MAGONTEC Limited
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7 May 2025

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

Dear Sir/Madam,

Magontec Limited – 2025 Annual General Meeting Wednesday 7 May 2025 11:00am
Executive Chairman's Address

Attached is the address of Mr Nicholas Andrews, Executive Chairman of Magontec Limited, to be delivered at the Company's 2025 AGM today.

The slides referred to in the body of the address appear in this document at the foot of the Chairman's address.

Yours sincerely,

Dean Taylor
Company Secretary
Magontec Limited

Dean Taylor, Company Secretary of Magontec Limited has authorised the release of this document to the market on 7 May 2025.

ADDRESS BY EXECUTIVE CHAIRMAN MAGONTEC LIMITED TO ANNUAL GENERAL MEETING 7 MAY 2025

EXECUTIVE CHAIRMAN'S PRESENTATION

As usual I am going to provide an overview of the financial performance of the company in the first quarter of 2025 and then talk more broadly about our strategic focus.

I'm happy to take questions at any time.

I want to start by reviewing the key event of the first quarter, the Extraordinary General Meeting that took place on the 5th of February when shareholders agreed to two proposals: to approve a buyback of the shares held by Qinghai Salt Lake Magnesium Co Ltd (QSLM), then our largest shareholder, and to cancel those shares.

The effect of those resolutions was to reduce shares on issue by 22.7 million to 57 million, a 28.5% reduction. Each remaining shareholder experienced an increase in company ownership of 40%.

NTA[1] per share rose from 58 cents to 80 cents as of 31 March 2025 and at 31 March 2025 the Book Value of Net Assets was $49.5 million[2].

As a result of the departure of QSLM our register is now dominated by High-Net-Worth investors, smaller shareholders and management.

While our exit from the Qinghai project was profoundly disappointing, our ability to quickly sever ties with QSLM and avoid lengthy and expensive legal engagement, has freed up time and resources so that the board and management can focus on Magontec's future business activities and performance.

In the first quarter of 2025 Gross Profit of $2.7 million was down slightly on the previous quarter and 10.5% below the same period in 2024 (adjusted for the closure of Magontec Qinghai).

As a general comment, markets for our anode businesses - electronic and magnesium - have shown a small improvement and appear to be gathering some momentum.

[1] Net tangible assets = net assets excluding intangible assets and AASB 16 Right of Use Assets
[2] Based on unaudited March 2025 Magontec Limited Management Accounts

In the metals businesses, specialist metals, which are low volume but higher margin products, have also enjoyed positive market conditions, while the two recycling facilities in Romania and Germany, have performed less well.

Some Mg alloy recycling customers took a negative view on the Qinghai project closure and withdrew volumes at the end of the 4th quarter of 2024. At the beginning of April that volume was recovered, raising throughput and reducing unit costs into the second quarter.

We are now discussing Magontec's new global metals strategy with customers in Europe, North America and Asia. Shareholders will be unsurprised to learn that tariff issues have not assisted our task.

I should take a moment to comment on the impact of tariffs on our businesses.

Magontec manufactures products in China and the EU that are sold into the USA. Tariffs on magnesium anodes sold from China to the US have risen from 25% to 170%, while tariffs on other anode products that we ship from China to the US have risen to 70%.

Hitherto we have not seen a reaction from US customers. If tariffs remain at this level, new production may commence in the USA. The challenges for any new US producer are many and include the absence of indigenous Mg production, the absence of any local skill base and, perhaps most pointedly, the absence of an understanding as to how long these tariffs may last.

For the time being we continue to supply customers in the USA and closely watch the situation. Currently US anode sales from our China plant represent around 12% of total Chinese sales volumes.

An alternative production matrix for Magontec might source anodes from our Romanian plant. It would take some time to establish this capacity, but our US customers have urged us to examine European production. Currently all Mg anodes for the US come from China.

Here we show movements in working capital and operating cash flow *unadjusted* for the closure of the Qinghai project.

Underlying Cashflow[3], the top line, represents cash generated by Magontec's operations. While this has not recovered as quickly as we expected, that was largely due to lower volume throughput that has now been restored at our European Mg alloy recycling plants. Operating Cashflow, the bottom line, reflects both a higher requirement for working capital and a weaker than forecast Gross Profit in the quarter just past.

This last financial slide shows Magontec's steady overall balance sheet position.
The company has cash on the balance sheet of $7.6 million (in dark blue shown as a negative) and borrowings of $4.0 million (in green shown as a positive). This results in a net cash position of $3.6 million (the red line).

I'll move on now to the Group's strategic initiatives for its two core businesses, magnesium metals and cathodic corrosion protection.
2025 will be a year of transition, particularly for the metal businesses, as we re-position the company and address key supply chain issues caused by the loss of the Qinghai facility.

As I've indicated, without a proprietary primary Mg alloy supply chain, Magontec's recycling assets operate at a disadvantage to more vertically integrated competitors. The Qinghai facility was designed to address this issue.

Over the last 6 months we have begun the process of developing a new supply chain matrix through new partnerships in China. There are many manufacturers of magnesium alloys in China, and we have identified those with whom we can work closely and whose product we can confidently market to our European customer base.

Our medium-term goal is to identify a close partner, either in China or elsewhere, in a more formal relationship. The strategic requirement to have greater control over and confidence in our supply chain means that Magontec must be more than a marketing entity for the primary Mg alloy production of another company.

In January this year Magontec signed an off-take agreement for 7,000 tonnes per annum by way of a non-binding LOI with Magnesium for Europe, a German company that is planning to construct a 15,000 tonne alu-thermic magnesium production plant in Bosnia Herzegovina. We are actively engaged in discussions with other parties in other regions of the world and will disclose agreements at the appropriate time.

[3] Defined as Operating Cashflow excluding working capital movements, net interest and tax paid

It's worth noting that in 2024 China produced 86% of all pure magnesium and 95% of all traded magnesium. This level of concentration is unlikely to last forever and there are planned projects in Europe, Asia and the Americas with whom Magontec is also engaged.

We have made good progress in building new relationships and expect primary flows to increasingly impact our European recycling volumes towards Q4 of 2025.

As the largest recycler in Europe with over 40% of installed capacity, low CO2 emissions and strategically located in the NW and SW corners of Europe, Magontec is an attractive partner for Chinese primary Mg alloy producers seeking a European foothold.

Over the next 5 years we expect to drive metal volumes and revenues through the application of this strategy. It is not possible to pivot immediately from Qinghai to a new strategy, but we have been encouraged by the speed with which other parties have embraced our initiatives.
This slide shows our ambition, but also the revenue and earnings power of the smaller volume specialist products in our metals portfolio. Magontec's specialist metals are largely sold to the aerospace industry where rising geopolitical tension is boosting demand.

In our cathodic corrosion protection businesses - Mg and electronic anodes – Magontec's strategy is more advanced. While markets have been weak, the Group's platform is well placed to grow as the switch to low-energy home heating products gathers momentum. Magontec is the leading non-OEM supplier of electronic and magnesium anodes into the hot water industry with high and defendable market shares.

The home heating environment is complex, with myriad suppliers of sophisticated componentry providing aircon and hot water services to homes, offices and factories.

To augment complex engineering challenges there are growing applications for intelligent electronic products and a requirement for regional and national certification. Magontec products and expertise play a central role in both these areas.

Magontec accesses this industry through the hot water tank. We are the leading non-OEM supplier of intelligent electronic anode systems that speak to and operate alongside other electronic applications.
As an external supplier to an increasingly concentrated sector, Magontec offers a certified product that simplifies OEM assembly processes and reduces overall costs and time-to-market.

Over 30 years Magontec has developed its products from a simple Mg anode to more complex electronic anodes.
The sacrificial Mg anode is still a ubiquitous product for lower priced hot water tanks because it is cheap and efficient. As cooling and heating systems become more sophisticated and intelligent, climate change drives the need for better technologies and middle-income countries invest in more sophisticated home appliances, the electronic anode is expected to experience strong growth rates across the world with Magontec's product leading the way.

Over the next 5 years we see the fastest growth from the highest margin products in our anode portfolio. Our current targets are for revenue and earnings from electronic anodes, our most profitable business, to double over the next 5 years.
The Mg anode businesses in Europe and China are also expected to see revenue growth, but the key driver of earnings will come from growing sales of Magontec's market-leading electronic technologies to complex OEM heating system applications and from the aftersales market.

In summary, Magontec's business streams – magnesium metals and CCP products – are being re-focussed through a revised strategy to adjust for the closure of Qinghai.

Our company is a leader in each of its main business activities and management's task is to leverage that leadership position and enhance profitability.

Supporting our strategy is a strong balance sheet and improving underlying cash flows.

Finally, I would like to take this opportunity to thank my fellow directors for their efforts and advice through the year.

That concludes my remarks and am happy to take questions from shareholders.

Mr Nicholas Andrews
Executive Chair

2025 ANNUAL GENERAL MEETING

MAGONTEC

For the products of the future.

Nicholas Andrews | Executive Chairman | SYDNEY

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Investment in Magontec shares is subject to investment and other known and unknown risks, some of which are beyond the control of Magontec Limited, including risk factors associated with the industry in which Magontec operates and risks specific to Magontec, such as: construction, development and operational risk associated with the Golmud Plant, fluctuations in magnesium alloy prices and exchange rates, risks associated with operating in China, financing risks, market price and demand risk and other risks generally relating to security investments.

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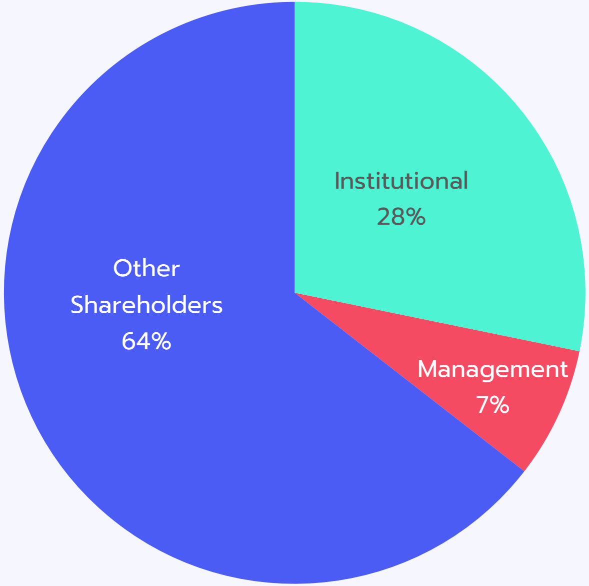
Change in Shareholder Structure: 31 March 2025

Magontec Limited

	Before EGM	After EGM
	31 December 2024	**31 March 2025***
Shares on Issue	79,643,766	56,961,826
NTA per share**	0.58	0.80
Book value of net assets (A$000s)	49,996	49,461

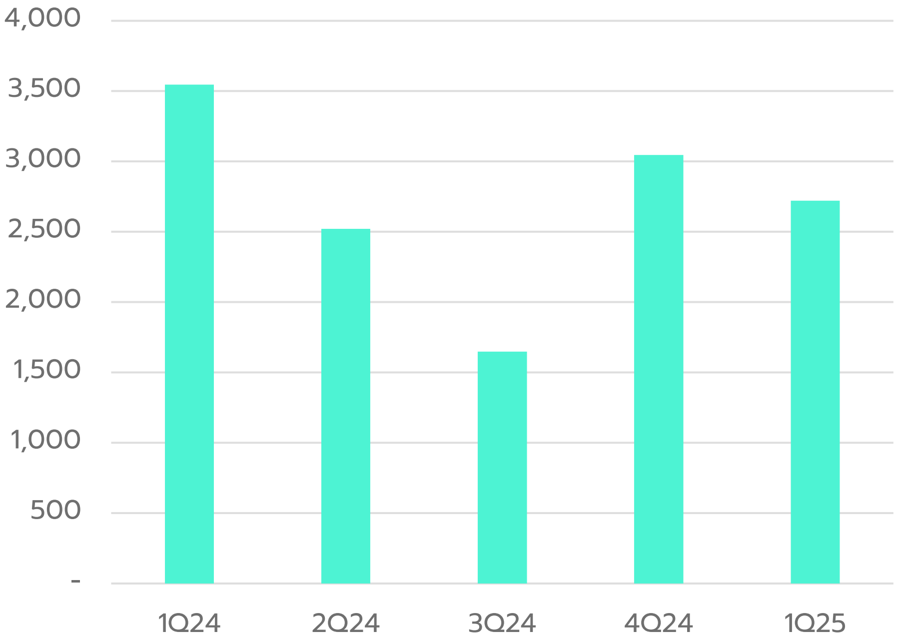
SHAREHOLDER STRUCTURE 31 MARCH 2025 – AFTER EGM



*Unaudited position based on Magontec Management Accounts as at 31 March 2025

**Net tangible assets = Net assets excluding intangible assets and AASB 16 Right of Use Lease Assets

Reported Gross Profit (AUD 000's)



1Q25* Gross Profit

CCP/Anodes - gathering momentum

Recycling – lower volumes

Specialist metals – steady and positive

Tariff effects – substantial in some products

*1Q25 numbers are unaudited, and based on Magontec Management Accounts

Cash Flow (AUD 000's)

AUD 000's	1Q24	2Q24	3Q24	4Q24	1Q25*
Underlying Cashflow**	302	(51)	(1,087)	(1,350)	(473)
- Change in working capital	784	2,305	2,202	1,895	(740)
- Net interest paid	(5)	2	(34)	(77)	(86)
- Income tax paid	(476)	(334)	(5,740)	668	-
Operating Cashflow	606	1,921	(4,659)	1,136	(1,299)

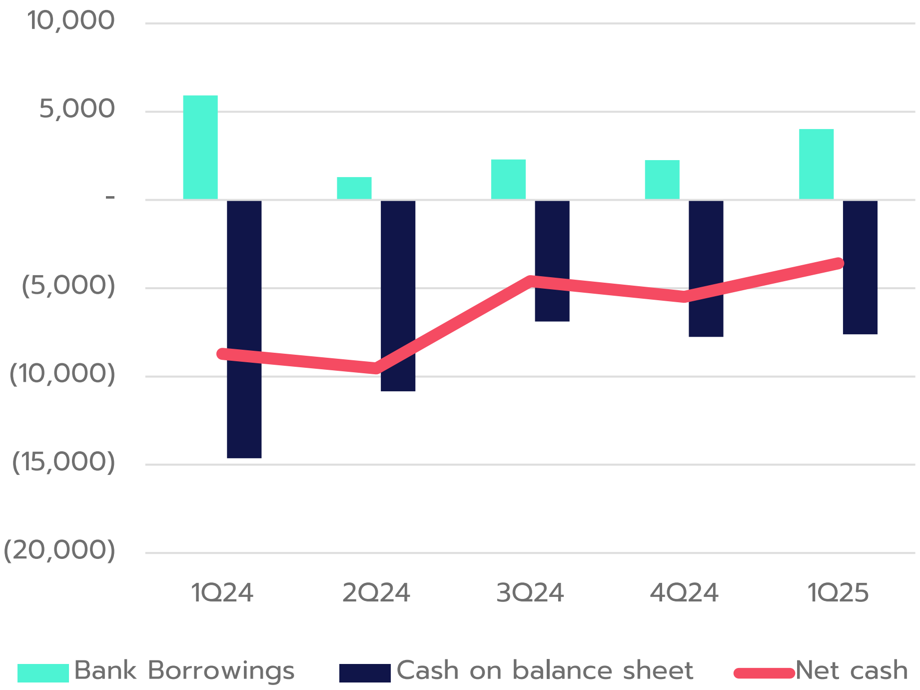
Cash Flow & Working Capital

- Underlying cashflow* (from operations) better than prior periods
- Lower recycling volumes temporary negative impact
- Inventory restocking raising working capital requirements

*1Q25 numbers are unaudited, and based on Magontec Management Accounts

**Underlying Cashflow is defined as Operating Cashflow excluding working capital changes, net interest and income tax paid

Net cash and bank borrowings (AUD 000's)



Net Debt/(Net Cash)

As at 31 March 2025*:

Net Cash - $3.6 million

Cash on the Balance Sheet - $7.6 million

Bank Borrowings on Balance Sheet - $4.0 million

*1Q25 numbers are unaudited, and based on Magontec Management Accounts

A year in transition

A new strategy for Magontec

- Magnesium metals

- Cathodic Corrosion Protection (anodes)

Magnesium Metal

Diversify, secure and redefine the supply chain

(PRESENT)

Diversifying supply network, securing access to sourcing capacities and qualified primary alloys within and outside China

SHORT-TERM

Evaluating and implementing investment and acquisition opportunities for existing production facilities.

MID-TERM

Exploring options for establishing Magontec production facilities, screening for suitable locations.

LONG-TERM

Leveraging our knowledge of green magnesium production in new project partnerships, including declarations of intent and involvement in projects for sustainable magnesium production.

MAGONTEC

Magnesium alloy recycling – installed capacity

Estimated installed Mg alloy recycling capacities	Installed Production Volume Metric Tonnes	Installed Volume Share
#1 Magontec (Romania & Germany)	23,000	43%
# 2 Producer	12,000	22%
# 3 Producer	8,000	9%
# 4 Producer	6,000	15%
# 5 Producer	5,000	11%
Total	**54,000**	**100%**

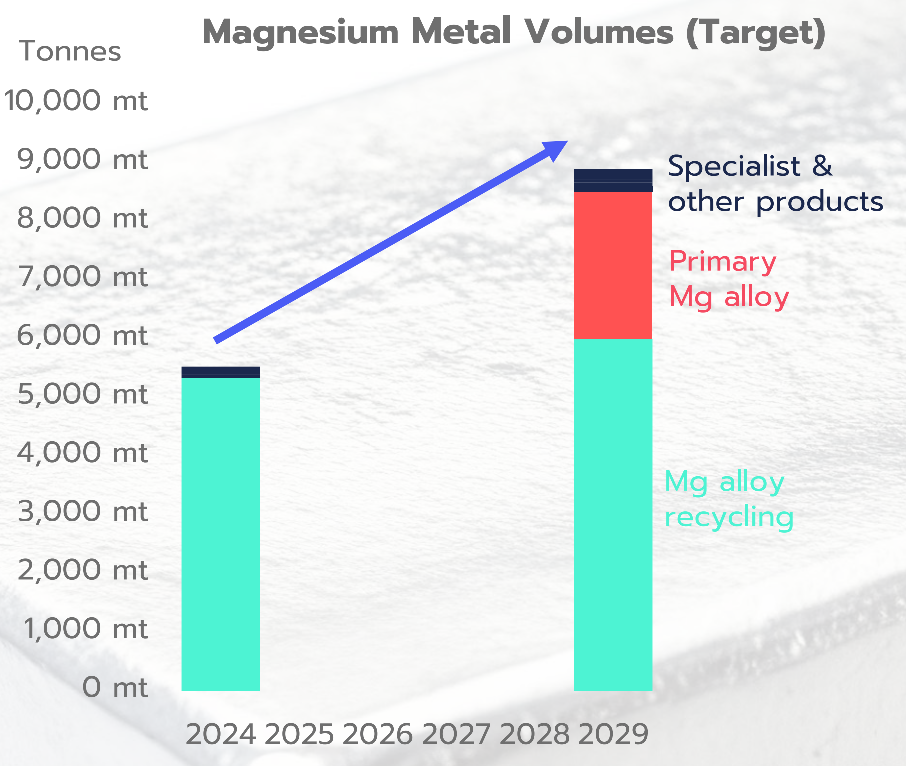
Europe´s leading Mg alloy recycler

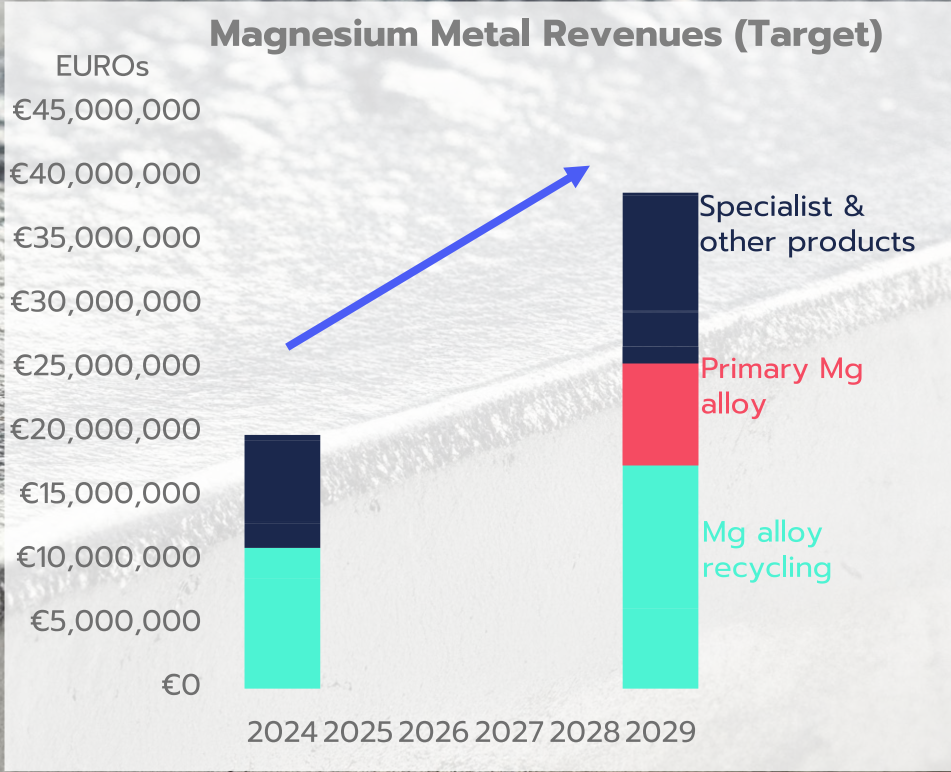
All electric furnaces, low CO2 emissions

Growing use of robotics in production processes

Strategically located in NW and SE of Europe

Magontec Metals Business: 5-YEAR PLAN





MAGONTEC

From CCP to water-management

The hot water tank as the key to a new, globally growing business area.

OEMs challenged with growing complexity

Complexity of engineering

Growing product portfolio in international markets

Complexity of systems

Different energy sources and heating systems

Complexity of regulations

National regulations, hygiene rules and certifications

The hot water tank is Magontec's access point.

Magontec's system solutions offer OEMs

- reduced complexity
- reduced costs
- reduced time-to-market

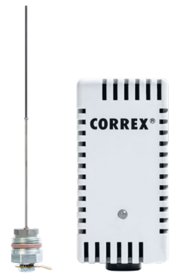
Transformation into a system provider

We're transforming...

The path from 1-product/1-function products (CCP) to system solutions for water management in hot water storage systems

Sacrificial Anode

→



CORREX® Classic

+ Long lasting

+ Adaptive

→

CORREX®

NEW PRODUCT GENERATION

+ Long lasting

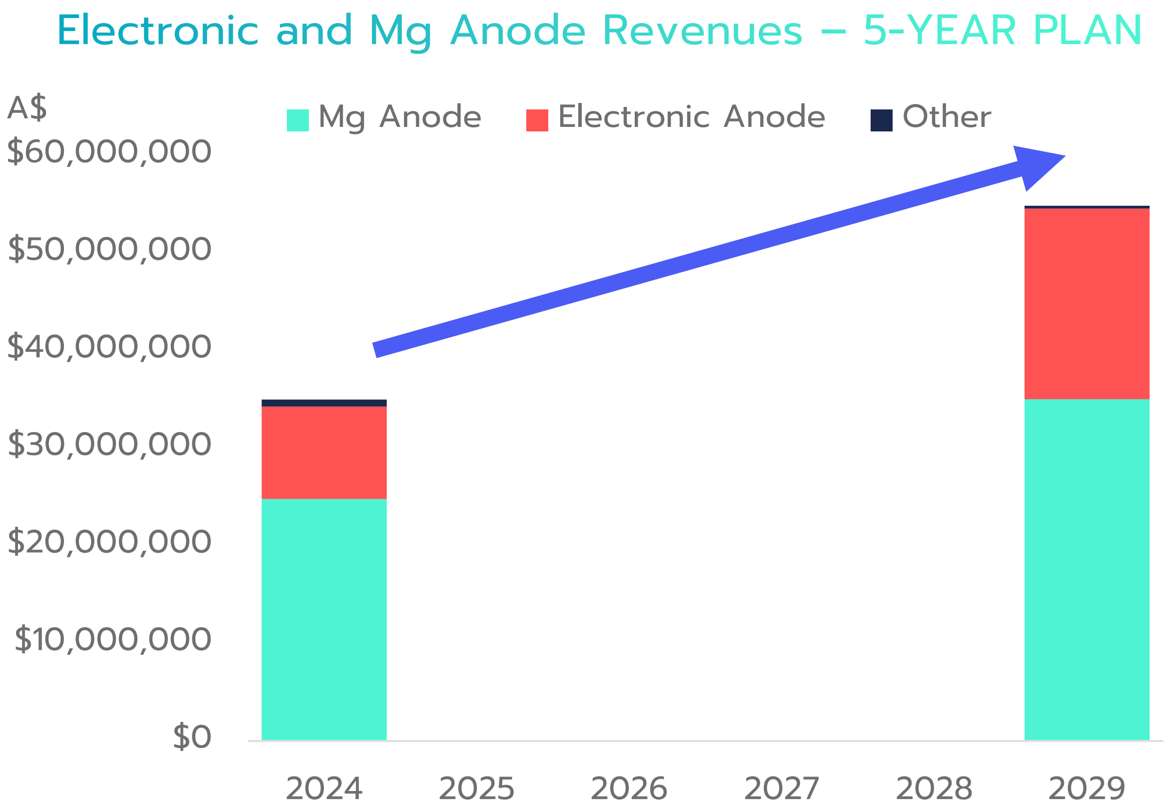
+ Adaptive + Smart sensor

→

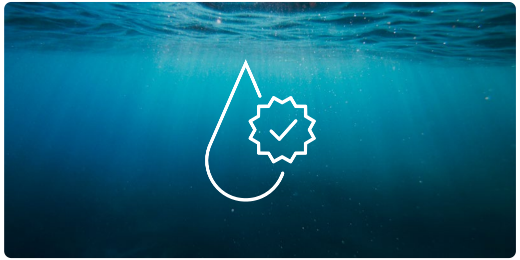
Future Product-Line

? ? ?

CCP – Cathodic Corrosion Protection (anodes)



SUMMARY



CCP/Water Management

Established market leader in high end anode products

Global reach and research competence

Strong growth sector

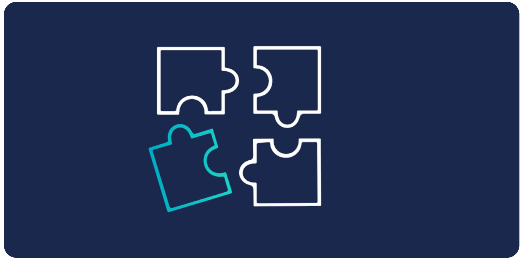
Magnesium & Metals

Renewing supply chain connections

Developing new relationships and partnerships

Revitalising class-leading recycling assets

Short-term earnings growth from specialist metals



Corporate

Strategy renewal – replacing the lost primary Mg alloy stream

Balance sheet strength - zero debt / positive cash

Cash Flow rising on higher volumes and through strategy implementation

Share price a poor reflection of underlying value

2025 ANNUAL GENERAL MEETING

MAGONTEC

For the products of the future.

QUESTIONS ?