# Magmatic Resources Limited

**ABN 32 615 598 322**

Annual report
for the year ended 30 June 2020

# Contents

# Corporate Information

| | |
|---|---|
| **Directors** | David J Richardson – Executive Chairman (elected 3 February 2020)<br>Peter B Duerden – Managing Director (appointed 3 February 2020)<br>David W Berrie – Non-Executive Director<br>David N Flanagan – Non-Executive Director (appointed 28 October 2019)<br>Malcolm Norris – Non-Executive Director (resigned 3 February 2020)<br>Andrew J Viner – Non-Executive Director (appointed 16 September 2019, resigned 11 October 2019) |
| **Company Secretary** | Anthony M Walsh (appointed 15 October 2019)<br>David W Berrie |
| **Registered Office and Principal Place of Business** | Suite 7, 85 Hampden Road<br>Nedlands WA 6009<br><br>Telephone: +61 8 9322 6009<br>Email: info@magmaticresources.com<br>Website: www.magmaticresources.com |
| **Share Registry** | Computershare Investor Services Pty Ltd<br>Level 11, 172 St George's Terrace<br>Perth WA 6000<br><br>Telephone: 1300 850505<br>Telephone: +61 8 9415 4000 |
| **Auditors** | BDO Audit (WA) Pty Ltd<br>38 Station Street<br>Subiaco WA 6008 |
| **Solicitors** | DLA Piper Australia<br>Level 31, Central Park<br>152-158 St Georges Terrace<br>Perth WA 6000 |
| **ASX Code** | Magmatic Resources Limited is listed on the Australian Securities Exchange<br>Shares: MAG, Quoted Options: MAGOA |

# Chairman's Letter

Dear shareholder,

I am pleased to present the Company's fourth annual report since listing on the ASX in May 2017. The Company has been working to add value to its extensive gold/copper portfolio. We continued to drill our copper-gold targets in our desire to build shareholder value.

In October/November 2019 and February 2020, we raised $7 million in aggregate through two placements to sophisticated and professional investors. Through sound fiscal management and careful allocation of resources, the Company continues to advance its existing portfolio, including the further ground acquired in Western Australia.

Significant work was carried out by our team located in Orange on the existing tenement package in the East Lachlan. This exploration and evaluation work has enabled the Company to focus on several key prospects at its' very exciting Wellington North Project.

During the year JOGMEC, its Parkes East Joint Venture partner, withdrew from the joint venture on the Parkes Project. The Company would like to thank JOGMEC for its support and input on the Parkes East Project.

In October 2019 Magmatic announced the appointment of experienced mining executive and director, Mr David Flanagan to the Company's Board. Mr Flanagan joined Magmatic as an independent Non-Executive Director effective from 28 October 2019.

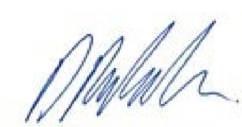
In December 2019, Magmatic announced the appointment of New South Wales Porphyry Gold-Copper specialist Mr Peter Duerden as Managing Director effective from 3 February 2020. Following Mr Duerden's commencement as Managing Director, I assumed the role of Executive Chairman and Mr David Berrie became Non-Executive Director. To maintain the appropriate board size, current Non-Executive Director Mr Malcolm Norris stood down from the Board effective from 3rd February 2020. I would like to thank Malcolm for his great service to the Company.

The Company has now entered a new phase of exploration at its East Lachlan Gold and Porphyry Gold-Copper projects, and Mr Duerden's and Mr Flanagan's technical, corporate and management experience will greatly enhance the Company's capabilities.

We look forward to advancing our gold/copper targets in the 2021 Financial Year.

I want to take this opportunity to thank our dedicated employees and contractors 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 Richardson

Executive Chairman

# Review of Operations

Magmatic Resources Ltd ("Magmatic" or the "Company") (ASX:MAG) is a New South Wales-focused gold and copper explorer that listed in May 2017, following the acquisition of an advanced gold-copper target portfolio in the East Lachlan, New South Wales from Gold Fields Limited in 2014.

Since listing on the ASX the Company has added new tenements to its New South Wales portfolio and also developed a Western Australian exploration portfolio, comprising the Yamarna Gold Project and nearby Mt Venn Copper-Nickel-Cobalt Project, located 150km east of Laverton.

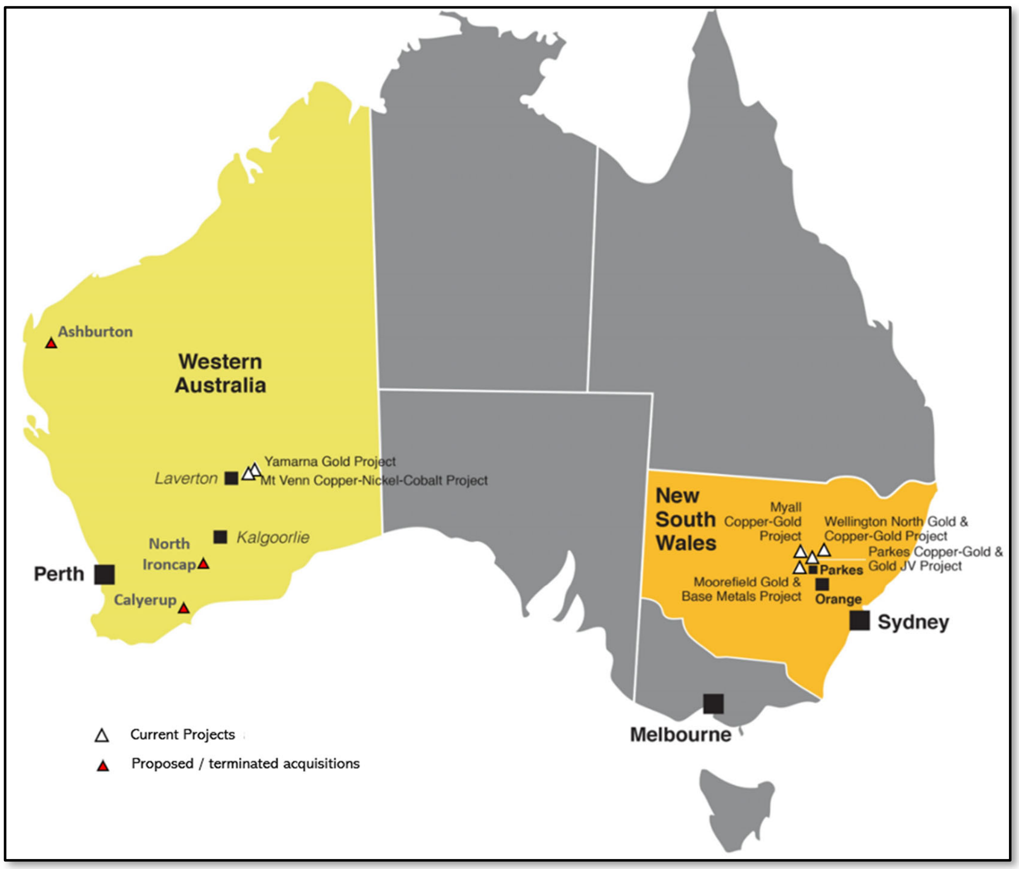



***Figure 1: Magmatic has four advanced exploration projects in New South Wales and two target generation projects in Western Australia. Plan also shows the terminated WA Gold and Copper Gold acquisitions***

## East Lachlan Exploration

The Company has four 100%-owned projects comprising eight licences in the East Lachlan, New South Wales – Myall, Moorefield, Wellington North and Parkes.

The East Lachlan has an endowment of more than 80 million ounces of gold and 13 million tonnes of copper (Phillips 2017). It is most famous for Newcrest Mining's world class gold-copper porphyry cluster at the Cadia Valley District, where currently the Cadia East Mine represents Australia's largest gold mine and one of the world's most profitable gold producers (Newcrest 2019). In addition, the Northparkes copper-gold porphyry deposits (China Molybdenum/Sumitomo, CMOC 2019) and Cowal gold deposit (Evolution Mining, Evolution 2018) represent other significant long-life mining operations.

The recent Boda porphyry gold – copper major discovery by Alkane Resources Ltd (ASX:ALK) has highlighted the value of Magmatic's dominant surrounding tenure position in the northern Molong Belt, in what is emerging as a significant gold porphyry discovery hotspot. The Boda discovery has highlighted the surface signature of porphyry mineralisation in the area and has significantly upgraded Magmatic's target portfolio for Boda-style gold-copper porphyry mineralisation.

The Company also holds a strategic position in the Parkes Fault Zone (Parkes Project), immediately south from Alkane's Tomingley Gold Operations and recent Roswell and San Antonio discoveries.

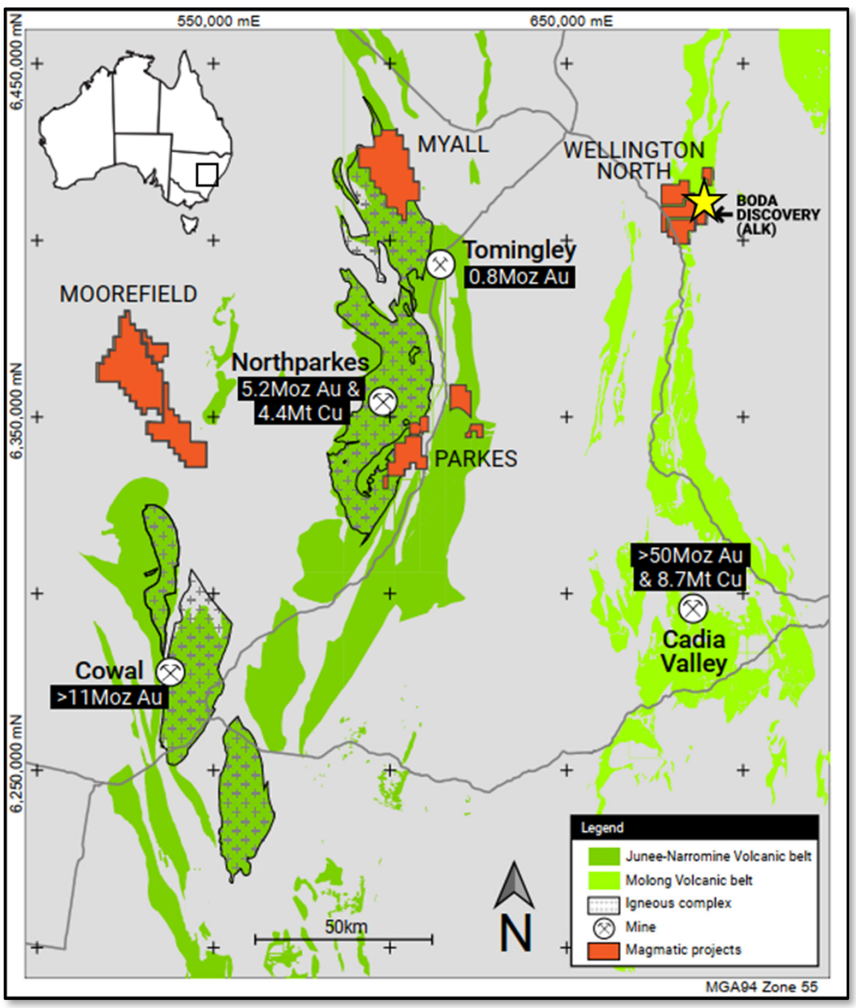



*Figure 2: Location of Magmatic's East Lachlan Projects*

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

Targeting: Porphyry Gold Copper, Epithermal Gold and Orogenic Gold Deposits

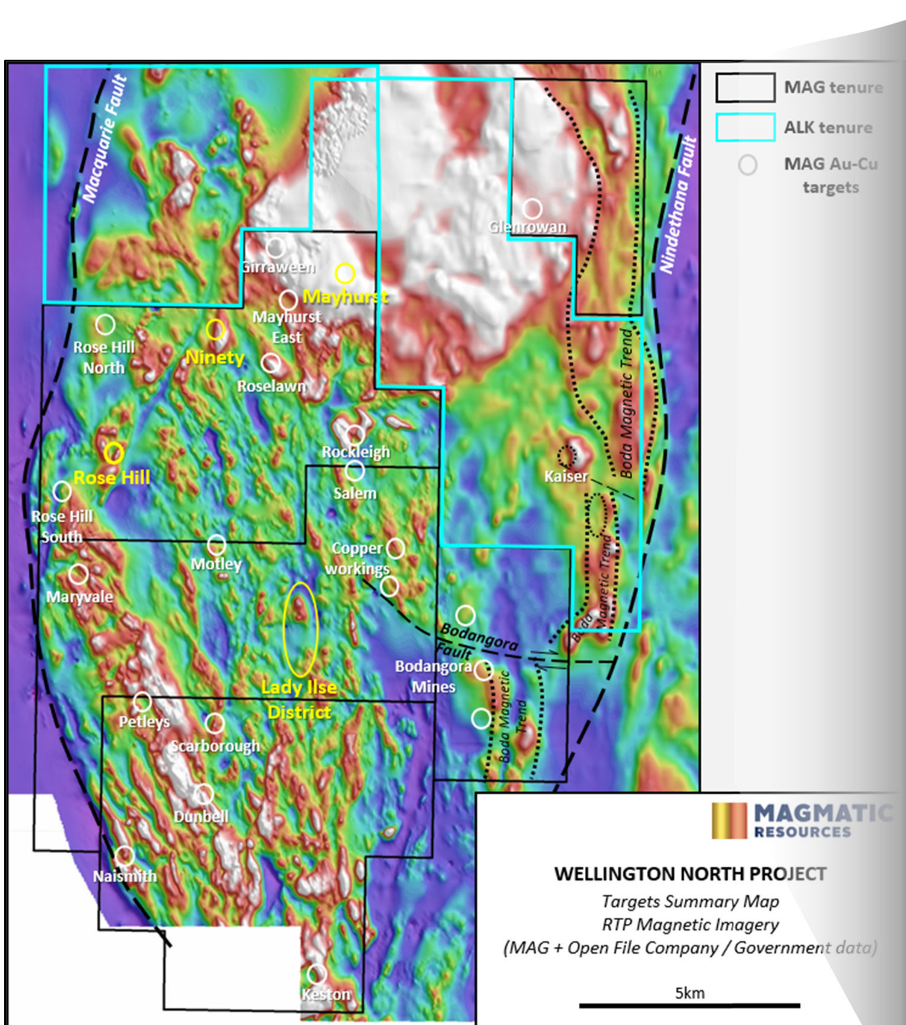
The Wellington North Project covers the northern extension of the Molong Volcanic Belt, located ~110km north and along strike from Newcrest's world-class Cadia Valley gold-copper porphyry deposits and surrounding Alkane Resources' recent Boda gold-copper porphyry discovery.

The Wellington North Project comprises three exploration licences that essentially surround the Boda discovery, covering 177km$^2$ and is considered prospective for gold-copper porphyry, gold epithermal and lode style gold mineralisation.

Magmatic's activity during the year has focussed in the Lady Ilse District, with the completion of MIMDAS geophysics and a maiden diamond drill hole (20LIDD001: 1014.8m), which defined a vertical, broadly north-south trending zone of porphyry style sulphide mineralisation.

| | | |
|---|---|---|
| **20LIDD001** | | **50m @ 0.27g/t Au, 0.04% Cu from 691m** |
| | incl | 18m @ 0.45g/t Au, 0.08% Cu from 691m |
| **and** | | **10m @ 0.87g/t Au, 0.06% Cu from 593m** |
| **and** | | **17m @ 0.77g/t Au, 0.04% Cu from 803m** |
| | incl | 1m @ 6.14g/t Au, 0.15% Cu from 819m |
| **and** | | **4m @ 1.11g/t Au from 948m** |

Future work will include RC and AC drilling, along strike from the core hole and within the district to assess areas considered prospective for Boda-style gold-copper porphyry mineralisation.



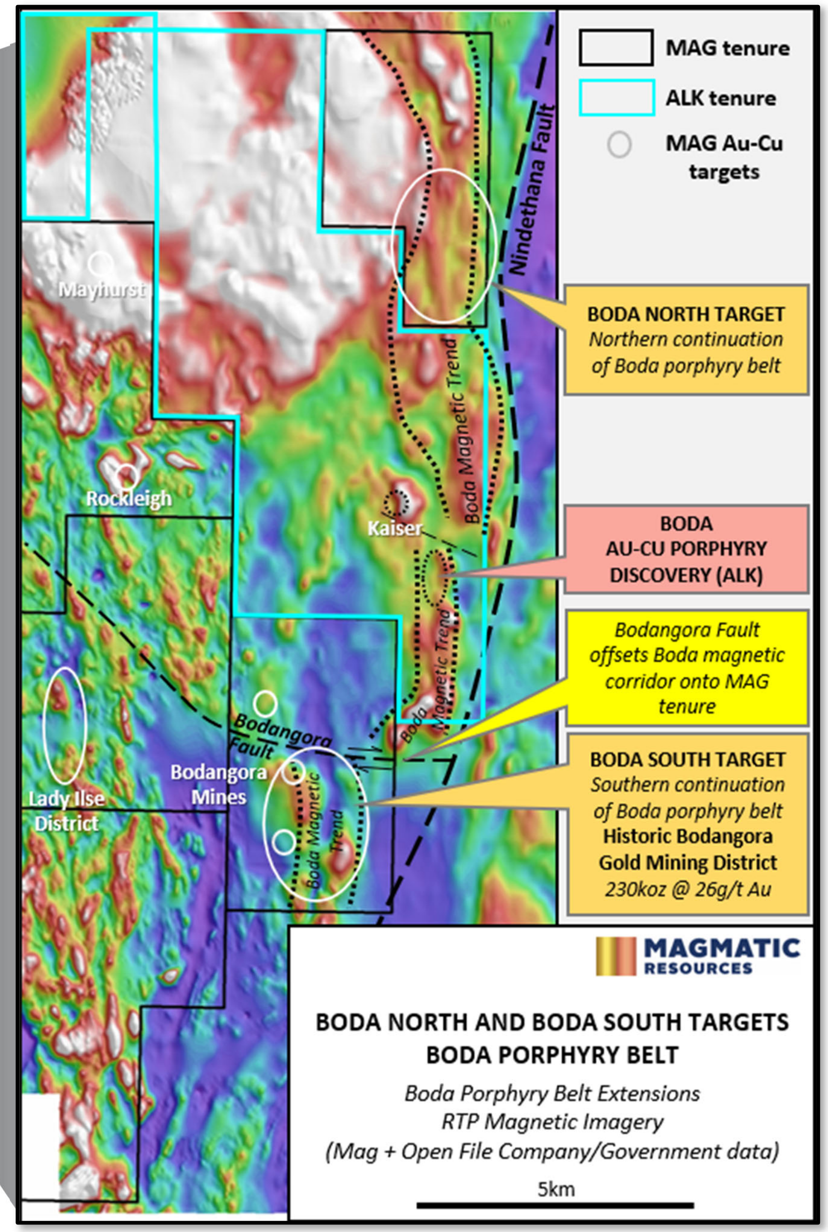




Figure 3: Aeromagnetic imagery, RTP (Magmatic and Open File Company/Government) showing northern Molong Belt porphyry target portfolio, Wellington North Project, highlighting Boda Au-Cu Porphyry Discovery (ALK), extensions to the Boda Porphyry Belt and target zones at Boda North, Boda South

## Parkes Project (100% MAG)

Targeting: Porphyry Copper – Gold and Orogenic Gold Deposits

The Parkes Project covers a portion of the Parkes Fault Zone, within the Junee – Narromine Volcanic Belt, located ~40km south and along strike from Alkane's Tomingley Gold Operations and recent orogenic gold discoveries along the Roswell - San Antonio - El Paso Trend.

The Parkes Project comprises two licences (EL7676 and EL7424) covering 159 km$^2$ and is considered prospective for copper-gold porphyry, high sulfidation epithermal and orogenic gold mineralisation.

In 2017, the Parkes Project was joint ventured with JOGMEC (Japanese National government resources agency), who spent $2.7m on exploration activity over the initial three-year earn in period. In September 2019, both parties negotiated to finalise the joint venture with 100% of the project and the two licences (EL7424 and EL7676) remaining with Magmatic (JOGMEC JV).

The Parkes JOGMEC JV completed two diamond holes during the year with drillhole 19ATDD013 (930.05m) at Buryan intersecting copper-gold porphyry mineralisation with best results:

- ✓ *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)*

Future exploration activity on the Parkes Project will focus on the orogenic gold potential of the project area, including the MacGregors, MacGregors South and Stockmans Prospects, within the Parkes Fault Zone.

The prospectivity of these target areas has been upgraded based on the recent discoveries made by Alkane Resources Ltd, located along strike, south of the Tomingley Gold Operations.

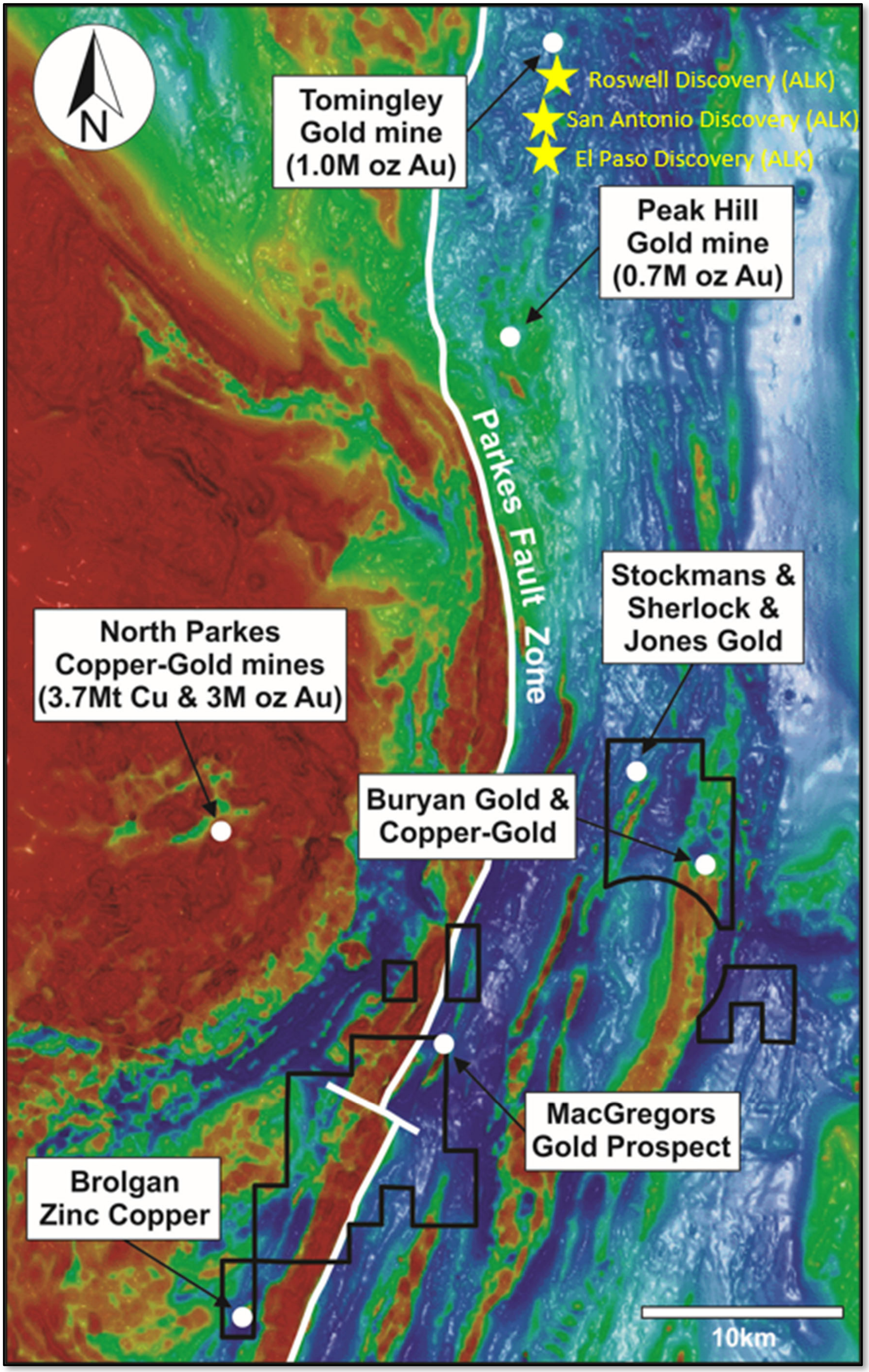



*Figure 4: Magmatic's Parkes JV licence area straddles the highly prospective Parkes Fault Zone*

## Myall Gold-Copper Project (100% MAG)

Targeting: porphyry Copper Gold deposits

The Myall Project covers the Narromine Intrusive Complex within the Junee-Narromine Volcanic Belt, located ~50km north and along strike from CMOC/Sumitomo's Northparkes copper-gold porphyry deposits.

The Myall Project comprises a single exploration licence (EL6913) covering 244km$^2$ and is considered prospective for Northparkes-style copper-gold porphyry and epithermal gold mineralisation.

Ongoing exploration activity has enhanced the potential of the Myall Project to host a Northparkes style copper-gold porphyry cluster. The identification of Wombin Volcanics equivalent rocks at Myall (Northparkes mineralisation host rocks) is an important knowledge breakthrough for the project.

Additionally, the Greater Kingswood area copper anomaly shows similar dimensions and tenor to the 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 (Kingswood)**

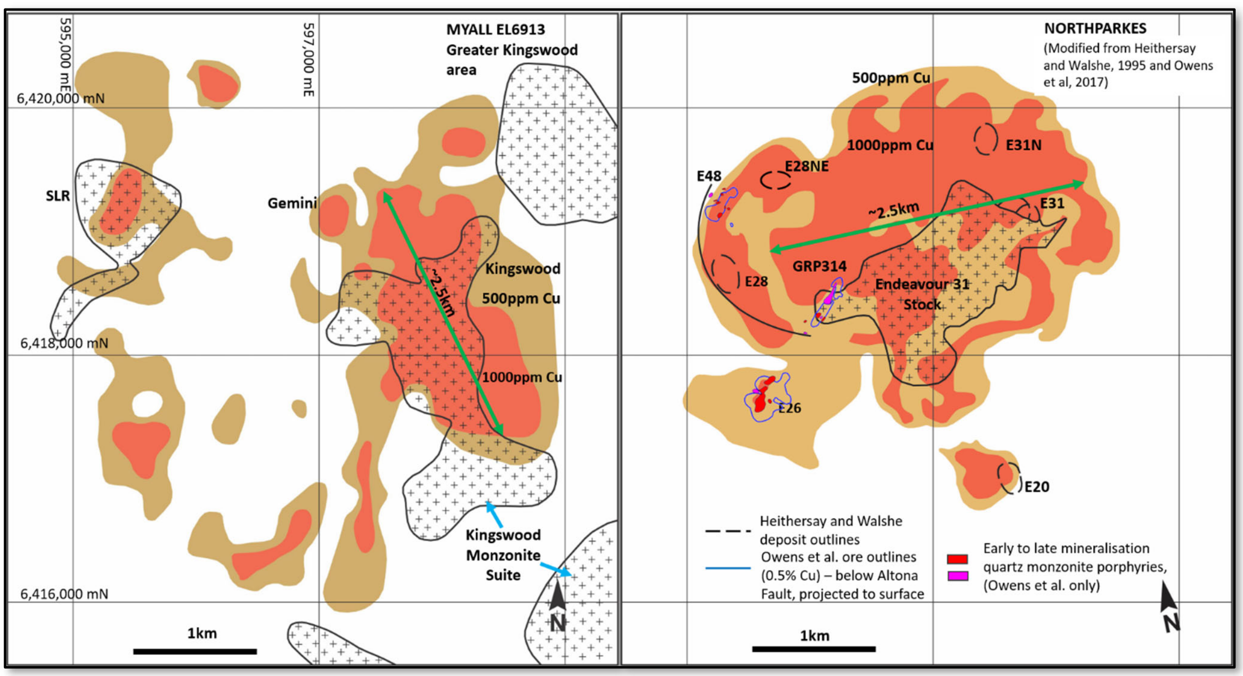



***Figure 5: Myall Project: Greater Kingswood area copper anomaly at 500ppm Cu and 1000ppm Cu versus Northparkes copper geochemistry at the same scale. Shows similar anomaly dimensions***

## Moorefield Gold and Base Metals Project (100% MAG)

Targeting: Gold and Base Metal deposits

The Moorefield Project covers a portion of Ordovician metasediments (Girilambone Group) and Siluro-Devonian volcanics and sediments (Derriwong Group) in the central Lachlan Orogen of New South Wales.

The Moorefield Project comprises two tenements (EL7675 and EL8669) covering 478km$^2$ and is considered prospective for near surface gold and polymetallic base metal, gold VMS mineralisation.

Ongoing exploration activity has developed VMS gold-base metal targets at the Pattons Prospect where the Company was awarded a New Frontiers Cooperative Drilling (NFCD) programme grant for future drilling.

In addition, work has further developed orogenic gold targets along the Boxdale-Carlisle Reef trend warranting future drill testing.

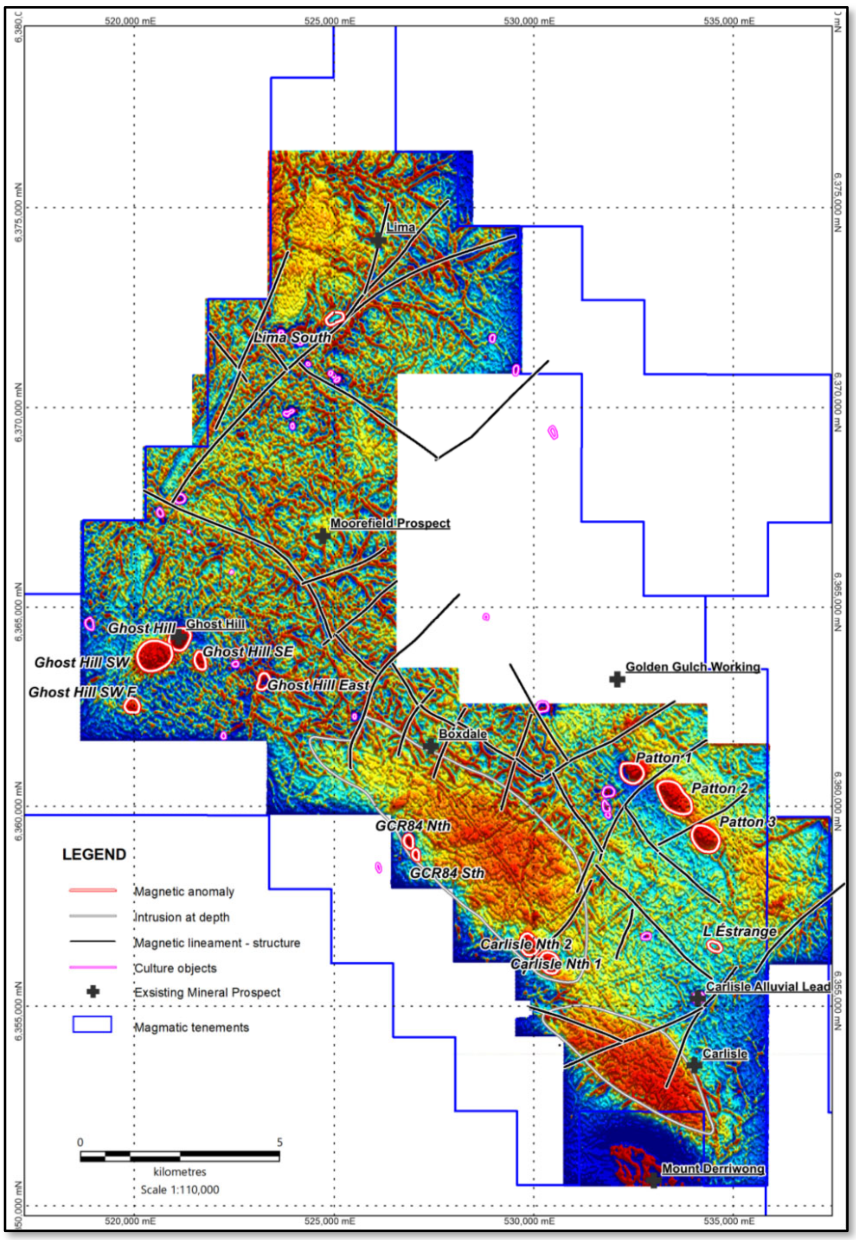



*Figure 6: Moorefield interpreted aeromagnetic image and target (1VD RTP TMI)*

## Western Australian Projects

Magmatic's Western Australian exploration portfolio comprises the Yamarna Gold Project and nearby Mt Venn Copper-Nickel-Cobalt Project, located 150km east of Laverton.

These strategic ground positions are in a proven mineralised district of Western Australia, considered prospective for gold, cobalt and nickel.

Agreements for further West Australian acquisitions had been negotiated during the year, however these were terminated following the Boda Porphyry Discovery (ASX:ALK) in September 2019 and a timely re-rating of the value and potential of the Company's East Lachlan assets.

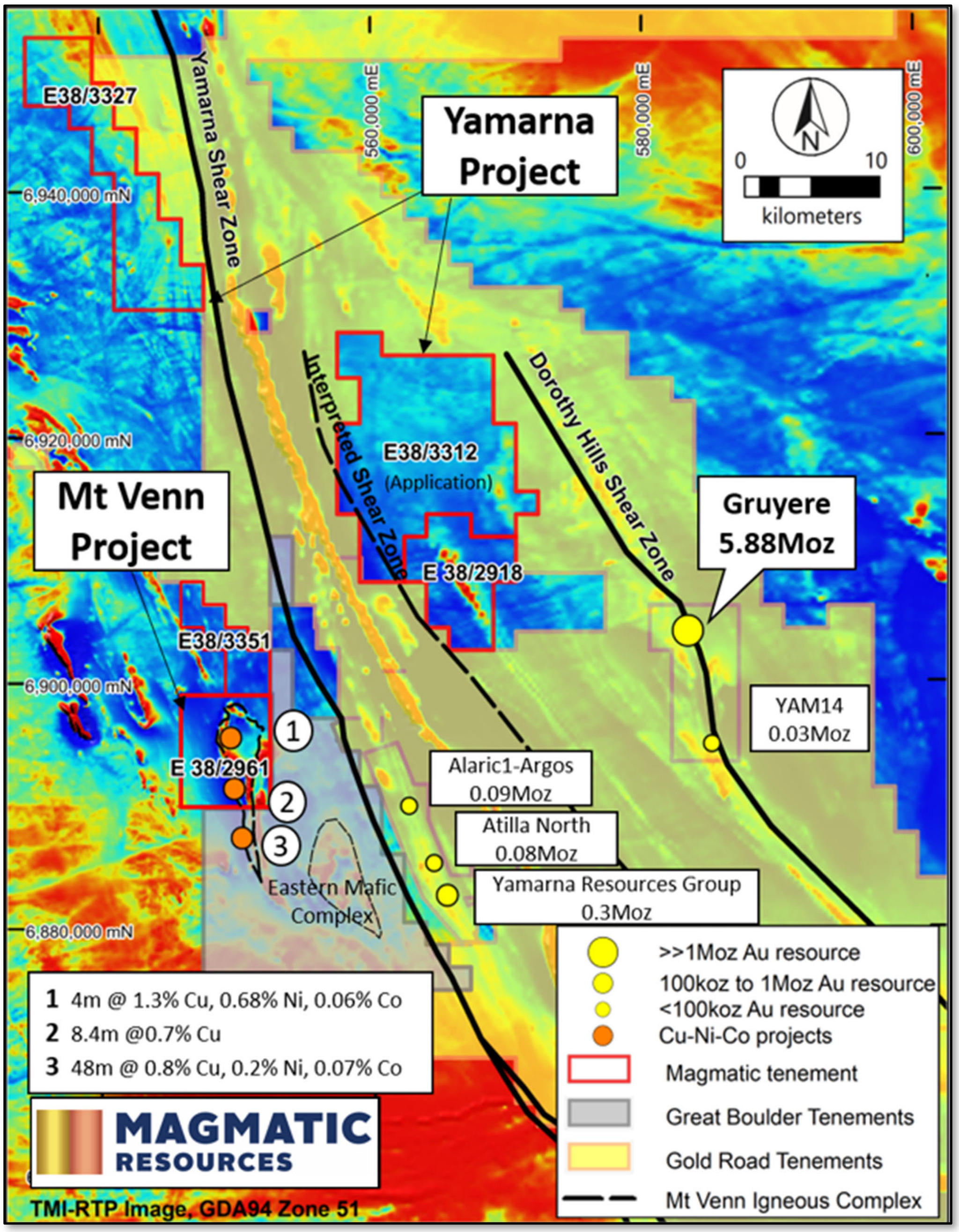



*Figure 7: Magmatic's Yamarna and Mt Venn projects*

## Mt Venn Project (100% MAG)

Targeting: Mt Venn-style Copper Nickel Cobalt deposits

The Mt Venn Project is located 120 km east of Laverton in Western Australia. It consists of 2 tenements (E38/2961 and E38/3351) for ~87 $km^2$ 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 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 Project, completing initial soil and rock chip sampling and confirmed the EM anomalies are under shallow cover.

## 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 355$km^2$. 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.

The Magmatic exploration team have identified a large-scale regional structure transecting the Company's Yamarna Project, interpreted to be prospective for gold. Previous exploration is limited and includes minor shallow RAB and AC drilling which Magmatic intends to follow up.

## References

CMOC 2019., China Molybdenum Company Limited, http://www.cmocinternational.com/australia/

Evolution., 2018, https://evolutionmining.com.au/reservesresources/

Newcrest., 2019, Newcrest Investor and Analyst Presentation, ASX Announcement, 18 November 2019

Phillips, G N (Ed), 2017. Australian Ore Deposits, The Australasian Institute of Mining and Metallurgy: Melbourne

## Competent Persons Statement

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Duerden who is a Registered Professional Geoscientist (RPGeo) and member of the Australian Institute of Geoscientists. Mr Duerden is a full-time employee of, and has associated shareholdings in, 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 Duerden consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Additionally, Mr Duerden 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 J Richardson – *Executive Chairman (elected Chairman 3 February 2020)*
Peter B Duerden – *Managing Director (appointed 3 February 2020)*
David W Berrie – *Non-Executive Director*
David N Flanagan – *Non-Executive Director (appointed 28 October 2019)*
Malcolm Norris – *Non-Executive* Director *(resigned 3 February 2020)*
Andrew J Viner – *Non-Executive Director (appointed 16 September 2019, resigned 11 October 2019)*

**Company Secretary**
Anthony M Walsh (appointed 15 October 2019)
David W Berrie

**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 15 of this Annual Report. COVID 19 had an impact on the exploration program during the four months to 30 June 2020 with the contracted drill rig operating on day shifts only and with a lower than usual efficiency. To partially offset this cost the Group received a $96,005 Australian federal government Cash Boost subsidy.

**Financial review**
The Group incurred a loss of $4,318,026 after income tax for the financial year (2019: loss of $1,993,025).

As at 30 June 2020, the Group had net assets of $5,812,849 (30 June 2019: $1,196,256), including cash and cash equivalents of $4,234,820 (30 June 2019: $233,431).

**Significant changes in the state of affairs**
The Group raised $7,200,000 through the issue of 44,166,667 new shares at a cost of $451,000, and raised a further $375,132 from option holders who exercised 3,266,063 options.

**Matters subsequent to the end of the financial year**
On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

The Company announced to the ASX on 18 September 2020 that its wholly owned subsidiary, Australian Gold and Copper Limited (AGC) has entered into a binding term sheet to purchase two Central Lachlan gold/polymetallic projects from private company, New South Resources Pty Ltd (NSR).

NSR will receive as consideration AGC shares amounting to a 40% interest in AGC pre the initial public offering (IPO) proposed to be undertaken by AGC for their Cargelligo and Gundagai projects (NSR Tenements). The Company will hold the remaining 60% in AGC pre-IPO.

Subject to shareholder approvals, and all necessary regulatory approvals, compliance with ASX escrow requirements and waivers, the Company and NSR have the right to distribute in specie up to 50% of their AGC holdings to their respective shareholders. The Company considers the combined AGC project portfolio to provide multiple drill ready discovery opportunities of 'Fosterville-style' orogenic gold, McPhillamys-style gold and 'Cobar-Hera-style' goldpolymetallic mineralisation within the Central Lachlan Fold Belt. The demerger of Moorefield will allow the Company to focus on its East Lachlan gold and gold-copper porphyry projects.

The demerger of Moorefield and the NSR acquisitions remain contingent on the Company's shareholders approval, satisfactory tax ruling being received from the ATO regarding tax implications of a distribution in specie for Magmatic shareholders, necessary regulatory approvals, compliance with 2 ASX escrow requirements and waivers and will be considered at Magmatic's upcoming Annual General Meeting.

**Likely developments and expected results**
Additional comments on expected results of certain operations of the Group are included in the Review of Operations. The impact of COVID-19 on the Company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2021 interim and annual financial statements.

**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 Richardson B. Comm MBA** *Executive Chairman* (appointed 28 October 2016, elected Chairman 3 February 2020)
*Experience and expertise*
Mr David Richardson has extensive international corporate experience including 15 years in Japan in Asia Pacific regional director positions with organisations such as Pacific Dunlop Ltd and Amcor Ltd, expertise includes venture capital and finance.

Mr Richardson founded Magmatic Resources in 2014, listing the Company on the ASX in 2017 and is Executive Chairman of the Company. Mr Richardson holds an Masters of Business Administration from the University of Southern California (USC), Los Angeles.

Mr Richardson is not considered to be independent due to his executive role as Executive Chairman of the Company and his interest in the securities of the Company.
*Other current directorships:* Nil
*Former directorships in the last 3 years:* Nil
*Special responsibilities:* Executive Chairman
*Interests in shares and options at the date of this report:*
42,442,571 ordinary shares (indirectly held) and 9,000,000 options (indirectly held).

**Peter Duerden BSc Hons (EconGeo), M (EconGeo), RPGeo** Managing Director (appointed 3 February 2020)
*Experience and expertise*
Mr Peter Duerden has over 20 years experience in the mining and exploration industry working across a wide range of commodities and deposit styles with particular expertise in NSW mineral systems. Before joining

Magmatic, Mr Duerden was involved in the start-up of Sky Metals Limited and the development of their successful NSW gold strategy and has held senior management positions with Newcrest Mining and Alkane Resources. Mr Duerden holds a Masters of Economic Geology and is a Registered Professional Geoscientist (RPGeo) and member of the AIG.

Mr Duerden is not considered to be independent due to his executive role as Managing Director of the Company.
*Other Current Directorships:* Nil
*Former directorships in the last 3 years:* Sky Metals Limited (appointed 14 October 2019 resigned 4 December 2019)
*Special Responsibilities:* Managing Director
*Interests in shares and options at the date of this report:*
4,850,313 ordinary shares (indirectly held) and 6,000,000 options (indirectly held)

**David Flanagan AM CitWA** Non-Executive Director (appointed 28 October 2019)
*Experience and expertise*
Mr David Flanagan is a geologist with more than 25 years' experience in the multi commodity mining and mineral exploration industry in Australia, Indonesia and Africa. David has a BSc Mining & Minerals Exploration Geology, undertaken at Curtin University, School of Mines in Western Australia. He is a Fellow of the Australian Institute of Company Directors and Member of the Australasian Institute of Mining and Metallurgy. David was Chancellor of Murdoch University from 2013 to 2019.

During 2014, Mr Flanagan was named the Western Australian of the Year and Western Australian Business Leader of the Year. He was awarded an Eisenhower Fellowship in 2013 and remains active in the not for profit sector. In January 2018, Mr Flanagan was awarded the prestigious Member of the General Division of the Order of Australia Award.

*Other directorships:* Non-Executive Chairman of ASX listed companies, Battery Minerals Limited and Coziron Limited.
*Former directorships in the last 3 years:* Nil
*Special responsibilities:* Nil
*Interests in shares and options at the date of this report:*
Nil ordinary shares held and 6,000,000 options (directly held).

**David Berrie LLB** *Non-Executive Director* (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.

*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:* Joint Company Secretary
*Interests in shares and options at the date of this report:*
14,029,044 ordinary shares (indirectly held) and 2,675,000 options (indirectly held).

**Meetings of directors**

During the financial year there were eight 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 Richardson | 8 | 8 |
| P Duerden | 4 | 4 |
| D Berrie | 8 | 8 |
| D Flanagan | 6 | 6 |
| M Norris | 4 | 4 |
| A Viner | 1 | 1 |

**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 |
|---|---|---|---|
| 30 August 2018 | 30 August 2021 | $0.10 | 26,535,708 |
| 14 October 2019 | 14 October 2022 | $0.10 | 3,000,000 |
| 16 October 2019 | 30 November 2022 | $0.10 | 11,500,000 |
| 22 October 2019 | 30 November 2022 | $0.10 | 10,500,000 |
| 29 November 2019 | 30 November 2022 | $0.26 | 8,000,000 |
| 31 January 2020 | 31 January 2023 | $0.37935 | 9,040,000 |
| 31 January 2020 | 31 January 2023 | $0.63225 | 4,460,000 |
| 04 December 2019 | 31 January 2023 | $0.37935 | 660,000 |
| 04 December 2019 | 31 January 2023 | $0.63225 | 340,000 |

**Shares issued on the exercise of options**

| Options Grant Date | Date of Expiry | Date Exercised | Exercised Price | Number of Options |
|---|---|---|---|---|
| 10 March 2019 | 10 March 2024 | 2 December 2019 | $0.03 | 2,000,000 |
| 31 August 2018 | 30 August 2012 | 7 January 2020 | $0.10 | 306,433 |
| 11 May 2017 | 17 May 2020 | 9 March 2020 | $0.30 | 12,593 (*) |
| 11 May 2017 | 17 May 2020 | 17 May 2020 | $0.30 | 930,037 (*) |
| 31 August 2018 | 30 August 2021 | 22 May 2020 | $0.10 | 17,000 |
| (*) remaining 17,037,983 $0.30 options lapsed unexercised on 17 May 2020 as did 2,500,000 options with an exercise price of the greater of $0.20 or the 20-day VWAP on 11 May 2020 | | | | |

**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 2020. 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 Richardson - Executive Chairman (elected Chairman 3 February 2020)
Peter Duerden – Managing Director (appointed 3 February 2020)
David Flanagan – Non-Executive Director (appointed 28 October 2019)
David Berrie – Non-Executive Director
Malcolm Norris – Non-Executive Director (resigned 3 February 2020)
Andrew Viner – Non-Executive Director (appointed 16 September 2019, resigned 11 October 2019)

**(ii) Executives**
Michael Franklin - Chief Financial Officer

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 2020, exclusive of superannuation guarantee the annual cash remuneration for the Non-Executive Directors was $100,000 and $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.

**Share-based compensation**

*Issue of shares*

Details of shares issued to directors on Conversion of Class B Performance Shares during the year ended 30 June 2020 are set out below:

| Name | Date | Shares | Issue Price | $ |
|---|---|---|---|---|
| David Richardson | 30 October 2019 | 4,480,000 | $0.138 | 618,240 |
| David Berrie | 30 October 2019 | 1,360,000 | $0.138 | 187,680 |

Note: The issue of these shares was approved by shareholders at a general meeting held on 22 October 2019.

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Number of Options granted | Grant Date | Vesting and exercisable date | Expiry date | Exercise price | Fair value Per option at grant date |
|---|---|---|---|---|---|---|
| David Flanagan | 6,000,000 | 29 Nov 2019 | 29 Nov 2019 | 30 Nov 2022 | $0.26 | $0.09738 |
| Malcolm Norris | 2,000,000 | 29 Nov 2019 | 29 Nov 2019 | 30 Nov 2022 | $0.26 | $0.09738 |
| David Richardson | 2,700,000 | 23 Jan 2020 | 31 Jan 2020 | 31 Jan 2023 | $0.37935 | $0.13534 |
| David Richardson | 1,300,000 | 23 Jan 2020 | 31 Jan 2020 | 31 Jan 2023 | $0.63225 | $0.10897 |
| Peter Duerden | 4,000,000 | 23 Jan 2020 | 31 Jan 2020 | 31 Jan 2023 | $0.37935 | $0.13534 |
| Peter Duerden | 2,000,000 | 23 Jan 2020 | 31 Jan 2020 | 31 Jan 2023 | $0.63225 | $0.10897 |
| David Berrie | 1,350,000 | 23 Jan 2020 | 31 Jan 2020 | 31 Jan 2023 | $0.37935 | $0.13534 |
| David Berrie | 650,000 | 23 Jan 2020 | 31 Jan 2020 | 31 Jan 2023 | $0.63225 | $0.10897 |

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below:

| Name | Value of options granted during the year $ | Value of options exercised during the year $ | Value of options lapsed during the year $ | Remuneration consisting of options for the year % |
|---|---|---|---|---|
| David Flanagan | 584,281 | - | - | 90% |
| Malcolm Norris | 194,760 | - | - | 88% |
| David Richardson | 73,029 | - | - | 8% |
| Peter Duerden | 109,353 | - | - | 48% |
| David Berrie | 36,514 | - | - | 12% |

No performance rights were issued during the year ended 30 June 2020.

*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 four financial years:

| | **2020** | **2019** | **2018** | **2017** |
|---|---|---|---|---|
| **Net loss** | **$4,318,026** | **$1,993,025** | **$2,533,870** | **$3,794,220** |
| **Share Price at year end (cents)** | **27.0** | **1.8** | **6.1** | **12.0** |
| **Loss per share (cents)** | **3.02** | **1.76** | **2.75** | **4.74** |

**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 2020 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 2020**

| Name | *Salary / Fees* *$* | *Post-employment benefits / Superannuation* *$* | *Share-based payments* *$* | *Other* *$* | *Total* *$* |
|---|---|---|---|---|---|
| **Director** | | | | | |
| D Richardson | 180,000 | 54,469 | 73,028 | - | 307,497 |
| P Duerden (appointed 3 February 2020) | 108,333 | 19,412 | 109,353 | - | 237,098 |
| D Flanagan (appointed 28 October 2020) | 62,206 | 5,910 | 584,281 | - | 652,397 |
| D Berrie | 60,000 | 5,700 | 36,514 | - | 102,214 |
| M Norris (resigned 3 February 2020) | 23,333 | 2,217 | 194,760 | - | 220,310 |
| ***Key Management Personnel*** | | | | | |
| M Franklin | 100,000 | - | - | - | 100,000 |
| | **533,872** | **87,708** | **997,936** | **-** | **1,619,516** |

Other non-executive director, Andrew Viner did not receive any remuneration for the year (2019: nil).

**Year ended 30 June 2019**

| Name | *Salary / Fees* *$* | *Post-employment benefits / Superannuation* *$* | *Share-based payments* *$* | *Other** *$* | *Total* *$* |
|---|---|---|---|---|---|
| **Director** | | | | | |
| D Richardson | 180,000 | 17,100 | - | - | 197,100 |
| D Berrie | 60,000 | 5,700 | - | - | 65,700 |
| 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** |

* Other benefits include termination benefits paid to Ms Wowesny in 2019.

## 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<br>*Executive Chairman* | 2 years<br>3 months | $180,000 | N/A |
| Peter Duerden<br>*Managing Director* | N/A<br>6 months | $260,000 | N/A |
| Michael Franklin<br>*Chief Financial Officer* | N/A<br>N/A | $100,000 | N/A |

## D Key management personnel equity holdings

| **2020** | Balance at beginning of year | Net movement during the year | Balance at the end of year |
|---|---|---|---|
| *Ordinary shares* | | | |
| ***Directors*** | | | |
| D Richardson | 37,962,571 | 4,480,000 | 42,442,571 |
| P Duerden (appointed 3 February 2020) | - | 4,850,313 | 4,850,313 |
| D Flanagan (appointed 28 October 2020) | - | - | - |
| D Berrie | 12,669,044 | 1,360,000 | 14,029,044 |
| M Norris (resigned 3 February 2020) | - | - | - |
| A Viner (appointed 16 September 2019, resigned 11 October 2019) | 40,000 | 203,000 | 243,000 |
| ***Other Key management personnel*** | | | |
| M Franklin | - | - | - |

| *Options* | Balance at beginning of year | Net movement during the year | Balance at the end of year |
|---|---|---|---|
| ***Directors*** | | | |
| D Richardson | 5,121,875 | 3,878,125 | 9,000,000 |
| P Duerden (appointed 3 February 2020) | - | 6,000,000 | 6,000,000 |
| D Flanagan (appointed 28 October 2020) | - | 6,000,000 | 6,000,000 |
| D Berrie | 919,375 | 1,755,625 | 2,675,000 |
| M Norris (resigned 3 February 2020) | 750,000 | 1,250,000 | 2,000,000 |
| A Viner (appointed 16 September 2019, resigned 11 October 2019) | - | - | - |
| ***Other Key management personnel*** | | | |
| M Franklin | - | - | - |

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 (Executive Chairman)*

During the financial year the son of Mr Richardson provided casual administrative services to the Company to the value of $538. These services were provided on normal commercial terms and conditions.

Mr Richardson's related entity D&R Superannuation Fund lent $50,000 from 26 July 2019 to 27 November 2019 to the group and it was paid interest at the rate of 10% per annum on that loan which totalled $1,699.

Mr Richardson's related entity Bilingual Software Pty Ltd lent $50,000 from 2 August 2019 to 28 November 2019 and a further $90,000 from 30 August 2019 to 28 November 2019 to the group and it was paid interest at the rate of 10% per annum on that loan which totalled $3,874.

*Mr David Berrie (Non-Executive Chairman)*

Mr Berrie's related entity Davthea Pty Ltd lent $25,000 from 28 August 2019 to 26 November 2019, a further $5,000 from 29 August 2019 to 26 November 2019, a further $15,000 from 11 September 2019 to 26 November 2019, followed by a further $15,000 from 12 September 2019 to 26 November 2019 to the group and it was paid interest at the rate of 10% per annum on that loan which totalled $1,368.

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 2019 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 2020.

**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 | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| **Assurance services** | | |
| BDO Audit (WA) Pty Ltd | | |
| Audit and review of financial statements | **42,902** | **28,077** |
| ***Total remuneration for audit services*** | **42,902** | **28,077** |
| | | |
| **Total auditor's remuneration** | **42,902** | **28,077** |

**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 Richardson
Executive Chairman
PERTH, Western Australia
Dated: 25 September 2020

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Australia

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 2020, 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, 25 September 2020

# Corporate Governance Statement

The Company and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The Company's updated corporate governance practices were approved by the Board on 27 August 2020.

The 2020 Corporate Governance Statement was approved by the Board on 25 September 2020 and is current as at 25 September 2020. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.magmaticresources.com.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

| | Note | Consolidated 2020 $ | 2019 $ |
|---|---|---|---|
| **Continuing Operations** | | | |
| Other income | 2 | **254,494** | 97,289 |
| | | **254,494** | 97,289 |
| Corporate administration expenses | 3 | **(1,389,438)** | (1,129,482) |
| Exploration expenditure incurred | 3 | **(1,466,443)** | (471,707) |
| Exploration asset impairments | | **-** | (445,000) |
| Share based payment expense | 19 | **(1,700,486)** | (42,898) |
| Finance costs | | **(16,153)** | (1,227) |
| | | **(4,318,026)** | (2,090,314) |
| **Loss before tax** | | **(4,318,026)** | (1,993,025) |
| Income tax | 4 | **-** | - |
| **Net loss for the period** | | **(4,318,026)** | (1,993,025) |
| **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** | | **(4,318,026)** | (1,993,025) |
| **Total comprehensive loss for the period attributable to the members of Magmatic Resources Limited:** | | **(4,318,026)** | (1,993,025) |
| **Loss per share attributable to the members of Magmatic Resources Limited** | | | |
| Loss per share (dollars) | 5 | **$0.030** | $0.018 |

*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 2020

| | Note | Consolidated 2020 $ | 2019 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 7 | **4,234,820** | 233,431 |
| Other receivables | 8 | **73,677** | 108,561 |
| **Total Current Assets** | | **4,308,497** | 341,992 |
| **Non-Current Assets** | | | |
| Plant and Equipment | 9 | **89,623** | 36,420 |
| Security Bonds | 10 | **91,300** | 91,300 |
| Exploration assets | 11 | **1,628,350** | 1,628,350 |
| Right-of-use assets | | **115,235** | - |
| **Total Non-Current Assets** | | **1,924,508** | 1,756,070 |
| **Total Assets** | | **6,233,005** | 2,098,062 |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | **304,637** | 901,806 |
| Lease Liabilities | | **39,200** | - |
| **Total Current Liabilities** | | **343,837** | 901,806 |
| **Non-Current Liabilities** | | | |
| Lease Liabilities | | **76,319** | - |
| | | **76,319** | - |
| **Total Liabilities** | | **420,156** | 901,806 |
| **Net Assets** | | **5,812,849** | 1,196,256 |
| **Equity** | | | |
| Issued capital | 13 | **15,071,988** | 6,733,855 |
| Reserves | 14 | **3,753,235** | 3,156,749 |
| Accumulated losses | | **(13,012,374)** | (8,694,348) |
| **Total Equity** | | **5,812,849** | 1,196,256 |

*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 2020

| Consolidated | Issued Capital $ | Share Based Payments Reserve $ | Capital Restructure Reserve $ | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|---|
| **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 |
| **Balance at 1 July 2019** | **6,733,855** | **3,156,499** | **250** | **(8,694,348)** | **1,196,256** |
| Loss after income tax expense for the year | **-** | **-** | **-** | **(4,318,026)** | **(4,318,026)** |
| Other comprehensive income for the year, net of tax | **-** | **-** | **-** | **-** | **-** |
| **Total comprehensive loss for the year** | **-** | **-** | **-** | **(4,318,026)** | **(4,318,026)** |
| **Transactions with owners recorded directly in equity** | | | | | |
| Vesting of Performance Shares | **1,104,000** | **(1,104,000)** | **-** | **-** | **-** |
| Share-based payments | **-** | **1,700,486** | **-** | **-** | **1,700,486** |
| Issue of ordinary shares | **7,685,133** | **-** | **-** | **-** | **7,685,133** |
| Capital raising expenses | **(451,000)** | **-** | **-** | **-** | **(451,000)** |
| Total transactions with owners recorded directly in equity | **8,338,133** | **596,486** | **-** | **-** | **8,934,619** |
| **Balance at 30 June 2020** | **15,071,988** | **3,752,985** | **250** | **(13,012,374)** | **5,812,849** |

*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 2020

| | Note | Consolidated 2020 $ | 2019 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers, contract discontinuance fees received and Government Subsidies | | **251,160** | - |
| Payments to suppliers and employees | | **(1,389,284)** | (971,330) |
| Payments for exploration expenditure | | **(1,808,487)** | (1,253,997) |
| Proceeds from / (returned to) earn-in partner | | **(38,427)** | 1,000,000 |
| Net Interest received / (paid) | | **(253)** | 4,452 |
| **Net cash used in operating activities** | 19(a) | **(2,985,291)** | (1,220,875) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant & equipment | | **(91,641)** | - |
| Payment for tenements | | **-** | (30,000) |
| **Net cash used in investing activities** | | **(91,641)** | (30,000) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **550,000** | - |
| Repayment of borrowings | | **(450,000)** | - |
| Repayment of lease liabilities | | **(45,811)** | - |
| Proceeds from the issue of shares | | **7,475,132** | 994,365 |
| Payment of capital raising costs | | **(451,000)** | (63,544) |
| **Net cash from financing activities** | | **7,078,321** | 930,821 |
| **Net increase/(decrease) in cash and cash equivalents** | | **4,001,389** | (320,053) |
| **Cash and cash equivalents at the beginning of the year** | | **233,431** | 553,484 |
| **Cash and cash equivalents at the end of the year** | 7 | **4,234,820** | 233,431 |

*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 2020

**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.

**(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 2020 the entity recorded a net loss of $4,318,026 (2019: $1,993,025), had net cash outflows from operating activities of $2,985,291, cash balance of $4,234,820 and future minimum exploration commitments of $1,397,847 (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. The Company intends to raise capital through the issue of new shares as and when required to fund the Company's ongoing activities.

On 31 January 2020, the COVID-19 pandemic announced by the World Health Organisation is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

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.

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

# Notes to the consolidated financial statements for the year ended 30 June 2020

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 25 September 2020.
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

**(e) Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. This includes Cash Boost income (add any other incentives received) received due to COVID-19 during the year which has been recognised as other income in the statement of profit or loss and other comprehensive income this year.

**(f) 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.

**(g) 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.

**(h) 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.

# Notes to the consolidated financial statements for the year ended 30 June 2020

**(i) 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.

**(j) Other receivables**

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

**(k) 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.

**(l) Leases**

For the year ended 30 June 2020

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is required to dismantle, remove or restore the leased asset.

# Notes to the consolidated financial statements for the year ended 30 June 2020

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.
When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate (being the interest rate implicit in the lease for the remainder of the lease term or, if that cannot be readily determined, the Group's incremental borrowing rate at the re-assessment date). An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised or there is a revision to the estimate of amounts payable under a residual value guarantee. In both cases an unchanged discount rate is used. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items such as IT-equipment and small items of office furniture.

**(m) 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.

**(n) 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.

# Notes to the consolidated financial statements for the year ended 30 June 2020

**(o) 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(j).

**(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.

# Notes to the consolidated financial statements for the year ended 30 June 2020

**(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) Adoption of new and amended accounting standards**

A number of new or amended standards became applicable for the current reporting period and the Group has had to change its accounting policies and make adjustments as a result of adopting the following standard:

- AASB 16 Leases

The impact of the adoption of this standard and the new accounting policies are disclosed below.

***AASB 16 Leases***

AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 'Determining whether an Arrangement contains a Lease.'

In accordance with the transitional provisions of AASB 16, the Group has elected to adopt AASB 16 using the modified retrospective approach, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019. In determining the present value, the discount rate is determined by reference to the group's incremental borrowing rate on the date of initial application of the standard (1 July 2019).

On transition to AASB 16 the Group has measured its right of use assets at the amount of the lease liability, adjusted for any lease prepayments or accruals recognised under the old leasing standard, AASB 117.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics.
- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on balance sheet) even though the initial term of the leases from lease commencement date may have been more than 12 months.

# Notes to the consolidated financial statements for the year ended 30 June 2020

The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 5.00%.

The Group's operating lease commitment at 30 June 2019 can be reconciled to the aggregate lease liability recognised in the statement of financial position at 1 July 2019 as follows:

| | $'000 |
|---|---|
| Operating lease commitment at 30 June 2019 | 20,000 |
| Less: short-term and low value leases being accounted for off balance sheet | (20,000) |
| Effect of discounting those lease commitments at an annual rate of 5% | 157,419 |
| Add: finance lease liabilities recognised as at 30 June 2019 | - |
| Lease liability recognised as at 1 July 2019 | 157,419 |

**Conceptual Framework for Financial Reporting (Conceptual Framework)**

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

AASB 2019-1 has also been issued, which sets out the amendments to Australian Accounting Standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.

The amendments apply prospectively on or after 1 January 2020, with no material effect to the Group.

**Interpretation 23 Uncertainty over Income Tax Treatments**

This interpretation clarifies how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in AASB 112 based on taxable profit (tax loss), unused tax losses, unused tax credits and tax rates determined applying this interpretation.

Interpretation 23 is effective from annual reporting periods beginning on or after 1 July 2019. The adoption of this interpretation has not had a significant impact on the results of the consolidated group.

**Amendments to AASB 101: Definition of Material**

This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments apply prospectively on or after 1 January 2020, with no material effect to the Group.

**Amendments to IAS 1: Presentation of Financial Statements**

This Standard aims to improve presentation in financial statements by clarifying the criteria for the classification of a liability as either current or non-current.

This amendment is to:

- Clarify that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period
- Clarify the link between the settlement of the liability and the outflow of resources from the entity

The amendments apply prospectively on or after 1 January 2022. The client has not yet determined the impact of this amendment.

### (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.

*Judgements:*

*Leases – determining the lease term.*

The Group has in place a number of leases of property and equipment with terms that can be renewed or extended, or, where no formal extension or renewal option exist, there is a practice of renewing or extending the lease.

In determining the lease term, management is required to determine:

- Whether there is an actual or implied extension or renewal option. An implied extension or renewal option will exist if both the lessee and lessor would incur a more than insignificant penalty if the lease were not extended or renewed; and
- Whether the Group is reasonably certain to exercise any actual or implied extension options, taking into account all facts and circumstances relating to the lease.

*Estimates:*
*Leases - determining the incremental borrowing rate.*

Where the interest rate implicit in a lease is not known, the Group is required to determine the incremental borrowing rate, being the rate of interest the Group would have to pay to borrow a similar amount, over a similar term, with similar security to obtain an asset of similar value in a similar economic environment.

As this information may not be readily available, the Group is required to estimate its incremental borrowing rate using such information as is available and making adjustments to reflect the particular circumstances of each lease.
The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 5%.

*Impact of Coronavirus (COVID-19) pandemic*
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain and staffing. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

# Notes to the consolidated financial statements for the year ended 30 June 2020

*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 technical 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 sold 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(o)), 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(o), 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(o). The carrying amounts of exploration and evaluation assets are set out in Note 11.

*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 | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| **Note 2: Other income** | | |
| JV management fee | **-** | 92,492 |
| Contract discontinuance fee received | **100,000** | - |
| COVID 19 Cash Boost subsidy | **96,005** | - |
| Office sub-lease | **22,041** | - |
| Interest income | **15,881** | 4,452 |
| Other | **20,567** | 345 |
| | **254,494** | 97,289 |

| | | |
|---|---|---|
| **Note 3: Expenses** | | |
| **Corporate and administration expenses** | | |
| Depreciation | **38,438** | 40,706 |
| Director and Company Secretarial Fees | **212,570** | 109,500 |
| Consulting Fees | **153,115** | 39,821 |
| Investor Relations | **89,704** | 21,834 |
| Legal Fees | **89,281** | 146,674 |
| Travel | **90,058** | 40,124 |
| Employee Expenses | **235,648** | 553,827 |
| Rental Expense | **45,350** | 73,663 |
| Contract discontinuance settlements | **60,000** | - |
| Other | **375,274** | 103,333 |
| | **1,389,438** | 1,129,482 |
| | | |
| **Exploration and evaluation expenses** | | |
| Exploration expenses incurred | **1,466,443** | 1,622,795 |
| Less: reimbursement from JV partner | **-** | (1,151,088) |
| Net exploration and evaluation expense | **1,466,443** | 471,707 |

# Notes to the consolidated financial statements for the year ended 30 June 2020

## Note 4: Income tax

### (a) Income tax benefit

| | Consolidated 2020 $ | Consolidated 2019 $ |
|---|---|---|
| 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 | **(4,318,026)** | (1,993,025) |
| At the statutory income tax rate of 27.5% (2019: 27.5%) | **(1,187,457)** | (548,082) |
| Add | | |
| - Non-assessable income | **(26,401)** | - |
| - Share based payments | **494,034** | 11,797 |
| - Deductible equity costs | **(52,991)** | (28,186) |
| - Non-deductible expenses | **1,422** | - |
| - Tax loss not brought to account | **771,393** | 576,471 |
| Income tax (benefit) reported in the statement of comprehensive income | **-** | - |

### (b) Unrecognised deferred tax balances

| | 2020 $ | 2019 $ |
|---|---|---|
| The following deferred tax assets have not been brought to account | | |
| Deferred tax assets comprise: | | |
| Accruals | **4,400** | 19,668 |
| Operating lease | **78** | - |
| Employee entitlements | **27,092** | 16,560 |
| Share issues & capital costs | **218,786** | 125,276 |
| Exploration expenditure | **40,963** | 49,708 |
| Losses available for offset against future income – revenue | **2,274,005** | 1,508,435 |
| | **2,565,324** | 1,719,647 |
| Deferred tax liabilities comprise: | | |
| Prepayments | **9,051** | 866 |
| Capitalised expenditure deductible for tax purposes | **1,081** | 6,015 |
| | **10,132** | 6,881 |
| Net unrecognised deferred tax assets | **2,555,192** | 1,712,766 |

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 2020, the Consolidated Entity has $8,269,109 (2019: $5,485,218) 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.

# Notes to the consolidated financial statements for the year ended 30 June 2020

### Note 5: Loss per share

| | Consolidated 2020 $ | Consolidated 2019 $ |
|---|---|---|
| Total basic loss per share | **0.0302** | **0.0176** |
| 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 | **(4,318,026)** | (1,993,025) |
| The weighted average number of ordinary shares | **142,824,641** | 112,920,483 |

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 2020 $ | Consolidated 2019 $ |
|---|---|---|
| Cash at bank and on hand | **4,234,820** | 233,431 |
| | **4,234,820** | 233,431 |

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

### Note 8: Other receivables

| | Consolidated 2020 $ | Consolidated 2019 $ |
|---|---|---|
| Goods and services tax receivable | **29,493** | 98,409 |
| Other | **44,184** | 10,152 |
| | **73,677** | 108,561 |

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

# Notes to the consolidated financial statements for the year ended 30 June 2020

**Note 9: Property, plant and equipment**

| | Consolidated | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Office equipment | | |
| - At cost | **21,498** | 10,241 |
| - Accumulated depreciation | **(12,400)** | (10,241) |
| Total Office Equipment | **9,098** | - |
| Information Technology | | |
| - At cost | **70,902** | 66,811 |
| - Accumulated depreciation | **(65,515)** | (52,264) |
| Total Information Technology | **5,387** | 14,548 |
| Motor Vehicles | | |
| - At cost | **76,293** | **-** |
| - Accumulated depreciation | **(5,086)** | **-** |
| Total Motor Vehicles | **71,207** | **-** |
| Exploration Equipment | | |
| - At cost | **53,822** | 53,822 |
| - Accumulated depreciation | **(49,891)** | (31,950) |
| Total Exploration Equipment | **3,931** | 21,872 |
| Total property, plant and equipment | **89,623** | 36,420 |

**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

| **2019 Consolidated** | **Office Equipment** | **Information Technology** | **Motor Vehicles** | **Exploration Equipment** | **Total Property Plant & Equipment** |
|---|---|---|---|---|---|
| Balance at the beginning of the year | 3,982 | 31,623 | - | 39,814 | 75,419 |
| Acquisitions | - | 1,709 | - | - | 1,709 |
| Depreciation expense | (3,982) | (18,784) | - | (17,942) | (40,708) |
| Disposals | - | - | - | - | - |
| Carrying amount at the end of the year | **-** | **14,548** | **-** | **21,872** | **36,420** |

| **2020 Consolidated** | **Office Equipment** | **Information Technology** | **Motor Vehicles** | **Exploration Equipment** | **Total Property Plant & Equipment** |
|---|---|---|---|---|---|
| Balance at the beginning of the year | - | 14,548 | - | 21,872 | 36,420 |
| Acquisitions | 11,257 | 4,091 | 76,293 | - | 91,641 |
| Depreciation expense | (2,159) | (13,250) | (5,086) | (17,943) | (38,438) |
| Disposals | - | - | - | - | - |
| Carrying amount at the end of the year | **9,098** | **5,389** | **71,207** | **3,929** | **89,623** |

# Notes to the consolidated financial statements for the year ended 30 June 2020

## Note 10: Security Bonds

| | Consolidated | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Office bond | **1,300** | 1,300 |
| Tenement bonds | **90,000** | 90,000 |
| | **91,300** | 91,300 |

## Note 11: Exploration project acquisition costs

| | Consolidated | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Opening balance | **1,628,350** | 2,043,350 |
| Project acquisition costs | **-** | 30,000 |
| Impairment of acquired exploration projects* | **-** | (445,000) |
| Acquisition costs in respect of areas of interest in the exploration phase | **1,628,350** | 1,628,350 |

*$445,00 was impaired during the 2019 financial year 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**.

# Notes to the consolidated financial statements for the year ended 30 June 2020

## Note 12: Trade and other payables

| Current Trade and other payables | Consolidated 2020 $ | 2019 $ |
|---|---|---|
| Trade creditors * | **135,559** | 224,713 |
| Other creditors | **153,228** | 625,452 |
| Goods and services tax payable | **15,850** | 4,448 |
| JOGMEC – Funds Received in Advance | **-** | 47,193 |
| | **304,637** | 901,806 |

* Trade payables are non-interest bearing and are normally paid on 30 day terms.

## Note 13: Issued capital

| (a) Ordinary shares issued | Consolidated 2020 $ | 2019 $ |
|---|---|---|
| 173,115,298 (2019: 117,242,568) ordinary shares | **15,071,988** | 6,733,855 |

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 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** |
| 14 October 2019 | North Iron Cap Discontinuance Settlement | 1,000,000 | 110,000 |
| 23 October 2019 | Tranche 1 Share Placement | 10,375,000 | 830,000 |
| 30 October 2019 | Class 'B' Performance Shares Issue | 7,440,000 | 1,104,000 |
| 25 November 2019 | Tranche 2 Share Placement | 17,125,000 | 1,370,000 |
| 25 November 2019 | Options exercised at $0.03 | 2,000,000 | 60,000 |
| 6 January 2020 | Options exercised at $0.10 | 306,433 | 30,644 |
| 20 February 2020 | Share Placement | 16,666,667 | 5,000,000 |
| 4 March 2020 | Options exercise at $0.30 | 12,593 | 3,778 |
| 18 May 2020 | Options exercised at $0.10 | 17,000 | 1,700 |
| 20 May 2020 | Options exercised at $0.30 | 930,037 | 279,011 |
| | Capital Raising Expenses | | (451,000) |
| **Balance as at 30 June 2020** | | **173,115,298** | **15,071,988** |

# Notes to the consolidated financial statements for the year ended 30 June 2020

**(c) Movements in Class B Performance shares**

| | Number of performance shares 2020 | 2019 |
|---|---|---|
| Class B Performance shares: | | |
| Beginning of the financial year | **8,000,000** | 8,000,000 |
| Issued during the year | **(7,440,000)** | - |
| Expired during year | **(560,000)** | - |
| Balance at end of financial year | **-** | **8,000,000** |

**(d) Movements in share options**

| | **2020** Number of Options | **2020** Weighted average exercise price | 2019 Number of Options | 2019 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 |
| Issued during the year | **-** | **-** | - | - |
| Converted during the year | **(942,630)** | **0.30** | - | - |
| Expired during the year | **(17,037,983)** | **0.30** | - | - |
| Balance at end of financial year | **-** | **-** | 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 | **26,859,141** | **0.10** | - | - |
| (3) Issued during the year | **-** | **-** | 26,859,141 | 0.10 |
| Converted during the year | **(323,433)** | **0.10** | - | - |
| Expired during the year | **-** | **-** | - | - |
| Balance at end of financial year | **26,535,708** | **0.10** | 26,859,141 | 0.10 |

| | **2020** Number of Options | **2020** Weighted average exercise price | 2019 Number of Options | 2019 Weighted average exercise price |
|---|---|---|---|---|
| (1) Unlisted Options to acquire ordinary fully paid shares on or before 11 May 2019: | | | | |
| 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 | **-** | **-** | - | - |
| (2) 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 | **(2,500,000)** | **0.205** | - | - |
| Balance at end of financial year | **-** | **-** | 2,500,000 | 0.205 |

# Notes to the consolidated financial statements for the year ended 30 June 2020

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Number of Options** | **Weighted average exercise price** | Number of Options | Weighted average exercise price |
| (2) Unlisted Options to acquire ordinary fully paid shares on or before 29 May 2024: | | | | |
| Beginning of the financial year | **2,000,000** | **0.03** | - | - |
| Issued during the year | **-** | **-** | 2,000,000 | 0.03 |
| Converted during the year | **(2,000,000)** | **0.03** | - | - |
| Expired during the year | **-** | **-** | - | - |
| Balance at end of financial year | **-** | **-** | 2,000,000 | 0.03 |
| (4) Unlisted Options to acquire ordinary fully paid shares on or before 14 October 2022: | | | | |
| Beginning of the financial year | **-** | **-** | - | - |
| Issued during the year | **3,000,000** | **0.10** | - | - |
| Converted during the year | **-** | **-** | - | - |
| Expired during the year | **-** | **-** | - | - |
| Balance at end of financial year | **3,000,000** | **0.10** | - | - |

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Number of Options** | **Weighted average exercise price** | Number of Options | Weighted average exercise price |
| Issued during the year | **30,000,000** | **0.1426** | - | - |
| Converted during the year | **-** | **-** | - | - |
| Expired during the year | **-** | **-** | - | - |
| Balance at end of financial year | **30,000,000** | **0.1426** | - | - |
| (6) Unlisted Options to acquire ordinary fully paid shares on or before 31 January 2023: | | | | |
| Beginning of the financial year | **-** | **-** | - | - |
| Issued during the year | **14,500,000** | **0.4431** | - | - |
| Converted during the year | **-** | **-** | - | - |
| Expired during the year | **-** | **-** | - | - |
| Balance at end of financial year | **14,500,000** | **0.4431** | - | - |

# Notes to the consolidated financial statements for the year ended 30 June 2020

*(1) 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) These options have expired.*

*(2) During the previous year, the Group issued options with the fair value of $42,898 to Element 25 Limited (formerly Montezuma) 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 |

*These options were all exercised during the year.*

*(3) During the previous 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. 323,433 of these options were exercised during the year.*

*(4) During the year, the Group issued options with the fair value of $126,398 to Blue Cap Mining Pty Ltd as settlement of a contract discontinuance 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 |
|---|---|---|---|---|---|---|
| 11 October 2019 | $0.10 | 100% | 3.011 years | 0.00% | 0.68% | $0.042 |

*(5) During the year, the Group issued options with the fair value of $1,187,520 to the Company's corporate adviser, two non-executive directors and its company secretary as consideration for their engagement which vested immediately. 20,000,000 of these options were valued at $140,000 based on a fixed percentage of funds the corporate advisers raised while 10,000,000 of the options issued to the non-executive directors and the company secretary 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 |
|---|---|---|---|---|---|---|
| 22 November 2019 | $0.10 | 100% | 3.025 years | 0.00% | 0.68% | $0.0134 |
| 29 November 2019 | $0.10 | 100% | 3.005 years | 0.00% | 0.68% | $0.097 |

*The share-based payment expense of $140,000 has been offset against issued capital as a capital raising cost*

*(6) During the year, the Group issued 13,500,000 options with the fair value of $1,709,438 in accordance with the Company's employee share ownership plan to certain key management personnel which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated. 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* |
|---|---|---|---|---|---|---|
| *23 January 2020* | *$0.37935* | *100%* | *3.025 years* | *0.00%* | *0.73%* | *$0.135* |
| *23 January 2020* | *$0.63225* | *100%* | *3.025 years* | *0.00%* | *0.73%* | *$0.109* |

*(6) During the year, the Group issued 1,000,000 options with the fair value of $126,371 to the Company's investor relations consultancy firm as part of their engagement terms which vest immediately but lapse if their engagement is terminated. 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* |
|---|---|---|---|---|---|---|
| *4 December 2019* | *$0.37935* | *100%* | *3.025 years* | *0.00%* | *0.73%* | *$0.135* |
| *4 December 2019* | *$0.63225* | *100%* | *3.025 years* | *0.00%* | *0.73%* | *$0.109* |

**Note 14: Reserves**

| | Consolidated | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Capital Restructure reserve | | |
| Opening balance | **250** | 250 |
| Expense for the year | **-** | - |
| Closing balance | **250** | 250 |

| | Consolidated | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Share-based payment reserve | | |
| Opening balance | **3,156,499** | 3,068,453 |
| Share based acquisition cost | **-** | - |
| Performance share conversion | **(1,104,000)** | - |
| Share based expense for year | **1,700,486** | 42,898 |
| Share based capital raising costs | **-** | 45,148 |
| Closing balance | **3,752,985** | 3,156,499 |

Nature of reserves:

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

(b) Share-based payment reserve
This reserve records the value of equity instruments issued to directors, employees and suppliers as recognition for services provided.

# Notes to the consolidated financial statements for the year ended 30 June 2020

**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 2020, if interest rates had changed by + 50 basis points and all other variables were held constant, the Group's loss would have been $9,465 (2019: $1,514) 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's loss would have increased the by $9,465 (2019: $1,514).

**(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.

# Notes to the consolidated financial statements for the year ended 30 June 2020

| 2020 | 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 | 84,268 | - | - | - |
| Cash and cash equivalents – interest bearing | 0.35% | - | 4,150,552 | - | - |
| Trade and other receivables | n/a | 73,677 | - | - | - |
| | | 157,945 | 4,150,552 | - | - |
| **Financial liabilities** | | | | | |
| Trade and other payables | n/a | 206,119 | 41,417 | 57,101 | - |
| Lease Liabilities | 5% | 4,100 | 12,300 | 22,800 | 76,319 |
| | | 210,219 | 53,717 | 79,901 | 76,319 |

| 2019 | | 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 | 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 | - |

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 approximately $1,397,847 (2019: $264,599).

**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<br>$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<br>$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 Richardson – *Executive Chairman (elected Chairman 3 February 2020)*
P Duerden – *Managing Director (appointed 3 February 2020)*
D Flanagan – *Non-Executive Director (appointed 28 October 2019)*
D Berrie – *Non-Executive Director and Joint Company Secretary*

There were no changes of the key management personnel after the reporting date and the date the financial report was authorised for issue.

### (b) Key management personnel

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

M Franklin – *Chief Financial Officer*

# Notes to the consolidated financial statements for the year ended 30 June 2020

**(c) Key management personnel compensation**

| | Consolidated | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Short-Term | **533,872** | 427,756 |
| Post-employment | **87,708** | 42,038 |
| Share-based payments | **997,936** | - |
| Termination benefits | **-** | 25,000 |
| | **1,619,516** | 494,794 |

Detailed remuneration disclosures of directors and key management personnel are in pages 19 to 24 of this report.

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

During the financial year the son of Mr Richardson provided casual administrative services to the Company to the value of $538. These services were provided on normal commercial terms and conditions.

Mr Richardson's related entity D&R Superannuation Fund lent $50,000 from 26 July 2019 to 27 November 2019 to the group and it was paid interest at the rate of 10% per annum on that loan which totalled $1,699.

Mr Richardson's related entity Bilingual Software Pty Ltd lent $50,000 from 2 August 2019 to 28 November 2019 and a further $90,000 from 30 August 2019 to 28 November 2019 to the group and it was paid interest at the rate of 10% per annum on that loan which totalled $3,874.

During the year Mr Berrie's related entity Davthea Pty Ltd lent $25,000 from 28 August 2019 to 26 November 2019, a further $5,000 from 29 August 2019 to 26 November 2019, a further $15,000 from 11 September 2019 to 26 November 2019, followed by a further $15,000 from 12 September 2019 to 26 November 2019 to the group and it was paid interest at the rate of 10% per annum on that loan which totalled $1,368.

**Note 18: Subsidiaries**

| **Name of entity** | **Country of incorporation** | **Class of shares** | **Equity holding** | |
|---|---|---|---|---|
| | | | **2020** | 2019 |
| | | | **%** | % |
| Modeling Resources Pty Ltd | **Australia** | **Ordinary** | 100 | 100 |
| Landslide Investments Pty Ltd | **Australia** | **Ordinary** | 100 | 100 |
| Australian Gold and Copper Ltd | **Australia** | **Ordinary** | 100 | 100 |

# Notes to the consolidated financial statements for the year ended 30 June 2020

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

| | Consolidated 2020 $ | Consolidated 2019 $ |
|---|---|---|
| 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 | **(4,318,026)** | (1,993,025) |
| Share based payment expense | **1,700,486** | 42,898 |
| Finance cost (equity) | **-** | - |
| Share issue costs | **-** | - |
| Depreciation | **38,438** | 40,706 |
| ROU Asset Amortisation | **46,094** | - |
| Exploration asset impairments | **-** | 445,000 |
| Movements in working capital | | |
| (Increase) / Decrease in other receivables | **1,700** | (95,773) |
| (Increase) in prepayments | **(29,762)** | (3,150) |
| Increase / (Decrease) in trade and other payables | **(424,221)** | 322,469 |
| **Net cash outflows from operating activities** | **(2,985,291)** | (1,240,875) |

*b) Non-cash financing and investing activities*

There were no non-cash financing and investing activities in the financial year ended 30 June 2020.

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***

| | 2020 $ | 2019 $ |
|---|---|---|
| **Assets** | | |
| Current assets | **4,219,753** | 122,150 |
| Non-current assets | **1,631,034** | 1,628,300 |
| Total assets | **5,850,787** | 1,750,451 |
| **Liabilities** | | |
| Current liabilities | **99,899** | 347,542 |
| Total liabilities | **99,899** | 347,542 |
| Net assets | **5,750,888** | 1,402,909 |
| **Equity** | | |
| Issued capital | **15,117,136** | 6,693,380 |
| Reserves | **3,707,837** | 3,196,974 |
| Accumulated losses | **(13,074,085)** | (8,487,445) |
| Total equity | **5,750,888** | 1,402,909 |

# Notes to the consolidated financial statements for the year ended 30 June 2020

***Financial performance***

| | | |
|---|---|---|
| Loss for the year | **(4,551,182)** | (1,022,528) |
| Other comprehensive income/(loss) | **182,975** | (487,898) |
| Total comprehensive income/(loss) | **(4,368,207)** | (1,510,426) |

**Note 21: Events after the reporting date**

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

The Company announced to the ASX on 18 September 2020 that its wholly owned subsidiary, Australian Gold and Copper Limited (AGC) has entered into a binding term sheet to purchase two Central Lachlan gold/polymetallic projects from private company, New South Resources Pty Ltd (NSR).

NSR will receive as consideration AGC shares amounting to a 40% interest in AGC pre the initial public offering (IPO) proposed to be undertaken by AGC for their Cargelligo and Gundagai projects (NSR Tenements). The Company will hold the remaining 60% in AGC pre-IPO.

Subject to shareholder approvals, and all necessary regulatory approvals, compliance with ASX escrow requirements and waivers, the Company and NSR have the right to distribute in specie up to 50% of their AGC holdings to their respective shareholders. The Company considers the combined AGC project portfolio to provide multiple drill ready discovery opportunities of ‘Fosterville-style’ orogenic gold, McPhillamys-style gold and ‘Cobar-Hera-style’ goldpolymetallic mineralisation within the Central Lachlan Fold Belt. The demerger of Moorefield will allow the Company to focus on its East Lachlan gold and gold-copper porphyry projects.

The demerger of Moorefield and the NSR acquisitions remain contingent on the Company’s shareholders approval, satisfactory tax ruling being received from the ATO regarding tax implications of a distribution in specie for Magmatic shareholders, necessary regulatory approvals, compliance with 2 ASX escrow requirements and waivers and will be considered at Magmatic’s upcoming Annual General Meeting.

**Note 22: Auditor’s remuneration**

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

| | Consolidated | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| **Assurance services** | | |
| BDO Audit (WA) Pty Ltd | | |
| Audit and review of financial statements | **42,902** | 28,077 |
| ***Total remuneration for audit services*** | **42,902** | 28,077 |
| **Total auditor’s remuneration** | **42,902** | 28,077 |

# 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 2020 and of its performance for the financial year then ended; and

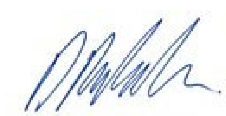
      ii. complying with Accounting Standards, Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   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 2020.

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



**D Richardson**
Chairman

**Perth, Western Australia**

**25 September 2020**

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Subiaco, WA 6008
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Australia

# 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 2020, 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 2020 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 (including Independence Standards) (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(c) 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.

### Valuation of Share Based Payments

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| During the year, the Group issued options to consultants and key management personnel as disclosed in Note 13, which have been accounted for as share-based payments.<br><br>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payment, we consider it to be a key audit matter. | Our audit procedures included, but were not limited to:<br><br>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;<br><br>• Holding discussions with management to understand the share-based payment transactions in place;<br><br>• Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs;<br><br>• Involving our valuation specialists, to assess the reasonableness of management's valuation inputs in respect of volatility;<br><br>• Assessing the allocation of the share-based payment expense over the relevant vesting period; and<br><br>• Assessing the adequacy of the related disclosures in Note 13 and Note 14 to the Financial Report. |

### 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 2020, 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 19 to 24 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Magmatic Resources Limited, for the year ended 30 June 2020, 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, 25 September 2020

# Additional Shareholder Information

**The following additional information is current as at 11 September 2020.**

***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> AND D & R RICHARDSON | 42,442,573 | 24.33% |
| GOLD FIELDS AUSTRALIA PTY LTD | 19,200,000 | 11.09% |
| DAVTHEA PTY LTD <DAVID BERRIE SUPER FUND A/C> | 14,029,044 | 8.10% |

***Ordinary Shares:***

| Holdings Ranges | Holders | Total Units | % |
|---|---|---|---|
| 1 - 1,000 | 30 | 4,472 | 0.00 |
| 1,001 - 5,000 | 232 | 85,541 | 0.43 |
| 5,001 - 10,000 | 188 | 1,641,215 | 0.95 |
| 10,001 - 100,000 | 545 | 21,428,005 | 12.38 |
| 100,001 - | 162 | 149,290,118 | 86.24 |
| **Totals** | **1,157** | **172,449,351** | **100.00** |

There are 125 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 | BILINGUAL SOFTWARE PTY LTD <LET'S GO INVESTMENT A/C> | 36,668,823 | 21.18 |
| 2 | GOLD FIELDS AUSTRALIA PTY LTD | 19,200,000 | 11.09 |
| 3 | DAVTHEA PTY LTD <DAVID BERRIE S/F A/C> | 14,029,044 | 8.10 |
| 4 | MR DAVID RICHARDSON + MRS RYOKO RICHARDSON <D&R RICHARDSON S/F A/C> | 5,448,751 | 3.15 |
| 5 | BUDWORTH CAPITAL PTY LTD <ROLLING HILLS CAPITAL A/C> | 5,000,000 | 2.89 |
| 6 | MR NEVRES CRLJENKOVIC | 5,000,000 | 2.89 |
| 7 | DUERDEN INVESTMENTS PTY LIMITED <DUERDEN INVESTMENTS A/C> | 3,984,782 | 2.30 |
| 8 | SEASCAPE CAPITAL PTY LTD <WILLIAMS TRADING A/C> | 3,125,000 | 1.81 |
| 9 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 2,447,697 | 1.41 |
| 10 | NINAN PTY LTD | 2,317,774 | 1.34 |
| 11 | WOMBAT SUPER INVESTMENTS PTY LTD <WOMBAT SUPER A/C> | 2,000,000 | 1.16 |
| 12 | SERCA SUPERFUND PTY LTD <SERCA SUPER FUND A/C> | 1,634,302 | 0.94 |
| 13 | MR ALAN JOHN TATE | 1,487,572 | 0.86 |
| 14 | EXECUTIVE RISK SOLUTIONS PTY LTD <F HOUSTON FAMILY A/C> | 1,470,588 | 0.85 |
| 15 | NATIONAL NOMINEES LIMITED | 1,447,618 | 0.84 |
| 16 | CITICORP NOMINEES PTY LIMITED | 1,405,735 | 0.81 |
| 17 | JAMESON FARM PTY LTD | 1,250,000 | 0.72 |
| 18 | GOSOJO PTY LTD | 1,165,000 | 0.67 |

| | | | |
|---|---|---|---|
| 19 | CRLJENKOVIC SUPER FUND PTY LTD <CRLJENKOVIC FAMILY S/F A/C> | 1,125,788 | 0.65 |
| 20 | ATB JAPAN LIMITED | 1,107,059 | 0.64 |
| | **Total** | **111,315,533** | **64.30** |
| | **Total remaining holders** | **61,799,765** | **35.70** |

***LISTED OPTIONS EXERCISABLE AT $0.10 EXPIRING 30 AUGUST 2021:***

| Holdings Ranges | Holders | Total Units | % |
|---|---|---|---|
| 1 - 1,000 | 6 | 1,313 | 0.00 |
| 1,001 - 5,000 | 19 | 61,723 | 0.23 |
| 5,001 - 10,000 | 14 | 120,944 | 0.46 |
| 10,001 - 100,000 | 70 | 2,643,677 | 9.96 |
| 100,001 - | 26 | 23,708,051 | 89.35 |
| **Totals** | **135** | **26,535,708** | **100.00** |

There are 239 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 | 4,940,000 | 18.62 |
| 2 | MR DAVID RICHARDSON + MRS RYOKO RICHARDSON <D&R RICHARDSON S/F A/C> | 4,918,751 | 18.54 |
| 3 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 4,653,062 | 17.54 |
| 4 | SERCA SUPERFUND PTY LTD <SERCA SUPER FUND A/C> | 1,445,043 | 5.45 |
| 5 | MR TERENCE PATRICK FARRELL | 1,010,000 | 3.81 |
| 6 | CRLJENKOVIC SUPER FUND PTY LTD <CRLJENKOVIC FAMILY S/F A/C> | 880,600 | 3.32 |
| 7 | DAVTHEA PTY LTD <DAVID BERRIE S/F A/C> | 675,000 | 2.54 |
| 8 | MR GRAHAM ROBERT FOREMAN | 600,000 | 2.26 |
| 9 | ACTIVEST CAPITAL PTY LTD | 500,000 | 1.88 |
| 9 | GOSOJO PTY LTD | 500,000 | 1.88 |
| 9 | MRS DEVINA LOUISE MAHER <MAHER FAMILY A/C> | 500,000 | 1.88 |
| 12 | MR ALAN GOODFELLOW | 450,000 | 1.70 |
| 13 | MR DANIEL ELLIDGE | 400,000 | 1.51 |
| 14 | MR PAUL JOSEPH MASSARA | 250,000 | 0.94 |
| 14 | MR PETER RAYMOND MURRELL | 250,000 | 0.94 |
| 16 | INTRAVISION SOFTWARE PTY LTD | 214,808 | 0.81 |
| 17 | JBM TRADING PTY LTD | 200,000 | 0.75 |
| 18 | ERIC MCKENZIE NOMINEES PTY LTD <PETER WILSON FAMILY A/C> | 196,078 | 0.74 |
| 19 | MR BRETT JAMES RUDD | 190,000 | 0.72 |
| 20 | MR TIMOTHY JARRAD BAILEY | 165,000 | 0.62 |
| | **Total** | **22,938,342** | **86.44** |
| | **Total remaining holders** | **3,597,366** | **13.56** |

***UNQUOTED EQUITY SECURITIES***

| Number | Number of Holders | +Class | Escrow Period | Holders of more than 20% |
|---|---|---|---|---|
| 3,000,000 | 1 | Unlisted options* | N/A | Blue Capital Managers Pty Ltd ATF Blue Capital Trust No 2 (3,000,000 options) |
| 22,000,000 | 4 | Unlisted options** | N/A | Budworth Capital Pty Ltd (6,666,667 options) |
| | | | N/A | Seascape Capital Pty Ltd (6,666,667 options) |
| | | | N/A | Westgate Capital Pty Ltd (6,666,666 options) |
| 8,000,000 | 2 | Unlisted options*** | N/A | Mr David Nathan Flanagan (6,000,000 options) |
| 9,700,000 | 6 | Unlisted options**** | N/A | Duerden Investments Pty Ltd (4,000,000 options) |
| | | | | Bilingual Software Pty Ltd (2,700,000 options) |
| 4,800,000 | 6 | Unlisted options***** | N/A | Duerden Investments Pty Ltd (2,000,000 options) |
| | | | | Bilingual Software Pty Ltd (1,300,000 options) |

*Exercisable at $0-10 on or before 29 May 2024.

**Exercisable at $0-10 on or before 30 November 2022.

***Exercisable at $0-26 on or before 30 November 2022.

****Exercisable at $0-363 on or before 31 January 2023.

*****Exercisable at $0-605 on or before 31 January 2023.

***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.

# Magmatic Resources Limited
# ABN 32 615 598 322

***Tenement Listing***

| Project Area | Tenement Details | % Held |
|---|---|---|
| Wellington North – Duke | EL6178 | 100 |
| Myall | EL6913 | 100 |
| Parkes – Alectown | EL7424 | 100 |
| Wellington North – Bodangora | EL7440 | 100 |
| Moorefield | EL7675 | 100 |
| Parkes | EL7676 | 100 |
| Wellington North - Combo | EL8357 | 100 |
| Moorefield - Derriwong | EL8669 | 100 |
| Yamarna | E38/2918 | 100 |
| Yamarna North | E38/3327 | 100 |
| Cowderoy Hill | E38/3312 | 100 |
| Mt Venn | E38/2961 | 100 |
| Mt Venn North | E38/3351 | 100 |