MAGMATIC RESOURCES

Magmatic Resources Limited

ABN 32 615 598 322

Annual report
for the year ended 30 June 2019

Contents

Corporate Information

Directors	David Berrie – Non-Executive Chairman David Richardson – Managing Director Malcolm Norris – Non-Executive Director Andrew Viner – Non-Executive Director
Company Secretary	David Berrie (appointed 1 June 2019) Ildiko Wowesny (resigned 31 May 2019)
Registered Office and Principal Place of Business	Suite 8, 1297 Hay Street West Perth WA 6005 Telephone: +61 8 9322 6009 Email: info@magmaticresources.com Website: www.magmaticresources.com
Share Registry	Computershare Investor Services Pty Ltd Level 11, 172 St George's Terrace Perth WA 6000 Telephone: 1300 850505 Telephone: +61 8 9415 4000
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	Steinepreis Paganin Level 4, The Read Building 16 Milligan Street Perth WA 6000
ASX Code	Magmatic Resources Limited is listed on the Australian Securities Exchange Shares: MAG, Quoted Options: MAGO, MAGOA, Unquoted Options: MAGAG, MAGAJ

Chairman's Letter

Dear shareholder,

I am pleased to present the company's third annual report since listing on the ASX in May 2017. As with our first complete year of exploration, the Company has been busy trying to add value to its extensive portfolio. We continued to drill our copper-gold targets through a variety of sole funding and via our Joint Venture with the Japanese government resource agency Japan Oil and Gas National Corporation ("JOGMEC") along with other transactions in an attempt to build shareholder value.

In October 2018, we raised a further $994,365 through a rights issue and with the capital markets being so tight have managed, through sound fiscal management and careful allocation of resources, to continue to advance the existing portfolio. We also added to the Yamarna Project which is located alongside the Gruyere Project (5.88M oz) owned by Gold Fields Limited ("Gold Fields") and Gold Road Resources Limited ("Gold Road").

Significant work was carried out by our team located in our exploration office in Orange, NSW on the existing tenement package in the East Lachlan, including a Porphyry Copper Gold Analysis on our Myall Project. This analysis has enabled the Company to focus on several key prospects at Myall, including an end of hole anomaly with significant copper in it (1m at 0.22% Cu). This work, released to the market in December 2017, will continue to be evaluated and has put the Company in an excellent position to move on drill ready targets at Myall.

Magmatic is operator at our Parkes Project JV with JOGMEC, and we have made significant progress advancing the porphyry opportunities at the project, which is only ~20km from the Northparkes porphyry copper-gold mine. An IP Survey identifying at the Parkes East tenement identified eight new porphyry targets and three new orogenic gold targets, which is exciting considering the regions prospectivity for large porphyry discoveries.

In late 2018, the Company took advantage of the weak capital markets to purchase a legacy Net Smelter Royalty that had been granted to Clancy Exploration Limited ("Clancy") by Gold Fields as part of the purchase consideration when Gold Fields acquired the Clancy ground ("the NSR"). The NSR covered all of the projects held by Magmatic in the East Lachlan and ranged from 2-2.5%. Magmatic had identified the NSR as an impediment in dealing with its tenure. Because of the proximity of the Company's projects to the large Cadia Valley and Northparkes mines, attracting well-funded partners to its projects was being impacted by the NSR. Its purchase has led to an increased interest.

We look forward to advancing our near surface gold targets and corporately we hope to announce further joint ventures in the near future, designed to progress our deeper porphyry targets.

I want to take this opportunity to thank our personnel across the business for their contributions to the successful execution of both exploration and corporate activities in the reporting period and acknowledge our loyal shareholders for their continued support of the Company.

Sincerely

David Berrie
Chairman

Review of Operations

It has been an eventful couple of years since Magmatic Resources Limited ("Magmatic" or the "Company") (ASX: MAG) listed on the ASX in May 2017. Magmatic listed on the back of acquiring a 100% interest in four large Gold and Copper exploration projects in New South Wales from the world's seventh largest gold producer, Gold Fields Limited; and the Company's initial strategy was to focus exploration on near surface gold targets at the Wellington North, Moorefield and Parkes JV projects, and to identify JV partners for the larger copper-gold porphyry targets at the Myall and Wellington North Projects. Magmatic successfully joint ventured Parkes to JOGMEC and that JV is in the final year of the three year $3M JV.

In addition to its exploration advancement strategy for its NSW projects, Magmatic moved in the past 18 months to acquire two strategic Western Australian projects: the Yamarna Gold Project and nearby Mt Venn Copper-Nickel-Cobalt Project, located 150km east of Laverton. In June 2019, we have further advanced our WA gold portfolio by entering into a binding sale and purchase agreement to acquire three gold and copper gold projects, of which one has near mining potential. These acquisitions are subject to a shareholder vote at an upcoming General Meeting on 15th October 2019.

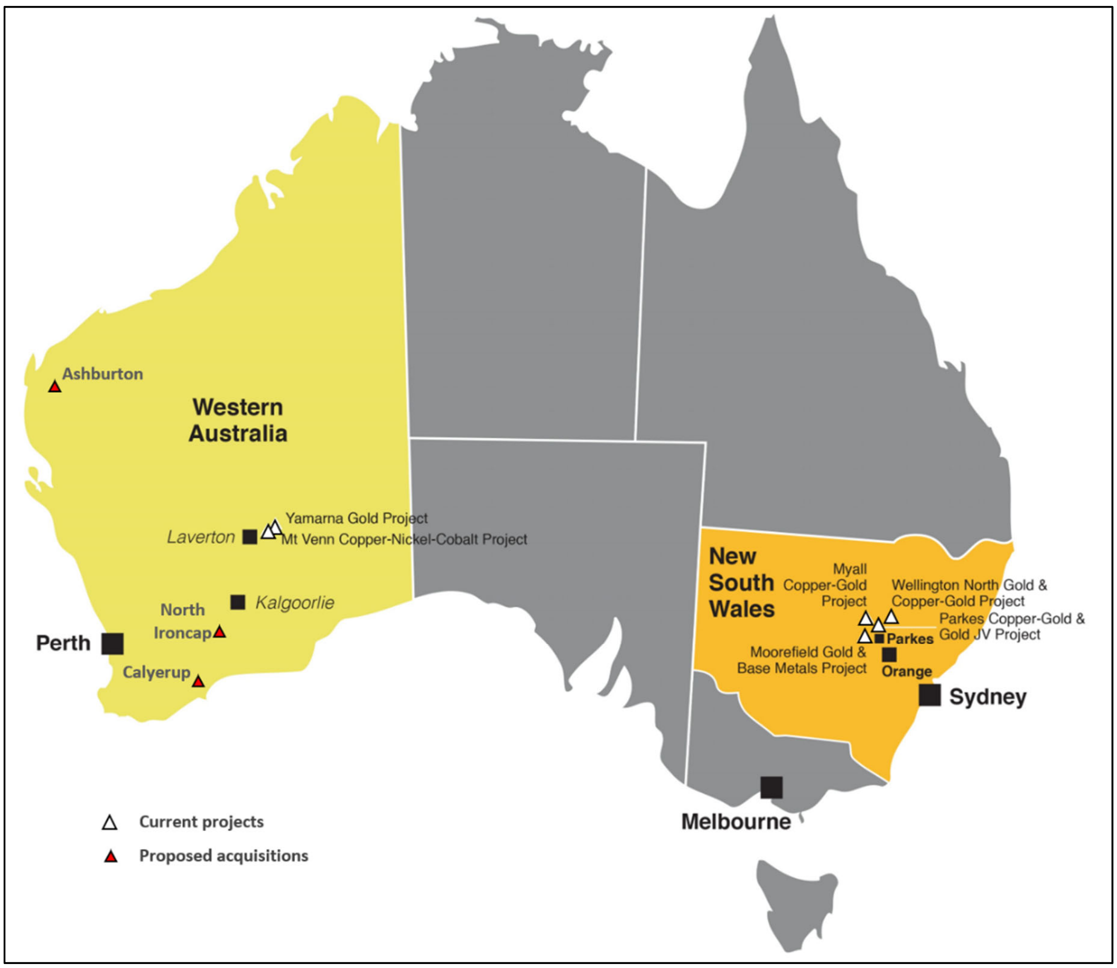

Figure 1: Magmatic has four advanced exploration projects in New South Wales and two target generation projects in Western Australia. Plan also shows the proposed the three 2019 WA Gold and Copper Gold acquisitions

East Lachlan Exploration

The Company has four 100%-owned projects with no royalty agreements attached, covering an area of 1,049km^2 – Myall, Moorefield, Wellington North and our Parkes JV (with JOGMEC) – comprising eight licences in the East Lachlan, NSW. This province is host to major Gold and Copper mining operations within the Ordovician Macquarie Arc, with significant metal endowments such as:

- Newcrest Mining Limited''s Cadia Valley (48.7Moz Au and 6.5Mt Cu),
- China Molybdenum Company Limited's "(CMOC") – Sumitomo Group's ("Sumitomo") Northparkes (3.8Moz Au and 3.4Mt Cu),
- Evolution Mining Limited's ("Evolution") Cowal (8.35Moz Au).
- Alkane Resources Limited's ("Alkane") Tomingley gold mine (800koz Au)

Other advanced projects in the region include Regis Resources Limited's McPhillamys (2.2Moz Au) and Sandfire Resources NL's Temora (2.1Moz Au and 0.8Mt Cu). Alkane has recently announced some exciting results south of their Tomingley Mine and, with Evolution aggressively exploring at Cowal, and other majors now exploring here as well, the East Lachlan continues to be an exciting place to be exploring.

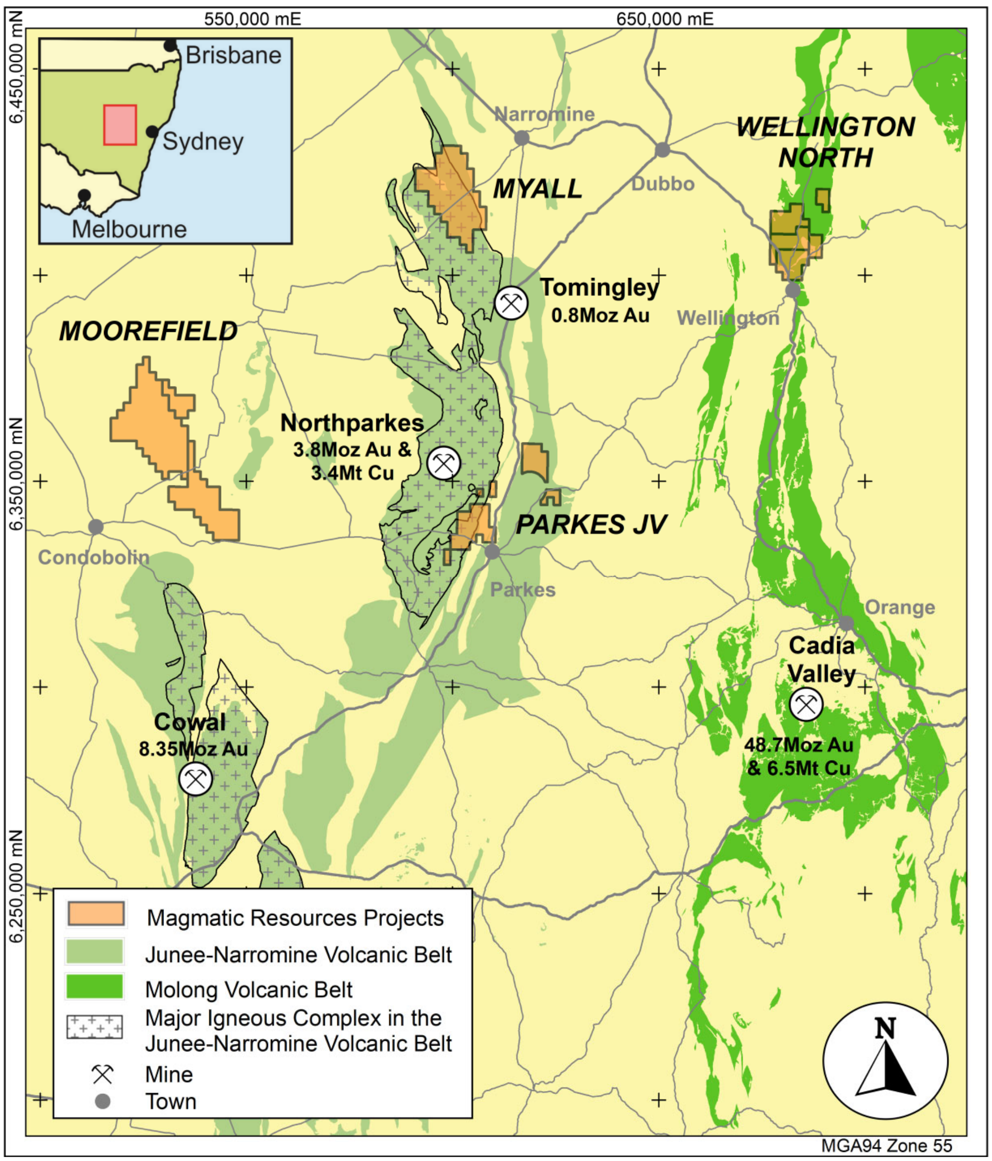

Figure 2: Location of Magmatic's East Lachlan Projects

Wellington North Gold and Copper-Gold Project (100% MAG)

Targeting: Porphyry Copper Gold and Gold deposits

The Wellington North Project is located just North of the town of Wellington in the East Lachlan region of NSW. The Project consists of three licences (EL6178, EL7440 and EL8357) covering 176.7km^2. Wellington North is in the Molong Volcanic Belt which hosts Newcrest's Cadia Valley porphyry copper-gold deposits (48.7Moz Au and 6.5Mt Cu) 110km to the South.

Wellington North is a core focus project for Magmatic. The project is under thin-to-no cover and has delivered outstanding results from the newly discovered Lady Ilse prospect and at the historical Bodangora mines which have a recorded previous production of 230,000oz with an average grade of 26g/t Au. Drilling this year at Bodangora confirmed high grade mineralisation and identified a new area of near surface gold mineralisation. Results from near Bodangora Mines included 2m @ 5.3g/t Au from 14m and 2m @ 2.7g/t Au from 21m and complemented previous exploration results near historical 230,000oz @ 26 g/t Au gold mine. The Company was also highly encouraged by the results from the new area of near surface mineralisation at Bodangora South, where a mineralised vein identified under cover returned an intersection of 3m @ 1.3g/t Au from 18m.

The drilling had the dual goals of confirming the grade and tenor of previously identified mineralised veins at the Bodangora Mines and testing a new area of interpreted mineralisation at the Bodangora South target – with both aspects of the program proving successful. Future work being planned will include mapping and sampling of surface veins, and targeted follow-up drilling.

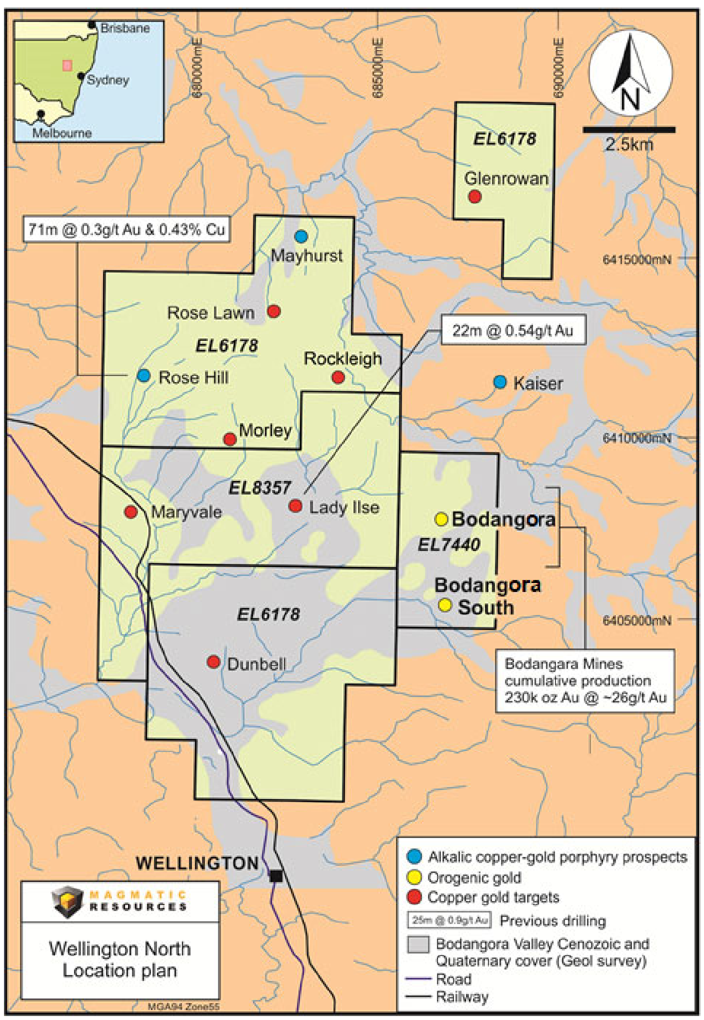

Figure 3: Magmatic's Wellington North Project.

Parkes JV Copper-Gold and Gold Project (100% MAG)

Targeting: Porphyry Copper Gold and Gold deposits

The Parkes JV Project is located just North of the town of Parkes in the East Lachlan region of NSW and consists of two licences (EL7676 and EL7424) covering 159km^2. The project is within the Junee-Narromine Volcanic belt of the Ordovician Macquarie Arc, which hosts porphyry Copper Gold deposits at Northparkes and Temora as well as the Cowal low-sulphation epithermal Gold deposit. It is within structurally-prominent stratigraphy East of Northparkes porphyry Copper Gold deposit, and along the strike to the South from Alkane's Tomingley Gold Mine and Peak Hill Gold Mine.

In line with the Company's strategy of joint venturing the larger copper-gold porphyry projects, we successfully joint ventured out Parkes with JOGMEC (Japanese National government resources agency). This JV is now in the third year of the three year $3M JV.

Magmatic believe the best intercept at Buryan (135m at 0.29% Cu, 0.17 g/t Au, including 28m at 0.50% Cu, 0.28g/t Au) has the following features which are strong indicators of being in a mineralised porphyry Copper Gold system:

- Laminated magnetite-pyrite bearing veins and quartz-carbonate-pyrite±chalcopyrite veins
- Multiple mineralisation events recorded in structural features
- Broadly follows typical metal and alteration assemblage zonation with an outer carbonate-base-metal-gold veins on periphery (propylitic alteration), becoming more pyritic (phyllic alteration), and pyritic-chalcopyritic in the central mineralised section (potassic alteration)

The high-grade zone at Buryan is of similar grade to the CMOC/Sumitomo Northparkes Porphyry Copper Gold mine (3.4Mt Cu and 3.8M oz Au) with a published resource grade of 0.56% Cu and 0.18g/t Au.

The Parkes JOGMEC JV completed two diamond holes during the year with drillhole 19ATDD013 (930.05m) at Buryan Porphyry Copper Gold target intersected porphyry Copper Gold mineralisation with best results of:

- ✓ *10m at 0.49 g/t Au (from 448m), incl. 2m at 1.67 g/t Au (from 456m)*
- ✓ *57m at 0.17% Cu, 0.11 g/t Au (from 822m), and*
- ✓ *79m at 0.11% Cu, 0.06 g/t Au (from 545m)*

Towards the end of the previous financial year, Magmatic completed a detailed aeromagnetic survey focussing along EL7676. The interpretation of the survey has highlighted 12 new targets (9 Cu-Au, 3 Au-only) with no previous drilling and little sampling. Under the JOGMEC JV, Copper targets were prioritise for drilling and two targets Blackridge (Cu Target 9) and Kaoru (Cu Target 3) were prioritised for work. An IP survey and RC drilling programme was completed at Blackridge, and an AC and RC program was completed at Kaoru. There were no significant results.

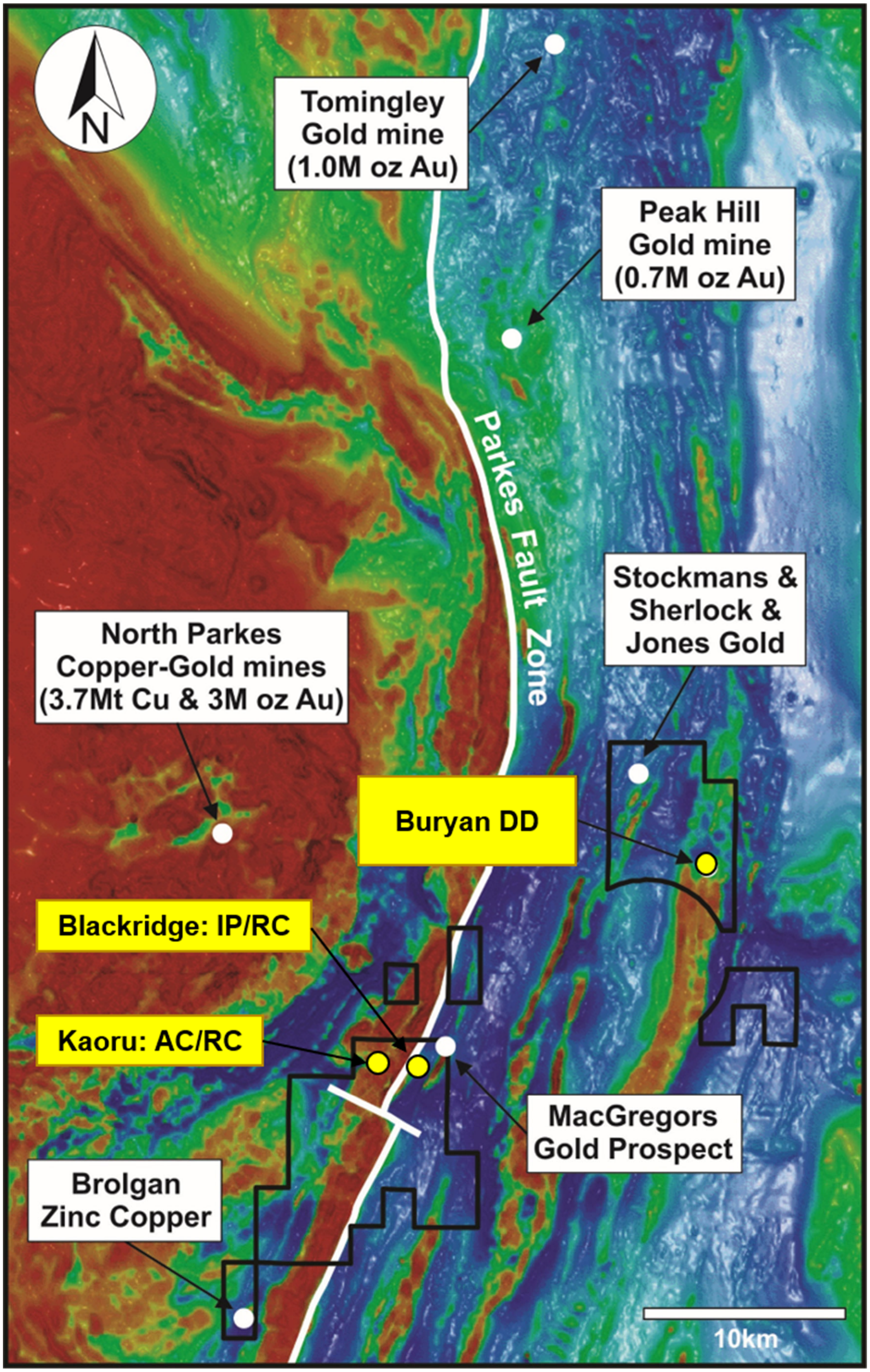

Figure 4: Magmatic's Parkes JV licence area straddles the highly prospective Parkes Fault Zone

Myall Gold-Copper Project (100% MAG)

Targeting: porphyry Copper Gold deposits

The Myall Project is located 18km Southwest of Narromine in the East Lachlan Province, NSW. The project consists of one licence (EL6913) of 244km^2. Myall is within the Junee-Narromine Volcanic Belt which hosts CMOC/Sumitomo's Northparkes porphyry Copper Gold deposits. The licence covers one of the largest volcano-intrusive complexes in the East Lachlan, being a similar age to Newcrest's Cadia Valley and Northparkes porphyry Copper Gold systems. The Narromine Intrusive Complex is one of three intrusive complexes in the Junee-Narromine Volcanic Belt and the only complex not currently producing gold.

Magmatic believe that the Myall project has the geological features and unexplored space available to identify a Northparkes style porphyry Copper Gold deposit. Extensive lithogeochemical analysis completed by Magmatic's consultants identified possible Wombin Volcanics equivalent (host rocks to, and age equivalent of Northparkes mineralisation) in Myall's Narromine Igneous Complex (NIC) for the first time which Magmatic consider a major milestone for the project. Magmatic completed petrography which confirmed that the conclusions of the lithogeochemical study; that is, that the Narromine Igneous Complex contains Wombin Volcanics, and particularly quartz monzonite porphyry, which are considered a pre-requisite for Northparkes-style mineralisation.

Additionally, the Greater Kingswood area copper anomaly (figure below) shows similar dimensions and tenor to Northparkes copper anomaly. Previous intercepts at Myall include:

- **121m at 0.4% Cu, 0.09 g/t Au, including 70m at 0.54 Cu, 0.15 g/t Au, at Kingswood.**

Magmatic are working with potential joint venture partners to progress this project.

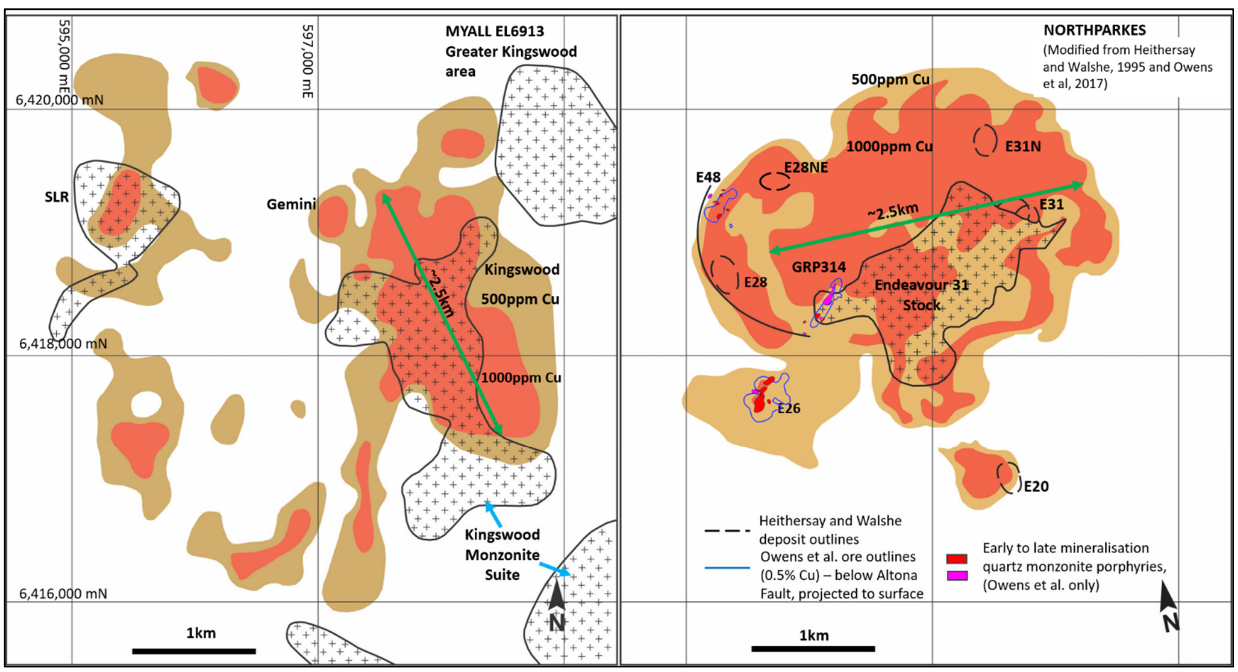

Figure 5: Myall Project: Greater Kingswood area copper anomaly at 500ppm Cu and 1000ppm Cu versus Northparkes copper geochemistry at the same scale. Shows similar anomaly dimensions

Moorefield Gold and Base Metals Project (100% MAG)

Targeting: Gold and Base Metal deposits

The Moorefield Project is located 25km Northeast of Condobolin in the East Lachlan region of NSW. Moorefield consists of two tenements (EL7675 and EL8669) covering 478km^2. The project is immediately adjacent to Australian Mines Limited's and CleanTeQ Holding Limited's nickel-cobalt-scandium projects.

Moorefield is located in a North-trending belt of Ordovician metasediments (Girilambone Group) and Siluro-Devonian volcanics and sediments (Derriwong Group). The area is prospective for near surface gold and skarn mineralisation in the Girilambone Group, and also host gold occurrences and VMS mineralisation in the Derriwong Group.

An aeromagnetic survey was flown at 50m line spacing over most of the Moorefield licence (EL7675) and part of the Derriwong licence (EL8669) in March 2018 targeting the Ghost Hill skarn and the Boxdale-Carlisle Reefs gold trend, where earlier drilling by Magmatic returned a best result of 30m @ 1.60g/t Au from 80m (MFRC013), including 11m at 2.68 g/t Au (from 95m). Interpretation and targeting of the survey was completed during the period and shown in the figure below.

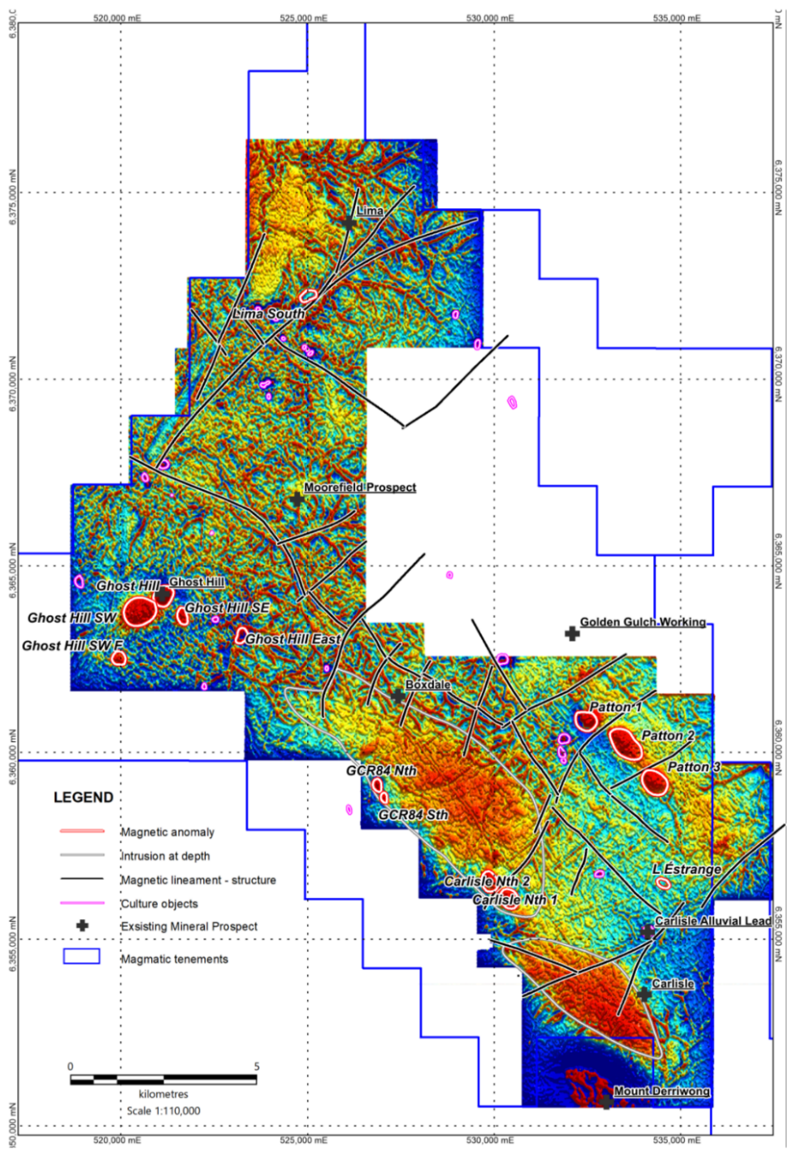

Figure 6: Moorefield interpreted aeromagnetic image and target (1VD rtp TMI)

Western Australian Projects

Magmatic are very excited with our potential new additions to our Western Australian exploration projects, Western Australian exploration projects, which, if the merger and demerger are approved will result in the formation of a gold-focussed junior explorer with the potential to be producing gold in a short period of time.

Magmatic have also been pegging new ground in the Yamarna - Mt Venn region and now have five exploration licences, of which two new licences were granted during the period taking the granted licences to four. Magmatic are looking forward to completing on-ground work on these projects, or alternatively identifying a suitable JV partner to take these projects forward. These strategic ground positions are in a proven mineralised district of Western Australia which adds the in-demand commodities of Gold, Cobalt and Nickel to the Company's pipeline of targets.

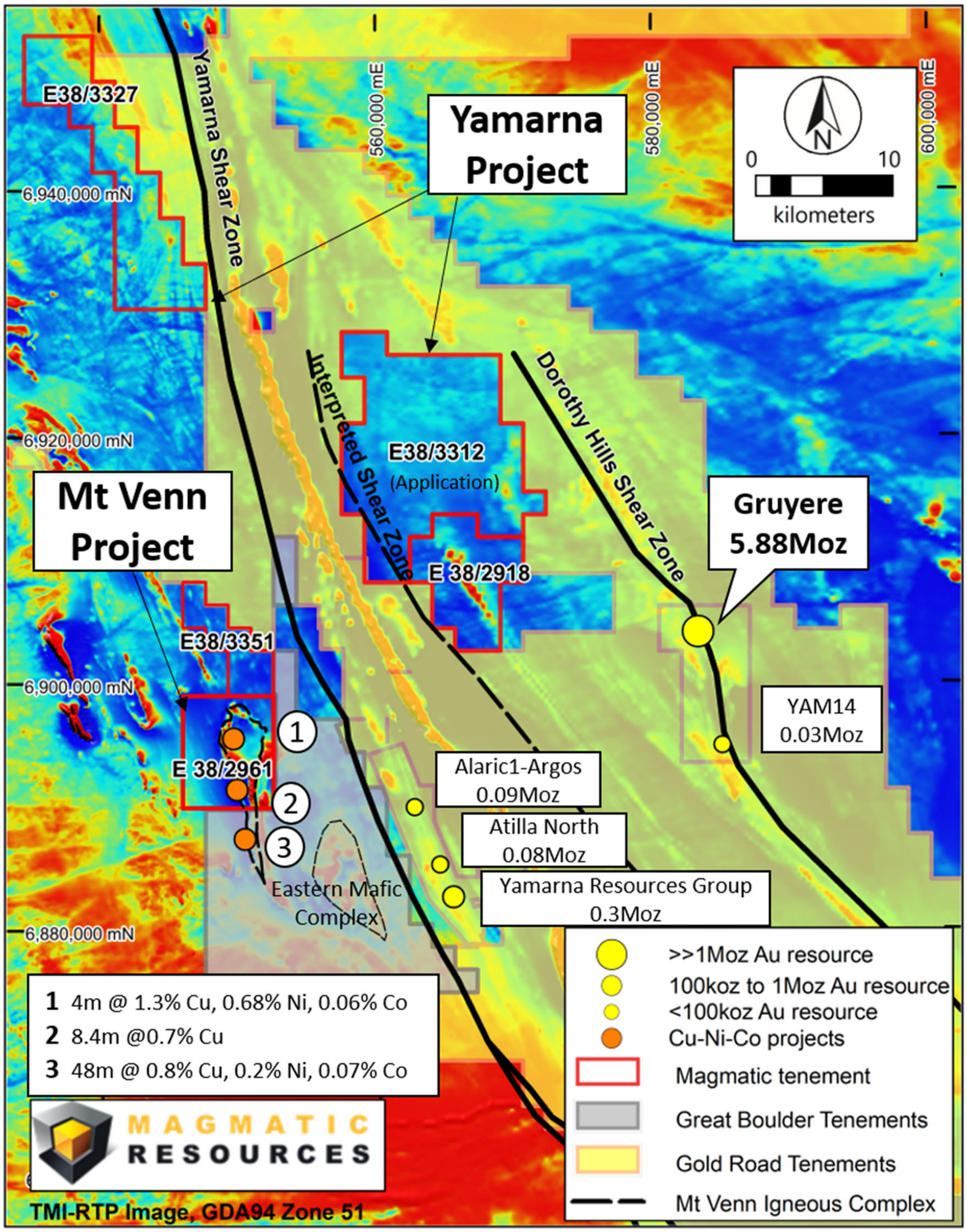

Figure 7: Magmatic's Yamarna and Mt Venn projects

Mt Venn Copper, Nickel and Cobalt (100% MAG)

Targeting: Mt Venn-style Copper Nickel Cobalt deposits

Mt Venn is located 120km east of Laverton in Western Australia. It consists of 2 tenements (E38/2961 and E38/3351) for ~87km^2 which covers 60% of the Mt Venn Intrusion, where Great Boulder Resources ("GBR") recently discovered Copper Nickel Cobalt mineralisation at its Mt Venn Project. GBR Intercepts included 48m at 0.75% Cu, 0.2% Ni and 0.07% Co and 61m at 0.51% Cu, 0.19% Ni and 0.06% Co.

Magmatic identified undrilled EM conductors at its Mt Venn Copper Nickel Cobalt Project following the acquisition and interpretation of previous VTEM and ground EM datasets. One of the larger conductors, MVVA2, is along strike from a previous drilling intercept which may indicate a repeat of GBR's Mt Venn mineralisation on Magmatic's tenement. Magmatic completed a reconnaissance field program at the Mt Venn Copper-Nickel-Cobalt Project, completing initial soil and rock chip sampling and confirmed the EM anomalies are under shallow cover.

An additional exploration licence application (Mt Venn North E38/3351) was made immediately north of Mt Venn E38/2961 and was granted during the year. This tenement was applied for because it has an undrilled EM anomaly. EM anomalies within the belt are found to consistently host massive sulphides, of which, some also have Copper and Nickel sulphides.

Yamarna Gold Project (100% MAG)

Targeting: Gruyere-style gold mineralisation

The Yamarna Project is 150km northeast of Laverton in the underexplored Yamarna Greenstone Belt of WA, 40km northeast of the Company's Mt Venn Project. Magmatic has applied for a further exploration tenement this year (E38/3327) to add to the prospective tenements E38/2918 and E38/3312 (under application). The project covers about 355km^2. The Yamarna Project is 15km northwest of the Gruyere (5.88Moz) gold mine under construction (Gold Fields/ Gold Road JV). Gruyere gold mine is expected to commence production in mid-2019.

Magmatic completed the acquisition of Landslide Investments Pty Ltd, holder of Exploration Licence E38/2918, which forms part of the Company's Yamarna Gold Project.

Major international gold producer Gold Fields has recognised the potential of the Yamarna greenstone belt as being a long term, high margin production opportunity for its portfolio, opting to participate in a 50% joint venture partnership with Australian explorer Gold Road to develop the Gruyere mine and continue to explore the associated tenements. Gold Fields has also invested in a strategic 10% corporate shareholding of Gold Road. Magmatic acquired its advanced New South Wales project portfolio from Gold Fields prior to listing in May 2017 and Gold Fields also continues to maintain a strategic 15% shareholding in Magmatic.

The Magmatic exploration team have identified a large-scale regional structure transecting the Company's new tenements, interpreted to be prospective for gold. Previous exploration is limited and includes minor shallow RAB and AC drilling which Magmatic plans to assess with on the ground work.

Future WA Project Acquisitions

Targeting Gold and Copper Gold deposits

Magmatic has entered into agreements to acquire three Western Australian gold and copper assets to complement its existing WA Yamarna and Mt Venn projects. Magmatic has signed binding sale and purchase agreements to acquire 100% of the issued share capital of each of Kokoda Exploration Pty Ltd, Ashburton Metals Group Pty Ltd and North Iron Cap Pty Ltd, in respect of the Calyerup, Ashburton, and North Ironcap Projects. The binding sale and purchase agreements are to acquire 100% of the issued share capital of Kokoda Exploration Pty Ltd, Ashburton Metals Group Pty Ltd and North Iron Cap Pty Ltd who hold the the Calyerup, Ashburton and North Ironcap projects respectively. The proposed acquisition is conditional upon the Company receiving shareholder approval of both the transaction and the demerger of its East Lachlan, N.S.W Exploration Projects by way of an in-specie distribution to existing Magmatic shareholders. Shareholders will vote at a General Meeting on the 15 October 2019.

Calyerup

Targeting: Archaean Gold deposits
Calyerup covers a sequence of Archaean layered mafic granulites of metasedimentary origin. There are small shallow historical gold workings with production recorded and modern exploration has confirmed the potential for small gold deposits.

Ashburton

Targeting: Proterozoic Copper Gold deposits
The Ashburton project covers the Proterozoic Morrissey Metamorphic suite within the Capricorn Orogen. Gold mineralisation is within narrow quartz veins with associated minor Copper mineralisation hosted within schists and gneisses, and adjacent to and within dolerite dykes. Nine prospects have been identified.

North Ironcap

Targeting: Archaean Gold deposits – potential small Gold mining operation
North Iron Cap Pty Ltd is the owner of the Gold Rights for the North Iron Cap tenement, which is held by Western Areas Ltd. North Ironcap is within the Archaean Forrestania Greenstone Belt south of the Marvel Loch Gold Mine. It is one of several moderate-sized, low-grade laterite/ supergene Gold deposits on the western edge of the Forrestania Greenstone Belt. The gold mineralisation is stratigraphically controlled in a gossanous metasedimentary package within a meta-mafic package. The mineralised sequence sub-crops and is generally continuous over about 1km of strike with 50-100m long pods varying in width from 1m to 13m.

Previous explorers have completed extensive exploration and development drilling which is likely to allow for early estimates of Mineral Resources and commencement of Mining studies.

MAG ASX release dates used in Operations Report

WA Project acquisitions: 7/6/2019
Wellington North: 17/5/2019, 20/8/2018
Parkes: 29/1/2019, 31/7/2019
Myall: 31/1/2019
Moorefield: 17/10/2019

Competent Persons Statement

Information in this report which relates to Exploration Results for the Calyerup, Ashburton and North Ironcap projects is based on information compiled by Andrew Viner, a Member of the Australasian Institute of Mining and Metallurgy. Mr Viner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr Viner consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. Mr Viner is a shareholder of Magmatic Resources Limited

The information in this document that relates to Exploration Results for the East Lachlan, Yamarna and Mt Venn projects is based on information compiled by Mr Steven Oxenburgh who is a Member of the AusIMM (CP) and a Member of the Australian Institute of Geoscientists. Mr Oxenburgh is a full-time employee of Magmatic Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Oxenburgh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
Additionally, both Mr Viner and Mr Oxenburgh confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

Directors' Report

Your directors present their annual financial report on the consolidated entity (referred to hereafter as the "Group") consisting of Magmatic Resources Limited (the "Company" or "parent entity") and its wholly owned subsidiaries Modeling Resources Pty Ltd ("Modeling"), Landslide Investments Pty Ltd ("Landslide") and Australia Gold and Copper Ltd ("AGC"). In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors
The names of the directors of the Company during or since the end of the year are noted below. Directors were in office for the entire period unless otherwise stated:

David Berrie – *Non-Executive Chairman*
David Richardson – *Managing Director*
Malcolm Norris – *Non-Executive Director*
Andrew Viner – *Non-Executive Director (appointed 16 September 2019)*

Company Secretary
David Berrie (appointed 1 June 2019)
Ildiko Wowesny (appointed 1 December 2017, resigned 31 May 2019)

Principal activities
The principal activity of the Group during the financial year was mineral exploration.

Dividends
No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Review of operations
Information on the operations of the Group is set out in the Review of Operations report on pages 5 to 14 of this Annual Report.

Financial review
The Group incurred a loss of $1,993,025 after income tax for the financial year (2018: loss of $2,533,870).

As at 30 June 2019, the Group had net assets of $1,196,256 (30 June 2018: $2,205,562), including cash and cash equivalents of $233,431 (30 June 2018: $553,484).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report.

Matters subsequent to the end of the financial year
The Company issued a short form prospectus dated 13 September 2019 offering to transfer on 18 October 2019 117,242,568 shares in its fully owned subsidiary Australian Gold and Copper Ltd (AGC) on an in-specie distribution basis to the shareholders on record on 17 October 2019 in exchange for the Company's New South Wales based exploration licences. The general meeting of shareholders at which this offer will be put to a vote is scheduled for 15 October 2019 and full details of this proposed transaction are contained in the notice of that meeting which was released to the market on 13 September 2019. On 16 September 2019 Andrew John Viner was appointed a Director of the Company. Subsequent to year end, the Company received $350,000 as a result of unsecured Director and major shareholder loans made to the Company.

Other than those, there has not been any matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results
Additional comments on expected results of certain operations of the Group are included in the Review of Operations.

Environmental legislation
The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. The group is compliant with the NGER Act 2007. There have been no known breaches of these regulations and principles.
During the financial year the Company has paid premiums in respect of insuring directors and officers of the Company against liabilities incurred as directors or officers. The amount paid is confidential under the terms of the terms of the insurance policy. The Company has no insurance policy in place that indemnifies the Company's auditors.

Information on directors

David Berrie; LLB *Non-Executive Chairman* (appointed 28 October 2016)
Company Secretary (appointed 01 June 2019)
Experience and expertise
Mr. David Berrie has over 30 years' experience in the mining industry. Mr Berrie worked as a solicitor in the mining team at Clayton Utz before joining the international mining house Western Mining Corporation in 1987 with much of that time spent in the exploration division before transitioning over to BHP Billiton. Mr Berrie has extensive public company experience. Mr Berrie has a Bachelor of Laws and a Bachelor of Juris prudence from the University of Western Australia.

Mr Berrie is not considered to be independent due to his interest in the securities of the Company.
Other current directorships: Summit Resources Limited
Former directorships in the last 3 years: Hylea Metals Limited (appointed 6 February 2018, resigned 2 January 2019)
Special responsibilities: Non-Executive Chairman
Interests in shares and options at the date of this report:
12,669,044 ordinary shares (indirectly held) and 919,375 options (indirectly held).

David Richardson; B. Comm MBA *Managing Director* (appointed 28 October 2016)
Experience and expertise
Mr. David Richardson is an experienced international Executive and has worked in strategic partnerships, international business development and fund-raising in the Asia-Pacific region for over 25 years. He has lived and worked in Asia extensively, speaks fluent Japanese and is a founding board member of the Telethon Adventurers charity for childhood cancer research. David holds a Masters of Business Administration from the University of Southern California in Los Angeles and undertook post graduate Japanese studies at Keio University in Tokyo.

Mr Richardson is not considered to be independent due to his executive role as Managing Director of the Company and interest in the securities of the Company.
Other current directorships: Nil
Former directorships in the last 3 years: Nil
Special responsibilities: Managing Director
Interests in shares and options at the date of this report:
37,962,571 ordinary shares (indirectly held) and 5,121,875 options (indirectly held).

Malcolm Norris; MSc, MAppFin *Non-Executive Director* (appointed 20 December 2016)
Experience and expertise
Mr. Malcolm Norris is a geologist with extensive experience in business management, asset transactions and exploration with a focus on porphyry discovery. He is currently the managing director of Sunstone Metals Limited (ASX:STM). Previously chief executive officer and managing director of SolGold Plc, Mr Norris holds a Bachelor of Science (Geology, Hons 1) from the University of Queensland, a Master of Science from the University of Western Ontario and a Master of Applied Finance (Kaplan).

The Board considers Mr. Norris to be an independent Director as he is not a member of management and is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board.
Other current directorships: Sunstone Metals Limited
Former directorships in the last 3 years: Nil
Special responsibilities: Nil
Interests in shares and options at the date of this report:
750,000 options (directly held).

Andrew Viner; B. App Sc (Geology) *Non-Executive Director* (appointed 16 September 2019)
Experience and expertise
Mr. Andy Viner is a geologist with over 35 years technical, managerial and corporate experience in mineral exploration and development. During his career he has generated and managed projects for a number of commodities, with a particular focus on precious metals, in Australia, Asia and South America. Andy was the founding Managing Director of Jackson Gold Limited from 2002 to 2007 and Executive Director of Matsa Resources Limited from 2008 to 2010 before joining Alloy Resources Limited in 2011 where he has been Executive Chairman since 2014.

The Board considers Mr. Viner to be an independent Director as he is not a member of management and is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board.
Other current directorships: Alloy Resources Limited, Eskay Resources Pty Ltd
Former directorships in the last 3 years: Nil
Special responsibilities: Nil
Interests in shares and options at the date of this report:
10,000 ordinary shares (directly held) and 5,000 options (directly held)
30,000 ordinary shares (indirectly held) and 15,000 options (indirectly held).

Meetings of directors
During the financial year there were five formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met on an informal basis at regular intervals during the financial year to discuss the Group's affairs.

The Company has no separate Audit committee or Remuneration committee as is not of a sufficient size to warrant these. All matters usually dealt with by these committees are dealt with by the whole Board.

The number of meetings of the Company's board of directors attended by each director were:

	Directors' meetings held	***Directors' meetings attended***
D Berrie	5	5
D Richardson	5	5
M Norris	5	5
A Viner	N/A	N/A

Shares under option

Outstanding share options at the date of this report are as follows:

Grant date	Date of expiry	Exercise price	Number of options
11 May 2017	17 May 2020	$0.30	17,980,613
11 May 2017	11 May 2020	$0.20*	2,500,000 (Tranche 3)
30 August 2018	30 August 2021	$0.10	26,859,141
7 May 2019	29 May 2024	$0.03	2,000,000

**Unlisted options exercisable at a price which is greater of $0.20 or a 5% discount to the 20-day weighted average price of shares on ASX.*

No option holder has any right under the options to participate in any other share issue of the Company or any other controlled entity.

Shares issued on the exercise of options

There have been no shares issued upon the exercise of options.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for the key management personnel of Magmatic Resources Limited (the "Company" or "Parent") for the financial year ended 30 June 2019. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

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 Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes all executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

(i) Directors
David Berrie - Non-Executive Chairman
David Richardson – Managing Director
Malcolm Norris – Non-Executive Director
Andrew Viner – Non-Executive Director

(ii) Executives
Michael Franklin - Chief Financial Officer (appointed 1 June 2019)
Ildiko Wowesny – Chief Financial Officer and Company Secretary (appointed 01 December 2017, resigned 31 May 2019)

Details of directors' and executives' remuneration are set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Employment contracts/Consultancy agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration
The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders. The key criteria for good remuneration governance practices adopted by the Board are:
- competitiveness and reasonableness
- acceptability to shareholders
- performance incentives
- transparency
- capital management

The framework provides a mix of fixed salary, consultancy, agreement based remuneration and share based incentives.

The broad remuneration policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is governed by the full board. Although there is no separate remuneration committee, the Board's aim is to ensure the remuneration packages properly reflect directors' and executives' duties and responsibilities. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

The current remuneration policy adopted is that no element of any director or executive package is directly related to the Company's financial performance. Indeed there are no elements of any director or executive remuneration that are dependent upon the satisfaction of any specific condition however the overall remuneration policy framework is structured to advance and create shareholder wealth.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market. Non-executive directors receive a board fee and fees for chairing or participating on board committees. They do not receive performance-based pay or retirement allowances.

For the year ended 30 June 2019, exclusive of superannuation guarantee the annual cash remuneration for the Non-Executive Director was $40,000 with the Chairman receiving $60,000.

The non-executive directors fee pool approved by shareholders is $250,000 per annum.

Directors' fees
On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration relevant to the office of director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Non-executive directors receive a Board fee but do not receive fees for chairing or participating on Board committees. Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.
Fees for non-executive directors are not linked to the performance of the Group.

Retirement allowances for directors
Apart from superannuation payments paid on salaries there are no retirement allowances for directors.

Executive pay
The executive pay and rewards framework has the following components:

- base pay and benefits such as superannuation where appropriate
- long-term incentives through participation in employee equity issues

Base pay
All executives are either full time employees or consultants who are paid on an agreed basis that has been formalised in a consultancy agreement.

Benefits
Apart from superannuation paid on executive salaries there are no additional benefits paid to executives.

Short-term incentives
There are no current short-term incentive remuneration arrangements.

Performance based remuneration
To ensure that the Company has appropriate mechanisms in place to continue to attract and retain the services of suitable directors and employees, the Company has, in the past, issued options and performance rights to some key personnel.

No options or performance rights were issued during the year ended 30 June 2019.

Company performance, shareholder wealth and directors' and executives' remuneration
No relationship exists between shareholder wealth, director and executive remuneration and Company performance due to the nature of the Company's operations being a non-producing resources exploration company.
The table below shows the losses and earnings per share of the Company for the last three financial years:

	2019	**2018**	**2017**
Net loss	**$1,993,025**	**$2,533,870**	**$3,794,220**
Share price at year end (cents)	**1.8**	**6.1**	**12.0**
Loss per share (cents)	**1.76**	**3.1**	**6.6**

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and other key management personnel (as defined in AASB 124 *Related Party Disclosures*) of the Company and the Group for the year ended 30 June 2019 are set out in the following tables.

The key management personnel of the Group comprise the directors of the Company and persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. Given the size and nature of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001.* No cash remuneration is linked to performance.

Year ended 30 June 2019

Name	*Salary / Fees*	*Post-employment benefits Superannuation*	*Share-based payments*	*Other**	*Total*
	$	*$*	*$*	*$*	*$*
Director					
D Berrie	60,000	5,700	-	-	65,700
D Richardson	180,000	17,100	-	-	197,100
M Norris	40,000	3,800	-	-	43,800
Key Management Personnel					
M Franklin (appointed 1 June 2019)	10,256	-	-	-	10,256
I Wowesny (appointed 1 December 2017, resigned 31 May 2019)	137,500	15,438	-	25,000	177,938
	427,756	**42,038**	**-**	**25,000**	**494,794**

Year ended 30 June 2018

Name	*Salary / Fees*	*Post-employment benefits Superannuation*	*Share-based payments*	*Other*	*Total*
	$	*$*	*$*	*$*	*$*
Director					
D Berrie	60,000	5,700	-	-	65,700
D Richardson	150,000	14,250	-	-	164,250
M Norris	40,000	3,800	-	-	43,800
Key Management Personnel					
I Wowesny (appointed 1 December 2017)	70,334	6,757	-	-	77,091
I Hobson (appointed 20 January 2017, resigned 1 December 2017)	46,640	-	-	-	46,640
	366,974	**30,507**	**-**	**-**	**397,481**

* Other benefits include termination benefits paid to Ms Wowesny in 2019. Refer to note 17 for details.

C Employment contracts/Consultancy agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment.

Remuneration of the Managing Director and other executives are formalised in letters of appointment and employment agreements. These agreements provide details of the salary and employment conditions relating to each employee.

Name	Term of agreement and notice period	Base salary (excl. superannuation)	Termination payments
David Richardson *Managing Director*	2 years 3 months	$180,000	N/A
Michael Franklin *Chief Financial Officer*	N/A N/A	$100,000	N/A

D Share-based compensation

There was no share-based compensation given during the year ended 30 June 2019.
Key management personnel equity holdings

2019	Balance at beginning of year	Net movement during the year	Balance at the end of year
Ordinary shares			
Directors			
D Berrie	11,994,044	675,000	12,669,044
D Richardson	32,952,571	5,000,000	37,962,571
M Norris	-	-	-
Other Key management personnel			
M Franklin (appointed 1 June 2019)	-	-	-
I Wowesny (resigned 31 May 2019)	-	-	-
Options	Balance at beginning of year	Net movement during the year	Balance at the end of year
Directors			
D Berrie	244,375	675,000[1]	919,375
D Richardson	121,875	5,000,000[1]	5,121,875
M Norris	750,000	-	750,000
Other Key management personnel			
M Franklin (appointed 1 June 2019)	-	-	-
I Wowesny (resigned 31 May 2019)	-	-	-
Performance shares			
Directors			
D Berrie	1,360,000	(1,360,000)	-
D Richardson	4,480,000	(4,480,000)	-
M Norris	-	-	-
Other Key management personnel			
M Franklin (appointed 1 June 2019)	-	-	-
I Wowesny (resigned 31 May 2019)	-	-	-

[1] *Options attached to each share subscribed for in the Company's August 2018 renounceable entitlement issue.*

No remuneration consultants have been used. Other than disclosed above, there are no other transactions with key management personnel.

Loans to Key Management Personnel
There were no loans to individuals or members of key management personnel during the financial year.

Transactions with Key Management Personnel
Mr David Richardson (Managing Director)
During the financial year the son of Mr Richardson provided casual administrative services to the Company to the value of $703. These services were provided on normal commercial terms and conditions.
Mr David Berrie (Non-Executive Chairman)

During the financial year, the daughter of Mr Berrie provided casual administrative services to the Company to the value of $0 (2018: $3,506). Fees of $18,612 (2018: $3,300) provided by Mr Berrie's related entity, Hylea Metals Limited, were incurred during the year. All services were provided on normal commercial terms and conditions.

Other than described above, there were no transactions with key management personnel during the financial year or the previous financial year

E Voting and comments made at the Company's 2018 Annual General Meeting

Magmatic Resources Ltd received more than 98% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of audited remuneration report.

Auditor's independence and non-audit services
Section 307C of the *Corporations Act 2001* requires our auditors, BDO Audit (WA) Pty Ltd to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 24 and forms part of this directors' report for the year ended 30 June 2019.

Non-audit services
The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important. The Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of remuneration paid to the auditors are:

	Consolidated	
	2019	2018
	$	$
Assurance services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	**28,077**	**33,765**
Total remuneration for audit services	**28,077**	**33,765**
Total auditor's remuneration	**28,077**	**33,765**

Proceedings on behalf of Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Insurance of Directors and Officers

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

This report is made in accordance with a resolution of the directors.

D Berrie
Chairman
PERTH, Western Australia
Dated: 26 September 2019

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF MAGMATIC RESOURCES LIMITED

As lead auditor of Magmatic Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Magmatic Resources Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2019

Corporate Governance Statement

ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 3rd edition*
As at 30 June 2019 and approved by the Board

The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manager its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments.

A full copy of the Company's corporate governance charter and associated policies, protocols and related instruments is available on the Company's website at: www.magmaticresources.com.

The Company intends to follow the ASX CGC P&R in all respects other than as specifically provided below.

The independent director of the Company is Mr Norris. When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

Recommendation		Current Practice
1.1	A listed entity should disclose: a. The respective roles and responsibilities of its board and management; and b. Those matters expressly reserved to the board and those delegated to management.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established.
1.2	A listed entity should: a. Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b. Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Satisfied. Appropriate checks have been undertaken.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Satisfied. Agreements are in place.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with proper functioning of the board.	Satisfied. This practice is in place.
1.5	A listed entity should: a. Have a diversity policy; b. Disclose that policy or a summary of it; c. Disclose the measurable objectives for achieving gender diversity and the its progress towards achieving them; and d. The respective proportions of men and women.	 Satisfied. Satisfied, see corporate governance section of website. Not satisfied. The measurable objectives are yet to be set. Board – 100% men; Senior Executives – 100% men; whole organisation – 100% men.

1.6	A listed entity should: a. Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b. Disclose whether performance evaluations were undertaken.	Satisfied, see process in corporate governance policies. Not satisfied. No evaluations have been undertaken to date
1.7	A listed entity should: a. Have and disclose a process for periodically evaluating the performance of senior management; and b. Disclose whether performance evaluations were undertaken.	Satisfied, see process in corporate governance policies. Not satisfied. No evaluations have been undertaken to date.
2.1	A listed entity should have a nomination committee which: - Consists of at least 3 members, a majority of whom are independent directors; - Is chaired by an independent director; And disclose: - The charter of the committee; - The members of the committee - The number of times the committee met and individual attendance at those meetings If it does not have a nomination committee disclose that fact and the process it follows to address that role.	Not Satisfied. The board has not established a nomination committee as the company is not of sufficient size to warrant such a committee. The role of the committee is undertaken by the full board. To be developed as the Company's size increases
2.2	A listed entity should have and disclose a board skills matrix.	Satisfied. See corporate governance section of website.
2.3	A listed entity should disclose: - The names of the directors considered by the board to be independent directors and length of service. - If a director has an interest / association / relationship that meets the factors of assessing independence.	Satisfied. Mr Norris is the Non-Executive independent director as defined in ASX guidelines. N/A
2.4	A majority of the board should be independent directors.	Not satisfied, only one of the three directors is an independent director. The Company is not of sufficient size to warrant a larger board.
2.5	The chair should be an independent director. The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	Not Satisfied. Mr David Berrie is not an independent Non-Executive Director. Satisfied.
2.6	A listed entity should have a program for inducting new directors.	Not Satisfied. The board has not established this process due to the Company's size.
3.1	A listed entity should: - have a code of conduct; and - disclose the code or a summary of it.	Satisfied. The Code of Conduct is available at in the Corporate Governance Section on the Company's website.

4.1	The board of a listed entity should have an audit committee which: - Has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent chair, who is not chair of the board. Disclose: - The charter of the committee; - The relevant member qualifications; - The number of times the committee met and individual attendance at those meetings	Not Satisfied. The board has not established an audit committee as it would comprise the same 3 members. The role of the committee is undertaken by the full board. The audit committee charter is available at www.magmaticresources.com in the Corporate Governance Section.
4.2	The board should receive declarations for CEO & CFO in accordance with S.295A of Corporations Act before approving financial statements.	Satisfied.
4.3	A listed entity should ensure its external auditor attends its AGM.	Satisfied.
5.1	A listed entity should: - Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and - disclosure that policy or a summary of it.	Satisfied. Continuous disclosure policy is available at www.magmaticresources.com Satisfied - in the Corporate Governance Section.
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Satisfied. See www.magmaticresources.com in the Corporate Governance Section.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Satisfied. See www.magmaticresources.com in the Corporate Governance Section.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Satisfied. See communication policy at www.magmaticresources.com in the Corporate Governance Section.
6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Satisfied. See welcome pack to investors.
7.1	The board of a listed entity should have a committee to oversee risk, which: - Has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent chair, who is not chair of the board. Disclose:	The board has not established a risk committee as it would comprise the same 3 board members. The role of the committee will be undertaken by the full board. The company has established policies for the oversight and management of material business risks.

	- The charter of the committee; - The members of the committee; and - The number of times the committee met and individual attendance at those meetings If it does not have a risk committee disclose that fact and the process it follows to address that role.	Risk management program is available at www.magmaticresources.com in the Corporate Governance Section.
7.2	The board or a committee of the board should: - Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and - Disclose whether such a review has taken place.	Not satisfied.
7.3	A listed entity should disclose: - If has an internal audit function, how the function is structured and what role it performs; - If it does not have an internal audit function, disclose that fact and the process it follows to address that function.	Not satisfied. The entity does not have an internal audit function. The function is performed by the full board.
7.4	The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages those risks.	The entity does not have material exposure in these areas.
8.1	The board of a listed entity should: - have a remuneration committee which has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent director; and Disclose: - The charter of the committee; - The members of the committee; and - The number of times the committee met and individual attendance at those meetings If it does not have a remuneration committee disclose that fact and the process it follows to address that role.	Not Satisfied. The board has not established a remuneration and nomination committee as it would comprise the same 3 board members. The role of the committee is undertaken by the full board.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied. The structure of Directors' remuneration is disclosed in the annual report.
8.3	A listed entity which has an equity-based remuneration scheme should: - Have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme; - Disclose that policy or a summary of it.	There is no broad policy.

Further information about the Company's corporate governance practices is set out on the Company's website at www.magmaticresources.com

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Continuing Operations			
Other income	2	**97,289**	225,608
		97,289	225,608
Corporate administration expenses	3	**(1,129,482)**	(1,138,923)
Exploration expenditure incurred	3	**(471,707)**	(1,620,554)
Exploration asset impairments		**(445,000)**	-
Share based payment expense		**(42,898)**	-
Finance costs		**(1,227)**	-
		(2,090,314)	(2,759,477)
Loss before tax		**(1,993,025)**	(2,533,870)
Income tax	4	**-**	-
Net loss for the period		**(1,993,025)**	(2,533,870)
Other comprehensive income, net of tax			
Items that will not be classified subsequently to profit or loss		**-**	-
Items that may be reclassified subsequently to profit or loss		**-**	-
Total comprehensive loss for the year		**(1,993,025)**	(2,533,870)
Total comprehensive loss for the period attributable to the members of Magmatic Resources Limited:		**(1,993,025)**	(2,533,870)
Loss per share attributable to the members of Magmatic Resources Limited			
Loss per share (dollars)	5	**$0.176**	$0.031

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2019

	Note	Consolidated 2019 $	2018 $
Current Assets			
Cash and cash equivalents	7	**233,431**	553,484
Other receivables	8	**108,561**	89,551
Total Current Assets		**341,992**	643,035
Non-Current Assets			
Plant and Equipment	9	**36,420**	75,419
Security Bonds	10	**91,300**	101,300
Exploration assets	11	**1,628,350**	2,043,350
Total Non-Current Assets		**1,756,070**	2,220,069
Total Assets		**2,098,062**	2,863,104
Current Liabilities			
Trade and other payables	12	**901,806**	531,015
Total Current Liabilities		**901,806**	531,015
Non-Current Liabilities			
Trade and other payables	12	**-**	126,527
		-	126,527
Total Liabilities		**901,806**	657,542
Net Assets		**1,196,256**	2,205,562
Equity			
Issued capital	13	**6,733,855**	5,838,182
Reserves	14	**3,156,749**	3,068,703
Accumulated losses		**(8,694,348)**	(6,701,323)
Total Equity		**1,196,256**	2,205,562

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 30 June 2019

Consolidated	Issued Capital $	Share Based Payments Reserved $	Capital Restructure Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2017	3,763,182	4,668,453	250	(4,167,453)	4,264,432
Loss after income tax expense for the year	-	-	-	(2,533,870)	(2,533,870)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,533,870)	(2,533,870)
Transactions with owners recorded directly in equity					
Conversion of “A” Class Performance shares	1,600,000	(1,600,000)			-
Issue of ordinary shares	475,000	-	-	-	475,000
Total transactions with owners recorded directly in equity	2,075,000	(1,600,000)	-	-	475,000
Balance at 30 June 2018	5,838,182	3,068,453	250	(6,701,323)	2,205,562
Balance at 1 July 2018	**5,838,182**	**3,068,453**	**250**	**(6,701,323)**	**2,205,562**
Loss after income tax expense for the year	**-**	**42,898**	**-**	**(1,993,025)**	**(1,950,127)**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**42,898**	**-**	**(1,993,025)**	**(1,950,127)**
Transactions with owners recorded directly in equity					
Issue of ordinary shares	**1,004,365**	**-**	**-**	**-**	**1,004,365**
Capital raising expenses	**(108,692)**	**45,148**			**(63,544)**
Total transactions with owners recorded directly in equity	**895,673**	**45,148**	**-**	**-**	**940,821**
Balance at 30 June 2019	**6,733,855**	**3,156,499**	**250**	**(8,694,348)**	**1,196,256**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		**(971,330)**	(876,134)
Payments for exploration expenditure		**(1,253,997)**	(2,796,915)
Proceeds from earn-in partner		**1,000,000**	1,482,965
Interest received		**4,452**	9,238
Net cash used in operating activities	19(a)	**(1,220,875)**	(2,180,846)
Cash flows from investing activities			
Payments for property, plant & equipment		**-**	(66,035)
Tenement security bonds		**-**	(30,000)
Payment for tenements		**(30,000)**	(250,000)
Net cash used in investing activities		**(30,000)**	(346,035)
Cash flows from financing activities			
Proceeds from borrowings		**-**	-
Repayment of borrowings		**-**	-
Proceeds from the issue of shares		**994,365**	-
Payment of capital raising costs		**(63,544)**	-
Net cash from financing activities		**930,821**	-
Net increase/(decrease) in cash and cash equivalents		**(320,053)**	(2,526,881)
Cash and cash equivalents at the beginning of the year		**553,484**	3,080,365
Cash and cash equivalents at the end of the year	7	**233,431**	553,484

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements for the year ended 30 June 2019

Note 1: Statement of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Magmatic Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(u).

(c) Going Concern

For the year ended 30 June 2019 the entity recorded a net loss of $1,993,025 (2018: $2,533,870), had net cash outflows from operating activities of $1,220,875, cash balance of $233,431 and future exploration commitments of $264,599 (Refer to Note 16). The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising or joint venture of projects to continue to fund its exploration and marketing activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. Subsequent to year end, the Company received $350,000 as a result of unsecured Director and major shareholder loans made to the company while it finalises a planned $1,500,000 capital raising.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business as the directors are confident the Group will raise funds through capital raising events or joint venture projects as and when required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(d) Statement of compliance

The financial report was authorised by the Board of directors for issue on 19 September 2019.
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(e) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity (Magmatic Resources Limited) and its controlled subsidiaries; Modeling Resources Pty Ltd, Landslide Investments Pty Ltd and Australian Gold and Copper Ltd. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(f) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group accounts for long term restricted security deposits as 'other' non-current assets.

(i) Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

(j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(k) **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(n) Exploration expenditure

Exploration expenditure is expensed to the statement of profit or loss as incurred and acquisition costs are capitalised as noncurrent assets. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off or provided against. Due to the speculative nature, when exploration assets have been acquired through equity instruments, the fair value of the asset cannot be measure reliably, therefore the fair value of the equity instrument is used to determine the fair value of the asset.

Impairment testing of exploration and evaluation expenditure
Exploration and evaluation expenditure is assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.
Exploration and evaluation expenditure is tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each area of interest. The Group performs impairment testing in accordance with accounting policy note 1(l).

(o) Asset acquisition policy
The Group has determined that the acquisition of the Yamarna project through the acquisition of Landslide Investments Pty Ltd is not deemed a business acquisition. In assessing the requirements of IFRS 3 Business Combinations, the Group has determined that the asset acquired does not constitute a business. The asset acquired consists of a granted mineral exploration tenement in the Mt Venn region of Western Australia. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired asset and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition.

(p) Share based payments
Equity-settled share-based payment transactions to Directors and seed capitalists for services are measured in reference to the fair value of equity instruments granted.
Equity-settled share-based payments in return for goods and services are measured at fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments.
The fair value of options and performance rights with non-vesting conditions and no service conditions attached issued to Directors, seed capitalists and suppliers, are valued with a Black-Scholes pricing model. The fair value is measured at the grant date of the equity instrument and is recognised in equity in the share-based payment reserve. The number of instruments expected to vest is estimated based on the non-market vesting conditions. The total expense is recognised at the date of grant of the options and rights.

(q) Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(s) Deferred tax

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(t) Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted the new and revised Standards and Interpretations AASB 9 and AASB 15 issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. The adoption of AASB 9 had no impact except for accounting policy changes and the adoption of AASB 15 had no impact as no revenue was earned from contracts with customers during the financial year.

Standards issued but not yet effective

A number of new standards, amendment of standards and interpretations have recently been issued but are not yet effective and have not been adopted by the Group as at the financial reporting date.

The Group has reviewed these standards and interpretations, and with the exception of the items listed below for which the final impact is yet to be determined, not of the new or amended standards will significantly affect the Group's accounting policies, financial position or performance.

Reference and title	Summary	Application date of standard*	Application date for Group *
AASB 16 *Leases*	This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Group is yet to assess the impact of AASB16 at this stage.	1 January 2019	1 July 2019

* designates the beginning of the applicable annual reporting period.

(u) Critical accounting estimates and judgements

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technica innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or solc will be written off or written down.

Impairment of Exploration and Evaluation Asset

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer Note 1(n)), requires judgements as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. If, after having capitalised the expenditure under accounting policy 1(n), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with accounting policy 1(n). The carrying amounts of exploration and evaluation assets are set out in Note 11. During the year, an impairment of $445,000 was recognised in the statement of profit or loss and other comprehensive income in relation to the Mt Venn exploration assets in order to reduce the carrying value down to the recoverable amount.

Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note (p).

	Consolidated	
	2019	2018
	$	$
Note 2: Other income		
JV management fee	**92,492**	100,370
Interest income	**4,452**	9,237
Other	**345**	116,001
	97,289	225,608

Note 3: Expenses

Corporate and administration expenses		
Depreciation	**40,706**	35,149
Consulting Fees	**39,821**	26,980
Investor Relations	**21,834**	6,338
Legal Fees	**146,674**	9,140
Travel	**40,124**	62,052
Employee Expenses	**553,827**	432,576
Rental Expense	**73,663**	117,257
Other	**212,833**	322,904
Stamp Duty		126,527
	1,129,482	1,138,923
Exploration and evaluation expenses		
Exploration expenses incurred	**1,622,795**	2,858,131
Less: reimbursement from JV partner	**(1,151,088)**	(1,237,577)
Net exploration and evaluation expense	**471,707**	1,620,554

Note 4: Income tax

(a) Income tax benefit

	Consolidated 2019 $	2018 $
The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax benefit in the financial statements as follows		
Accounting loss from continuing operations before income tax	**(1,993,025)**	(2,533,870)
At the statutory income tax rate of 27.5% (2018: 27.5%)	**(548,082)**	(696,814)
Add		
- Share based payments	**11,797**	-
- Deductible equity costs	**(28,186)**	(24,691)
- Tax loss not brought to account	**576,471**	721,505
Income tax (benefit) reported in the statement of comprehensive income	**-**	-

(b) Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account

	2019 $	2018 $
Deferred tax assets comprise:		
Accruals	**19,668**	6,188
Employee entitlements	**16,560**	13
Share issues & capital costs	**125,276**	101,237
Exploration expenditure	**49,708**	18,407
Losses available for offset against future income – revenue	**1,508,435**	1,126,920
	1,719,647	1,252,765
Deferred tax liabilities comprise:		
Prepayments	**866**	732
Capitalised expenditure deductible for tax purposes	**6,015**	10,949
	6,881	11,681
Net unrecognised deferred tax assets	**1,712,766**	1,241,084

Deferred tax assets have not been recognised in respect of these items because it is not certain that future taxable profit will be available against which the Group can utilise the benefit thereof.

Tax Losses

As at 30 June 2019, the Consolidated Entity has $5,485,218 (2018: $4,091,444) of taxable losses that are available for offset against future taxable profits of the consolidated entity, subject to the loss recoupment requirements in the Income Tax Assessment Act 1997. No deferred tax assets have been recognised in the Statement of Financial Position in respect of the amount of these losses, as it is not presently probable future taxable profits will be available against which the company can utilise the benefit.

Note 5: Loss per share

	Consolidated 2019 $	2018 $
Total basic loss per share	**0.0176**	**0.031**
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:		
Net loss for the period	**(1,993,025)**	**(2,533,870)**
The weighted average number of ordinary shares	**112,920,483**	**82,871,804**

The diluted loss per share is not reflected as the result is anti-dilutive.

Note 6: Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

AASB 8 "Operating Segments'" states that similar operating segments can be aggregated to form one reportable segment. Following incorporation, the Company acquired Modeling Resources Pty Ltd, Landslide Investments Pty Ltd and incorporated Australian Gold and Copper Ltd. The Group has one reportable operating segment being gold exploration projects in Australia.

Note 7: Cash and cash equivalents

	Consolidated	
	2019	2018
	$	$
Cash at bank and on hand	**233,431**	553,484
	233,431	553,484

(Refer to Note 15 (f) which contains risk exposure analysis for cash and cash equivalents)

Note 8: Other receivables

	Consolidated	
	2019	2018
	$	$
Goods and services tax receivable	**98,409**	79,518
Other	**10,152**	10,033
	108,561	89,551

No receivables are past their due date and therefore no impairment recognised.

Note 9: Property, plant and equipment

	Consolidated	
	2019	2018
	$	$
Office equipment		
- At cost	**10,241**	10,241
- Accumulated depreciation	**(10,241)**	(6,259)
Total office equipment	**-**	3,982
Information Technology		
- At cost	**66,811**	65,103
- Accumulated depreciation	**(52,264)**	(33,480)
Total Information Technology	**14,548**	31,623
Exploration equipment		
- At cost	**53,822**	53,822
- Accumulated depreciation	**(31,950)**	(14,008)
Total exploration equipment	**21,872**	39,814
Total property, plant and equipment	**36,420**	75,419

Movement in carrying amounts
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year

2018 Consolidated	Office equipment	Information Technology	Exploration equipment
Balance at the beginning of the year	7,396	37,135	-
Acquisitions	-	12,214	53,822
Depreciation expense	(3,414)	(17,726)	(14,008)
Disposals	-	-	-
Carrying amount at the end of the year	**3,982**	**31,623**	**39,814**

2019 Consolidated	Office equipment	Information Technology	Exploration equipment
Balance at the beginning of the year	3,982	31,623	39,814
Acquisitions	-	1,709	-
Depreciation expense	(3,982)	(18,784)	(17,942)
Disposals	-	-	-
Carrying amount at the end of the year	**-**	**14,548**	**21,872**

Note 10: Security Bonds

	Consolidated	
	2019 $	2018 $
Office bond	**1,300**	1,300
Tenement bonds	**90,000**	100,000
	91,300	101,300

Note 11: Exploration project acquisition costs

	Consolidated	
	2019 $	2018 $
Opening balance	**2,043,350**	1,368,350
Project acquisition costs	**30,000**	675,000
Impairment of acquired exploration projects*	**(445,000)**	-
Acquisition costs in respect of areas of interest in the exploration phase	**1,628,350**	2,043,350

*$445,00 has been impaired during the period in relation to the Mt Venn area of interest in order to bring the carrying value of the exploration asset down to the recoverable amount based on an independent valuation report

Exploration expenditure is expensed to the statement of profit or loss as incurred and acquisition costs are capitalised as non-current assets. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off or provided against.

The carrying value of capitalised exploration expenditure is assessed for impairment at each area of interest whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amounts.

An impairment exists when the carrying amount of an asset or area of interest exceeds its estimated recoverable amount. The asset or area of interest is then written down to its recoverable amount. Any impairment losses are recognised in the profit or loss account.

Project acquisition costs
The project acquisition costs of $30,000 in the 2019 financial year were in relation to the acquisition of Landslide Investments Pty Ltd, the owner of the Yamarna South tenement. In consideration for the acquisition of E38/2918 the Company has agreed to the following payment structure with Landslide Investment's shareholder (**the seller**):
Consideration
- Payment of A$20,000 in cash and A$10,000 worth of ordinary fully paid MAG shares;

The above transaction was completed on 9 October 2018. The Company paid $20,000 in cash, and satisfied the share based payment of A$10,000 MAG shares by the issue of 362,942 fully paid ordinary shares at $0.0276 per share. The number of issued shares was arrived at by calculation based on a 30-day Volume Weighted Average Price during the 30 days preceding 23 March 2018, the date the offer to purchase was made and accepted, to the value of $40,000 as per the Agreement and was agreed by both Magmatic and **the seller.**

The project acquisition costs of $675,000 in the 2018 financial year were in relation to the acquisition of the Mt Venn tenement. In consideration for the acquisition of E38/2961 the Company has agreed the following payment structure with Montezuma (the seller):
Consideration
- Payment of A$250,000 in cash and A$425,000 in ordinary fully paid MAG shares on acquisition;

Contingent Consideration
- Should Magmatic define a JORC 2012 Mineral Resource of 20Mt @ >= 1% CuEq at E38/2961, Magmatic will pay to Montezuma A$350,000 in cash and A$350,000 in ordinary fully paid MAG shares;
- Should Magmatic make a Decision to Mine at E38/2961, Magmatic will pay to Montezuma A$350,000 in cash and A$350,000 in ordinary fully paid MAG shares;
- Montezuma will retain a 2.0% Net Smelter Royalty ("NSR") on production at E38/2961. Magmatic has been granted a buyback option over the NSR which can be exercised at any time in return for an A$5,000,000 cash payment to Montezuma.
- Magmatic must expend a minimum of A$500,000 on exploration at E38/2961 within the first 18 months following acquisition. Should Magmatic not reach the required expenditure, Magmatic can elect to pay to Montezuma the difference between actual incurred expenditure and A$500,000 or Montezuma will regain tenure at E38/2961.

On 18 April 2019, the Group signed an amendment with Montezuma by which the above A$500,000 minimum expenditure clause would be removed and the Group would allot 2,000,000 options to the seller, exercisable at $0.03 expiring 5 years from the date of allotment. Refer to Note 13 for further details.

Note 12: Trade and other payables
Current Trade and other payables

	Consolidated	
	2019	2018
	$	$
Trade creditors *	**224,713**	160,301
Other creditors	**625,452**	75,527
Goods and services tax payable	**4,448**	4,412
JOGMEC – Funds Received in Advance**	**47,193**	290,774
	901,806	531,015

* Trade payables are non-interest bearing and are normally paid on 30 day terms.
** JOGMEC can earn up to a 51% interest in two exploration tenements EL7427 and EL7676 owned by the Company, located in East Lachlan NSW known as the Parkes Project by funding up to $3,000,000 of exploration expenditure. See Note 23 for details.

Non-Current Trade and other payables

	Consolidated	
	2019	2018
	$	$
Stamp Duty Payable	-	126,527
	-	**126,527**

Note 13: Issued capital

(a) Ordinary shares issued	Consolidated 2019 $	2018 $
117,242,568 (2018: 92,020,485) ordinary shares	**6,733,855**	5,838,182

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$
Balance as at 30 June 2017		**80,000,000**	**3,763,182**
4 August 2017	Issue of shares	250,000	50,000
29 March 2018	Conversion of "A" class performance shares	8,000,000	1,600,000
2 May 2018	Issue of shares	3,770,485	425,000
Balance as at 30 June 2018		**92,020,485**	**5,838,182**
31 August 2018	Renounceable entitlements issue	24,859,141	994,365
8 October 2018	Landslide Investments Vendor Consideration	362,942	10,000
	Capital Raising Expenses		(108,692)
Balance as at 30 June 2019		**117,242,568**	**6,733,855**

(c) Movements in Class A Performance shares

	Number of performance shares 2019	2018
Class A Performance shares:		
Beginning of the financial year	**-**	8,000,000
Issued during the year	**-**	-
Converted to fully paid ordinary shares during the year	**-**	(8,000,000)
Balance at end of financial year	**-**	-

(d) Movements in Class B Performance shares

	Number of performance shares 2019	2018
Class B Performance shares:		
Beginning of the financial year	**8,000,000**	8,000,000
Issued during the year	**-**	-
Expired during year	**(8,000,000)**	-
Balance at end of financial year	**-**	8,000,000

(e) Movements in share options

	2019		2018	
	Number of Options	**Weighted average exercise price**	Number of Options	Weighted average exercise price
Listed Options to acquire ordinary fully paid shares at $0.30 on or before 17 May 2020:				
Beginning of the financial year	**17,980,613**	**0.30**	17,980,613	0.30
Converted from Listed				
Issued during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**17,980,613**	**0.30**	17,980,613	0.30
Listed Options to acquire ordinary fully paid shares at $0.10 on or before 30 August 2021:				
Beginning of the financial year	**-**	**-**	-	-
***Issued during the year	**26,859,141**	**0.10**	-	-
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**26,859,141**	**0.10**	-	-

	2019		2018	
	Number of Options	**Weighted average exercise price**	Number of Options	Weighted average exercise price
*Unlisted Options to acquire ordinary fully paid shares on or before 11 May 2018:				
Beginning of the financial year	**-**	**-**	2,500,000	0.20
Issued during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	(2,500,000)	0.20
Balance at end of financial year	**-**	**-**	-	-
*Unlisted Options to acquire ordinary fully paid shares on or before 11 May 2019:				
Beginning of the financial year	**2,500,000**	**0.20**	2,500,000	0.20
Issued during the year	**-**	**-**	-	-
Expired during the year	**(2,500,000)**	**0.20**	-	-
Balance at end of financial year	**-**	**-**	2,500,000	0.20
*Unlisted Options to acquire ordinary fully paid shares on or before 11 May 2020:				
Beginning of the financial year	**2,500,000**	**0.205**	2,500,000	0.205
Issued during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**2,500,000**	**0.205**	2,500,000	0.205
**Unlisted Options to acquire ordinary fully paid shares on or before 29 May 2024:				
Beginning of the financial year	**-**	**-**	-	-
Issued during the year	**2,000,000**	**0.03**	-	-
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**2,000,000**	**0.03**	-	-

**Unlisted Options exercisable at a price which is the greater of $0.20 or a 5% discount to the 20 day volume weighted average price of shares on ASX. On the assumption that the Options will be exercised on expiry, a Monte Carlo simulation has been prepared in order to assess the higher of the 5% discount to the 20 VWAP or 20 cents for the Options at expiry for the Tranche I, Tranche 2 and Tranche 3 Options. The following exercise prices result:*
Tranche 1: 20 cents (20 cents was the higher of the two) Monte valuation =19.3 cents. These options have expired.
Tranche 2: 20 cents (20 cents was the higher of the two) Monte valuation = 19.7 cents. These options have expired.
Tranche 3: 20.5 cents (5% discount to the 20 Day VWAP was higher of the two)

*** During the year, the Group issued options with the fair value of $42,898 to Element 25 Limited (formerly Montezuma) as described in Note 11 which vested immediately. The options were valued using a Black-Scholes option pricing model using the following inputs:*

Grant date share price	*Exercise Price*	*Expected volatility*	*Option Life*	*Dividend Yield*	*Interest Rate*	*Fair value per option*
7 May 2019	*$0.03*	*95%*	*5.12 years*	*0.00%*	*1.07%*	*$0.0214*

****During the year the announced a rights issue where 1 free attaching option would be issued for every one share subscribed for, resulting in 24,859,141 free attaching options issued.*

In addition to this, 2,000,000 options were issued to the broker as part of the transaction. The fair value of the service provided was not able to be estimated, therefore a Black-Scholes model was used to fair value these options using the following inputs:

Grant date share price	*Exercise Price*	*Expected volatility*	*Option Life*	*Dividend Yield*	*Interest Rate*	*Fair value per option*
30 July 2018	*$0.10*	*95%*	*3.09 years*	*0.00%*	*0.96%*	*$0.022*

The share-based payment expense of $45,148 has been offset against issued capital as a capital raising cost.

Note 14: Reserves

	Consolidated **2019** **$**	Consolidated 2018 $
Capital Restructure reserve		
Opening balance	**250**	250
Expense for the year	**-**	-
Closing balance	**250**	250

	Consolidated **2019** **$**	Consolidated 2018 $
Option reserve		
Opening balance	**3,068,452**	4,668,452
Share based acquisition cost	**-**	(1,600,000)
Share based expense for year	**42,898**	-
Share based capital raising costs	**45,148**	-
Closing balance	**3,156,749**	3,068,452

Nature of reserves:

(a) Capital restructure reserve
The capital restructure reserve arises from the acquisition of Modeling Resources Pty Ltd

(b) Option reserve
The option reserve represents share compensation used to record the value of equity benefits provided to consultants and directors as part of their remuneration and to the vending shareholders of the Mt Venn project who were issued options in consideration for their waiver of the Company's minimum exploration expenditure commitments.

Note 15: Financial instruments

(a) Capital risk management
Prudent capital risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. The Board monitors its future capital requirements on a regular basis and will when appropriate consider the need for raising additional equity capital or to farm-out exploration projects as a means of preserving capital. The Board currently has a policy of not entering into any debt arrangements.

(b) Categories of financial instruments
The Group's principal financial instruments comprise of cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken during the year.

(c) Financial risk management objectives
The Group is exposed to market risk (including interest rate risk and equity price risk), credit risk and liquidity risk.
The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(d) Market risk

Equity price risk sensitivity analysis
There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.
(i) Interest rate risk management
All cash balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 3 months. The Group's exposure to interest rate risk and the effective interest rate by maturity periods is set out below.

Interest rate sensitivity analysis
As the Group has no interest bearing borrowings, its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.
At 30 June 2019, if interest rates had changed by + 50 basis points and all other variables were held constant, the Group's loss would have been $1,514 (2018: $43) lower as a result of higher interest income on cash and cash equivalents. If interest rates dropped on average – 50 basis points then the Group may not have earned any interest income which would have increased the Group's loss by $1,514 (2018: $43).

(e) Credit risk management
Credit risk relates to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

(f) Liquidity risk management
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. Cash deposits are only held with major financial institutions.

2019	**Weighted Average Interest Rate**	**Less than 1 month**	**1-3 months**	**3 months – 1 year**	**5 + years**
		$	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents – non - interest bearing	**n/a**	**132,343**	**-**	**-**	**-**
Cash and cash equivalents – interest bearing	**0.03%**	**101,088**	**-**	**-**	**-**
Trade and other receivables	**n/a**	**108,561**	**-**	**-**	**-**
		341,992	**-**	**-**	**-**
Financial liabilities					
Trade and other payables	**n/a**	**406,020**	**396,575**	**99,212**	**-**
		406,020	**396,575**	**99,212**	**-**

2018		**Weighted Average Interest Rate**	**Less than 1 month**	**1-3 months**	**3 months – 1 year**
		$	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents – non - interest bearing	n/a	75,525	-	-	-
Cash and cash equivalents – interest bearing	0.05%	477,959	-	-	-
Trade and other receivables	n/a	89,551	-	-	-
		643,035	-	-	-
Financial liabilities					
Trade and other payables	n/a	531,015	-	126,527	-
Borrowings		531,015	-	126,527	-

The directors consider that the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values.

Note 16: Commitments and contingencies

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligation of the Group are subject to the minimum expenditure commitments over the life of the licenses, required as per the Mining Act 1978, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. Currently, the minimum expenditure commitment for the granted tenements are $264,599 (2018: $278,839).

	2019	**2018**
	$	**$**
Exploration Commitments:		
Within one year	**42,391**	33,975
After one year but not more than 5 years	**222,208**	244,264
More than 5 years	**-**	-
	264,599	278,839
Lease Commitments – West Perth head office:		
Within one year	**20,000**	11,776
After one year but not more than 5 years	**-**	-
More than 5 years	**-**	-
	284,599	290,615

Contingent liabilities

From time to time the Company may be party to claims from suppliers and service providers arising from operations in the ordinary course of business.
As at the date of this report there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the Company's financial position or results from operations, other than as set out below.

Mt Venn project

Pursuant to the Purchase agreement (details refer Note 11), the Group has the following deferred consideration obligations with respect to the Mt Venn project:

Event	**Consideration**	**Relevant condition (if any)**
Performance hurdle 1	$350,000 cash; and $350,000 in ordinary fully paid Magmatic shares	Magmatic defining a JORC 2012 Mineral Resource of 20Mt @>= 1% CuEq
Performance hurdle 2	$350,000 cash; and $350,000 in ordinary fully paid Magmatic shares	Magmatic making a Decision to Mine

Event	Consideration	Relevant condition (if any)
Royalty payment	2% Net Smelter Royalty (NSR) on production	Magmatic has been granted a buyback option over the NSR in return of a payment of $5,000,000

The consideration will become due and payable in the event that the relevant conditions are met. As at the reporting date, the conditions in respect of each of the items have not been met and therefore the amounts are recognised as contingent liabilities.

In order to maintain rights to tenure to its mineral tenements, the Company is required to complete minimum exploration expenditure, which if not completed in the calendar year then continued tenure to the projects could be in jeopardy.

Note 17: Key management personnel disclosures

(a) Directors

At the date of this report the directors of the Company are:
D Berrie – *Non-Executive Chairman*
D Richardson – *Managing Director*
M Norris – *Non-Executive Director*
A Viner – *Non-Executive Director*

There were no changes of the key management personnel after the reporting date and the date the financial report was authorised for issue, other than the appointment of Andrew Viner listed above.

(b) Key management personnel

At the date of this report the other Key management personnel of the Company are:

M Franklin (appointed 1 June 2019), Chief Financial Officer
I Wowesny (appointed 1 December 2017, resigned 31 May 2019)) Chief Financial Officer and Company Secretary

(c) Key management personnel compensation

	Consolidated	
	2019	2018
	$	$
Short-Term	**427,756**	366,974
Post-employment	**42,038**	30,507
Share-based payments	**-**	-
Termination benefits	**25,000**	-
	494,794	397,481

Detailed remuneration disclosures of directors and key management personnel are in pages 19 to 20 of this report.

Note 18: Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2019	2018
			%	%
Modeling Resources Pty Ltd	**Australia**	**Ordinary**	100	100
Landslide Investments Pty Ltd	**Australia**	**Ordinary**	100	-
Australian Gold and Copper Ltd	**Australia**	**Ordinary**	100	-

There were no transactions between Magmatic Resources Limited and its controlled entities during the financial year other than intercompany loan funding to support Landslide Investments Pty Ltd of $30,000 (2018: $2,420,000 to support Modelling Resources operations).

There were no loans to individuals or members of key management personnel during the financial year or the previous financial year.

Note 19: Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2019	2018
	$	$
a) *Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities*		
Net loss for the year after income tax	**(1,993,025)**	(2,533,870)
Share based payment expense	**42,898**	50,000
Finance cost (equity)	**-**	-
Share issue costs	**-**	-
Depreciation	**40,706**	35,149
Exploration asset impairments	**445,000**	-
Movements in working capital		
(Increase) in other receivables	**(95,773)**	75,099
(Increase) in prepayments	**(3,150)**	(2,661)
Increase in trade and other payables	**322,469**	195,337
Net cash outflows from operating activities	**(1,240,875)**	(2,180,846)

b) Non-cash financing and investing activities

During the financial year ended 30 June 2019, the Group acquired Landslide Investments Pty Ltd including its Yamarna project for $30,000 cash and $10,000 in Magmatic Resources shares (as per note 11). The share consideration component of this transaction is not reflected in the statement of cashflows.

Note 20: Parent Entity Disclosures

Financial position

	2019	2018
	$	$
Assets		
Current assets	**122,150**	171,895
Non-current assets	**1,628,300**	5,392,112
Total assets	**1,750,451**	5,564,007
Liabilities		
Current liabilities	**347,542**	89,246
Total liabilities	**347,542**	89,246
Net assets	**1,402,909**	5,474,761
Equity		
Issued capital	**6,693,380**	5,837,932
Reserves	**3,196,974**	3,068,703
Accumulated losses	**(8,487,445)**	(3,431,874)
Total equity	**1,402,909**	5,474,761

Financial performance

Loss for the year	**(1,022,528)**	(717,448)
Other comprehensive income/(loss)	**(487,898)**	-
Total comprehensive income/(loss)	**(1,510,426)**	(717,448)

Note 21: Events after the reporting date

The Company issued a short form prospectus dated 13 September 2019 offering to transfer on 18 October 2019 117,242,568 shares in its fully owned subsidiary Australian Gold and Copper Ltd (AGC) on an in-specie distribution basis to the shareholders on record on 17 October 2019 in exchange for the Company's New South Wales based exploration licences. The general meeting of shareholders at which this offer will be put to a vote is scheduled for 15 October 2019 and full details of this proposed transaction are contained in the notice of that meeting which was released to the market on 13 September 2019. On 16 September 2019 Andrew John Viner was appointed a Director of the Company. Subsequent to year end, the Company received $350,000 as a result of unsecured Director and major shareholder loans made to the Company.

Other than those, there has not been any matter or circumstance that has arisen after reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 22: Auditor's remuneration

The auditors of the Group are BDO Audit (WA) Pty Ltd

	Consolidated	
	2019	2018
	$	$
Assurance services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	**28,077**	33,765
Total remuneration for audit services	**28,077**	33,765
Total auditor's remuneration	**28,077**	33,765

Note 23: Interest in jointly controlled operation

The Group entered into a Joint Venture (JV) with Japan Oil, Gas and Metals National Corporation (JOGMEC), which commenced effective 30 March 2017.

JOGMEC can earn up to a 51% interest in two exploration tenements, EL7427 and EL7676, owned by the Company, located in East Lachlan, NSW, Australia, known as the Parkes Project (Project) by funding up to $3,000,000 of exploration expenditure. The Parkes JV is only the fifth JV JOGMEC has in Australia. The Project is prospective for copper/gold porphyry.

Key terms of the JV are set out below:

- JOGMEC has the right to earn a 51% interest in the Parkes Project by funding $3,000,000 of exploration expenditure on the Project tenements over a period of up to 3 years.
- JOGMEC is required to spend a minimum of $300,000 before withdrawing from the Agreement.
- MAG to act as Operator of the project on behalf of the parties during the JV until JOGMEC becomes a majority owner at which point the Operator shall be appointed by JOGMEC.
- JOGMEC has the right to assign its interest in the agreement to Japanese company(s) (this is in line with JOGMEC's mission, which is to help source and de-risk opportunities for Japanese corporations).

Directors' declaration

1. In the opinion of the directors of Magmatic Resources Limited (the "Company"):
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year then ended; and

      ii. complying with Accounting Standards, Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2019.

This declaration is signed in accordance with a resolution of the Board of Directors.

D Berrie
Chairman

Perth, Western Australia

26 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Magmatic Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Magmatic Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying 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 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards 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 for the audit of the Financial Report section of our report. We are independent of the Group in accordance with 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 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2019 the carrying value of the capitalised exploration and evaluation assets was disclosed in Note 11. As the carrying value of the capitalised exploration and evaluation assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Notes 1(u) and 11 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Responsibilities of the directors for the Financial Report

The directors of the Company 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 responsibilities for the audit of the Financial Report

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/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 22 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Magmatic Resources Limited, for the year ended 30 June 2019, 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.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 26 September 2019

Additional Shareholder Information

The following additional information is current as at 24 September 2019.

CORPORATE GOVERNANCE:

The Company's Corporate Governance Statement is available on the company's website at www.magmaticresources.com/corporate-governance

SUBSTANTIAL SHAREHOLDERS:

Holder Name	Holding	% IC
BILLINGUAL SOFTWARE PTY LTD <LET'S GO INVESTMENT A/C>	32,188,823	27.45%
GOLD FIELDS AUSTRALIA PTY LTD	17,600,000	15.01%
DAVTHEA PTY LTD <DAVID BERRIE SUPER FUND A/C>	12,669,044	10.81%

Ordinary Shares:

Holdings Ranges	Holders	Total Units	%
1 - 1,000	17	3,907	0.00
1,001 - 5,000	21	85,541	0.07
5,001 - 10,000	97	901,243	0.77
10,001 - 100,000	179	7,482,490	6.38
100,001 -	77	108,769,387	92.77
Totals	**391**	**117,242,568**	**100.00**

There are 58 shareholders with less than a marketable parcel.

VOTING RIGHTS

Each fully paid ordinary share carries voting rights of one vote per share.

THE TOP 20 HOLDERS OF ORDINARY SHARES ARE:

Ranking	Holder	Shares Held	%
1	BILLINGUAL SOFTWARE PTY LTD <LET'S GO INVESTMENT A/C>	32,188,823	27.45
2	GOLD FIELDS AUSTRALIA PTY LTD	17,600,000	15.01
3	DAVTHEA PTY LTD <DAVID BERRIE S/F A/C>	12,669,044	10.81
4	MR DAVID RICHARDSON + MRS RYOKO RICHARDSON <D&R RICHARDSON S/F A/C>	5,448,751	4.65
5	MR NEVRES CRLJENKOVIC	5,025,000	4.29
6	ELEMENT 25 LIMITED	3,770,485	3.22
7	SANCOAST PTY LTD	3,000,000	2.56
8	SERCA SUPERFUND PTY LTD <SERCA SUPER FUND A/C>	3,000,000	2.56
9	MR ALAN JOHN TATE	2,317,572	1.98
10	DUERDEN INVESTMENTS PTY LIMITED <DUERDEN INVESTMENTS A/C>	1,704,750	1.45
11	EXECUTIVE RISK SOLUTIONS PTY LTD <F HOUSTON FAMILY A/C>	1,470,588	1.25
12	THOMAS ASSET DISCOVERY LIMITED	1,107,059	0.94
13	GECKO RESOURCES PTY LTD	1,000,000	0.85
14	GOSOJO PTY LTD	1,000,000	0.85
15	MR ALAN GOODFELLOW	900,000	0.77
16	MR PETER BENJAMIN DUERDEN + MRS EMMA LOUISE DUERDEN <GONDWANA SUPERFUND A/C>	835,531	0.71

17	CRLJENKOVIC SUPER FUND PTY LTD <CRLJENKOVIC FAMILY S/F A/C>	823,250	0.70
18	SHOWCITY PTY LTD	800,000	0.68
19	ERIC MCKENZIE NOMINEES PTY LTD <PETER WILSON FAMILY A/C>	784,313	0.67
20	MR ALAN SCHWARTZ	500,000	0.43
	Total	**95,945,166**	**81.83**
	Total remaining holders	**21,297,402**	**18.17**

LISTED OPTIONS EXERCISABLE AT $0.30 EXPIRING 17 MAY 2020:

Holdings Ranges	Holders	Total Units	%
1 - 1,000	1	5	0.00
1,001 - 5,000	97	482,500	2.68
5,001 - 10,000	24	164,059	0.91
10,001 - 100,000	106	3,389,779	18.85
100,001 -	35	13,944,270	77.55
Totals	**263**	**17,980,613**	**100.00**

There are 239 shareholders with less than a marketable parcel.

THE TOP 20 HOLDERS OF LISTED OPTIONS EXPIRING 17 MAY 2020 ARE:

	Holder	Holding	%
1	MELSHARE NOMINEES PTY LTD	2,837,496	15.78
2	SERCA SUPERFUND PTY LTD <SERCA SUPER FUND A/C>	1,500,000	8.34
3	MR MALCOM NORRIS	750,000	4.17
3	SERCA SUPERFUND PTY LTD <SERCA SUPER FUND A/C>	750,000	4.17
5	ZENIX NOMINEES PTY LTD	500,000	2.78
6	MR IAN STUART FISHER	428,627	2.38
7	MR THISARA SAHAN ADIKARI	385,000	2.14
8	ELSTREE CAPITAL PTY LTD	375,000	2.09
8	JASPER HILL RESOURCES PTY LTD <T ACCOUNT>	375,000	2.09
10	MR IAN RICHARD HOBSON	350,000	1.95
10	MR GORDON JAMES	350,000	1.95
12	MR MICHAEL CARABOTT	329,997	1.84
13	MR PETER ALAN LAWSON	300,000	1.67
14	BLU BONE PTY LTD	256,900	1.43
15	MR CHRISTOPHER LESLIE LAWSON	255,000	1.42
16	BEIRNE TRADING PTY LTD	250,000	1.39
16	CONTINENTAL GLOBAL INVESTMENT LIMITED	250,000	1.39
16	GOSOJO PTY LTD	250,000	1.39
16	HANWOOD LODGE PTY LTD <S & T GREATOREX FAMILY A/C>	250,000	1.39
16	KAHALA HOLDINGS PTY LTD	250,000	1.39
16	SANCOAST PTY LTD	250,000	1.39
16	MR ALAN SCHWARTZ	250,000	1.39
16	WALLCLIFFE COTTAGES PTY LTD	250,000	1.39
16	WYTHENSHAWE PTY LTD <MINJAR A/C>	250,000	1.39
	Total	**11,993,020**	**66.70**
	Total remaining holders	**5,987,593**	**33.30**

LISTED OPTIONS EXERCISABLE AT $0.10 EXPIRING 30 AUGUST 2021:

Holdings Ranges	Holders	Total Units	%
1 - 1,000	6	1,515	0.01
1,001 - 5,000	17	53,868	0.20
5,001 - 10,000	10	79,562	0.30
10,001 - 100,000	34	1,497,580	5.58
100,001 -	39	25,226,616	93.92
Totals	**106**	**26,859,141**	**100.00**

There are 58 shareholders with less than a marketable parcel.

THE TOP 20 HOLDERS OF LISTED OPTIONS EXPIRING 30 AUGUST 2021 ARE:

	Holder	Holding	%
1	MR NEVRES CRLJENKOVIC	5,000,000	18.62
2	MR DAVID RICHARDSON + MRS RYOKO RICHARDSON <D&R RICHARDSON S/F A/C>	4,918,751	18.31
3	SERCA SUPERFUND PTY LTD <SERCA SUPER FUND A/C>	1,500,000	5.58
4	CRLJENKOVIC SUPER FUND PTY LTD <CRLJENKOVIC FAMILY S/F A/C>	1,250,000	4.65
5	MR DANIEL ELLIDGE	1,000,000	3.72
5	FIRST INVESTMENT PARTNERS PTY LTD	1,000,000	3.72
7	DAVTHEA PTY LTD <DAVID BERRIE S/F A/C>	675,000	2.51
8	MR PETER RAYMOND MURRELL	611,186	2.28
9	ACTIVEST CAPITAL PTY LTD	600,000	2.23
10	BULL EQUITIES PTY LTD	575,000	2.14
11	MR GABRIEL HEWITT	526,666	1.96
12	MR GRAHAM ROBERT FOREMAN	500,000	1.86
12	GECKO RESOURCES PTY LTD	500,000	1.86
12	GOSOJO PTY LTD	500,000	1.86
15	MR MARIO IERARDI + MRS POPPY IERARDI	483,000	1.80
16	MS CHUNYAN NIU	454,545	1.69
17	MR ALAN GOODFELLOW	450,000	1.68
18	CEDAR RIDGE PTY LTD <GRAHAM ROBINSON FAMILY A/C>	422,000	1.57
19	MR PAUL JOSEPH MASSARA	380,000	1.41
20	MR MICHAEL DICKSON <MICHAEL DICKSON FAMILY A/C>	300,000	1.12
20	MR RICHARD PIEKARSKI + MRS WANDA PIEKARSKI	300,000	1.12
	Total	**21,946,148**	**81.71**
	Total remaining holders	**4,912,993**	**18.29**

UNQUOTED EQUITY SECURITIES

Number	Number of Holders	+Class	Escrow Period	Holders of more than 20%
2,500,000	1	Unlisted options*	N/A	Gold Fields Aust. Pty Ltd (2,500,000 options)
2,000,000	1	Unlisted options**	N/A	Element 25 Limited (formerly Montezouma) (2,000,000 options)

*Exercisable at a price which is the greater of $0.20 or a 5% discount to the 20 day volume weighted average price of shares on ASX and expiring as follows:
2,500,000 options expiring 11 May 2020.

**Exercisable at $0-03 on or before 29 May 2024.

Use of Funds
The entity has used the cash and assets in a form readily convertible into cash in a way that is consistent with its business objectives.

There is no current buy-back.

Tenement Listing

Project Area	Tenement Details	% Held
Wellington North	EL6178	100
Myall	EL6913	100
Parkes	EL7424	100 (subject to 51% JV earn in)
Wellington North	EL7440	100
Moorefield	EL7675	100
Parkes	EL7676	100 (subject to 51% JV earn in)
Wellington North	EL8357	100
Moorefield	EL8669	100
Yamarna	E38/2918	100
Yamarna	E38/3327	100
Yamarna	E38/3351	100
Mt Venn	E38/2961	100