7022  
 cambos@cambos.com.au  
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- Extent of management judgment involved in assessing impairment indicators and determining the assumptions used in evaluating these indicators.

Management conducts a test for impairment on an annual basis using a value in use model. This model requires the application of significant judgements and estimates. The assets at MAQ were fully impaired during the year.

**Discontinued Operations**

During the year the Company discontinued operations at MAQ.

- This impacted the metal production segment.
- Closed a business segment within the PRC operations; and
- Impacted the supply of Metal products to customers.

**Valuation and Existence of Inventory**

We focused on this area as a key audit matter due to the:

- Quantum of amounts involved;
- Sensitivity of the Company's margins to changes in the underlying price of Magnesium;
- Multiple geographical areas; and
- Declining prices for the Group's products presenting a risk that inventory may not be recorded at a recoverable value.

Management recorded an inventory write-down as disclosed in Note 2(d).

assumptions with internally reported metrics and external information.

- Discuss the operations at MAR with Magontec local management and auditors and review the local audit papers;
- Retrospective review of historical results against budgets and forecasts to identify any indications of management bias;
- Assessing the sensitivity of the value in use model to variances in key inputs.

Our procedures included, amongst others,

- Management was challenged on how the allocation of overhead costs meets the requirement in AASB5 para 30 to present the financial effect of the discontinued operations.
- We checked the accuracy of the calculated allocation between continuing and discontinued operations.

Our procedures included, amongst others,

- Attendance at stock takes by subsidiary auditors for all significant locations to conduct test counts and assess internal controls;
- Reviewing the work papers of the subsidiary auditors comparing the carrying value of a sample of inventory items to subsequent sales price;
- Review of costing methodology applied by entities within the group for compliance with the Group accounting policy;

Discuss the inventory processes used at MAB, MAX and MAR with Magontec's local management and auditors and review the local audit work papers.

*Other Information*

The Directors are responsible for the other information in the Annual Report. The other information comprises the pages spanning from the Executive Chair's Letter through to and including the Directors' Report and the Shareholder Information, but does not include the financial report, Directors' Declaration and our Auditor's Report thereon.

Our opinion on the financial report does not cover the other information, except for the Remuneration Report, and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Directors' Responsibility for the Financial Report*

The Directors of Magontec Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with *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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibility*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

**Report on the Remuneration Report**

*Auditor's Opinion*

We have audited the Remuneration Report included in pages 36 to 50 of the Annual Report for the year ended 31 December 2024.

In our opinion the Remuneration Report of Magontec Limited for the year ended 31 December 2024 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Camphin Boston**

Chartered Accountants

A handwritten signature in black ink that reads "Justin Woods".

**Justin Woods**

Partner

Level 5, 179 Elizabeth Street, Sydney NSW 2000

Dated: this 28<sup>th</sup> day of February 2025

## Shareholder Information

Class: Ordinary shares fully paid

ASX Code: MGL

Voting Rights: Voting rights of members are governed by the Company's constitution. In summary, every member present in person or by proxy, attorney or representative has one vote on a show of hands and one vote for each share on a poll.

### Twenty Largest Holders of Ordinary Shares as at End Date of Current Reporting Period

Name of Holder	No. Of Shares	%
1 QINGHAI SALT LAKE MAGNESIUM CO LTD	22,681,940	28.48
2 CITICORP NOMINEES PTY LIMITED	9,783,983	12.28
3 J P MORGAN NOMINEES AUSTRALIA	3,913,371	4.91
4 LI YUAN YUAN & LI ZHONG JUN	3,909,154	4.91
5 YELLOW ZONE SUPER FUND	3,332,844	4.18
6 BNP PARIBAS NOMINEES PTY LTD	2,656,312	3.34
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	2,026,342	2.54
8 DEWBERRI PTY LTD	1,800,890	2.26
9 MIENGROVE PTY LTD	1,380,000	1.73
10 MR SCOTT PARHAM	1,338,063	1.68
11 BELLINO PTY LTD	1,260,583	1.58
12 MR SHAUN WILLIAM SAINSBURY DRABSCH	936,908	1.18
13 MR XUNYOU TONG	845,338	1.06
14 MRS PAMELA ELIZABETH DRABSCH	678,975	0.85
15 DALSIZ PTY LTD	668,310	0.84
16 MR CHRISTOPH KLEIN-SCHMEINK	659,410	0.83
17 BRIAN GORMAN SELF MANAGED SUPER FUND PTY LTD	650,000	0.82
18 DR ANDREW DUNCAN MACLAINE-CROSS	643,882	0.81
19 MR JOHN MICHAEL PATRICK O'REILLY	560,000	0.70
20 MR PETER FABIAN HELLINGS & MRS JACQUELINE KIM GUN HELLINGS	545,000	0.68
<b>Total</b>	<b>60,271,305</b>	<b>75.66</b>

### Distribution of Shareholders as at End Date of Current Reporting Period

Number Held	Holders	No. of Securities	Percentage
1-1,000	600	86,630	0.11
1,001-5,000	729	1,646,244	2.06
5,001-10,000	187	1,355,090	1.70
10,001-100,000	239	6,885,222	8.65
100,001 and over	63	69,670,580	87.48
<b>Total</b>	<b>1,818</b>	<b>79,643,766</b>	<b>100.00</b>

## Shareholder Information

continued

### Substantial shareholders as at 31 December 2024

Magontec Limited has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital
Qinghai Salt Lake Magnesium Co. Ltd (QSLM)	22,681,940	28.48%
Allan Gray Australia Pty Limited	15,109,260	18.97%

As at 31-Dec-2024 a marketable parcel of securities (\$500) is a holding of at least 2,703 securities.

This is based on a closing share price of \$0.185

Issued Capital and Securities	On Issue at 31 Dec 2024
Ordinary Shares fully paid	79,643,766

Share Registry: Boardroom Pty Limited	Postal:	Local:	International
Address: Level 8, 210 George Street SYDNEY, NSW 2000	GPO Box 3993, SYDNEY NSW 2001	Tel: 1300 737 760 Fax: 1300 653 459	Tel: +61 2 9290 9600 Fax: +61 2 9279 0664 Website: <a href="http://www.boardroomlimited.com.au">www.boardroomlimited.com.au</a>

### Top 10 shareholders 31 December 2024 incorporating the cancellation of QSLM shares following the EGM on 5 February 2025

Magontec Limited has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital
CITICORP NOMINEES PTY LIMITED	9,783,983	17.18%
J P MORGAN NOMINEES AUSTRALIA	3,913,371	6.87%
LI YUAN YUAN & LI ZHONG JUN	3,909,154	6.86%
YELLOW ZONE SUPER FUND	3,332,844	5.85%
BNP PARIBAS NOMINEES PTY LTD	2,656,312	4.66%
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	2,026,342	3.56%
DEWBERRI PTY LTD	1,800,890	3.16%
MIENGROVE PTY LTD	1,380,000	2.42%
MR SCOTT PARHAM	1,338,063	2.35%
BELLINO PTY LTD	1,260,583	2.21%
<b>TOP 10 SUBTOTAL</b>	<b>31,401,542</b>	<b>55.12%</b>
OTHER SHAREHOLDERS	25,560,284	44.88%
<b>TOTAL SHARES ON ISSUE POST CANCELLATION OF QSLM HOLDING</b>	<b>56,961,826</b>	<b>100.00%</b>

The logo for MAG ONTEC, featuring the word "MAG" in white on a teal rounded rectangle, followed by "ONTEC" in white on a dark teal rounded rectangle.

**MAG ONTEC**

Level 2, Suite 1, 139 Macquarie Street, Sydney, 2000 NSW Australia  
T. +612 8084 7813 | [www.magontec.com](http://www.magontec.com)