Magmatic Resources Limited

ABN 32 615 598 322

Annual report
for the year ended 30 June 2021

Contents

Corporate Information

Directors	David J Richardson – Executive Chairman Peter B Duerden – Managing Director David W Berrie – Non-Executive Director
Company Secretary	Andrea S Betti David W Berrie
Registered Office and Principal Place of Business	Suite 7, 55 Hampden Road Nedlands WA 6009 Telephone: +61 8 9322 6009 Email: info@magmaticresources.com Website: www.magmaticresources.com
Share Registry	Computershare Investor Services Pty Ltd Level 11, 172 St George's Terrace Perth WA 6000 Telephone: 1300 850505 Telephone: +61 8 9415 4000
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	HopgoodGanim Level 8, 1 Eagle Street Brisbane QLD 4000
ASX Code	Magmatic Resources Limited is listed on the Australian Securities Exchange Shares: MAG, Quoted Options: MAGOA

Chairman's Letter

Dear shareholder,

I am pleased to present the Company's fifth annual report since listing on the ASX in May 2017. The Lachlan Fold Belt, NSW is one of the world's gold and copper "hotspots" with a long history of high-grade gold production and recently attracting many of the world's leading gold and copper companies.

Magmatic recognised the regions potential, acquiring 4 exploration projects from Gold Fields Limited ("Gold Fields") (the world 7th largest gold miner), and have always described Magmatic as a junior explorer with a "major's" portfolio, with three of the projects in the East Lachlan.

The East Lachlan is a globally significant gold-copper province with 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 Limited's world class gold-copper porphyry cluster at the Cadia Valley mines.

To further unlock shareholder value, the Company made the strategic decision to demerge its Moorefield orogenic gold project and focus our activities on the three 100%-owned advanced gold/copper projects in the East Lachlan, the Myall, Wellington North and Parkes Projects.

As such the Group transferred its Moorefield Orogenic gold project, which consisted of two exploration licenses (EL7675 and EL8669) to its wholly owned subsidiary, Australian Gold and Copper Ltd (AGC) in December 2020 and AGC was then listed as a separate listed entity on the ASX in January 2021.

The Company's shareholders received an in-specie distribution of 24,362,406 new AGC shares which represented 24.36% of AGC's recapitalised capital structure, with Magmatic retaining 5,637,594 AGC shares which represents 5.64% of AGC's issued capital at 30 June 2021. This gave shareholders exposure to both MAG and AGC shares and further upside of 2 new gold projects acquired by AGC.

The Company recognised a $6,000,000 profit on the AGC demerger and the retained 5.64% shareholding was revalued down by $338,256 in the second half of the year to its' closing market value per share of $0-14 from its' $0-20 listing price.

The Company's three projects represent strategic positions with advanced target portfolios adjacent to major mining operations and recent discoveries in the East Lachlan.

Significant work was carried out by our exploration team located in Orange, NSW during the year. Multiple aircore (AC), reverse circulation (RC) and diamond core drilling (DD) were completed at our Wellington North and Myall projects. The Company's significant exploration activity was also recognised with the entire East Lachlan tenure portfolio receiving full six-year renewal.

Magmatic's Wellington North Project has a dominant tenure position and target portfolio essentially surrounding the Boda gold-copper discovery by Alkane Resources Ltd ("Alkane") (ref: ASX:ALK 9 September 2019).

The Myall Projects ongoing exploration activity indicates strong similarities with the Northparkes Mining District, located 60km south owned by the China Molybdenum Company Limited "(CMOC") and Sumitomo Group ("Sumitomo") joint venture.

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.

The Group also surrendered its' non-core West Australian Yamarna and Mt Venn Project exploration licences (E38/2961 E38/3351, E38/2918, E38/3312 and E38/3327).

In February 2021 Non-Executive Director Mr David Flanagan resigned from the Company's Board. I would like to thank David for his service to the Company.

During the year the Company raised $5,000,000 through the issue of 44,166,670 new shares and raised a further $415,900 from option holders who exercised 2,377,120 options. In the first quarter of the 2022 financial year, the Group raised a further $2,514,561 from option holders who exercised 34,827,710 options.

The Company is very well funded, and we look forward to advancing our gold/copper targets in the 2022 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.

During the year, the company remained active across its East Lachlan portfolio, with acquisitions and the demerger of its Moorefield Project into Australian Gold and Copper Limited (ASX:AGC) providing investment exposure to Central Lachlan discovery opportunities, whilst focussing the group on its East Lachlan strategy.

The renewed focus on the Company's East Lachlan strategy was further enhanced through tenure consolidation activities across its Western Australian projects and the full six-year renewal of the entire East Lachlan tenure portfolio.

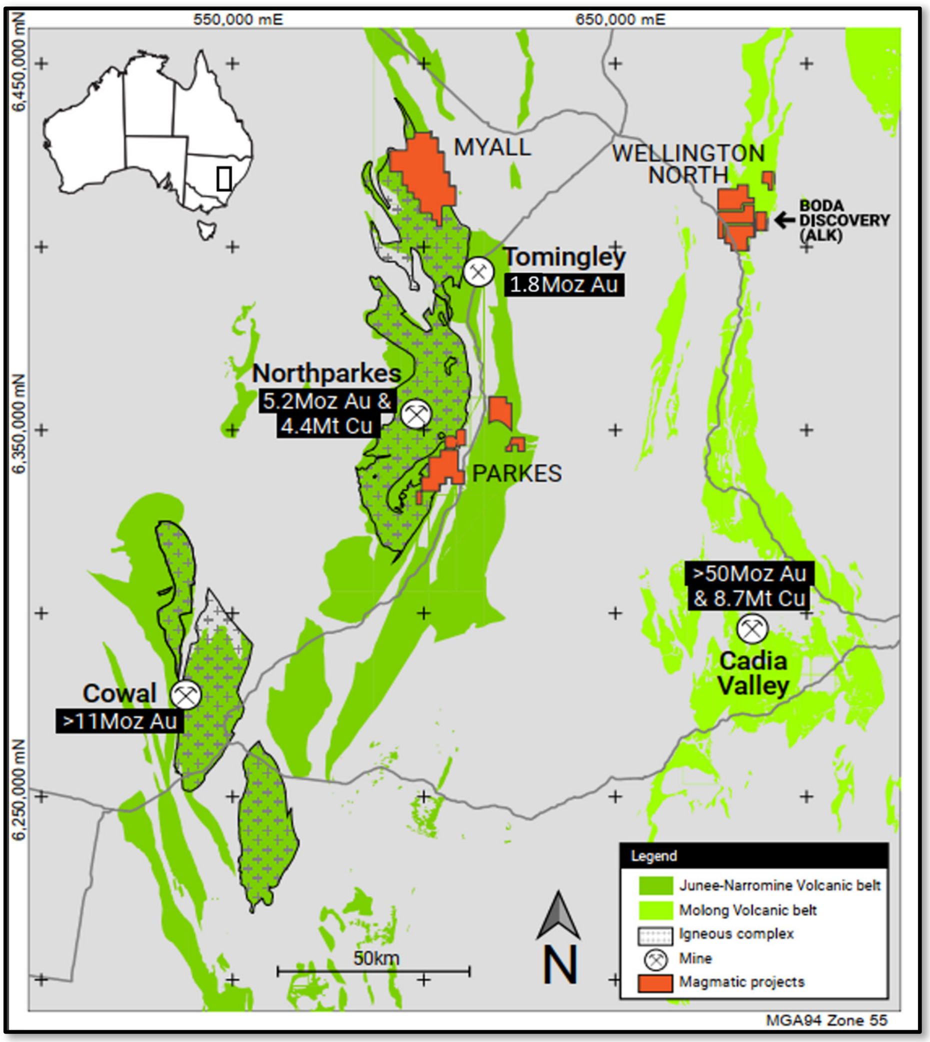

Figure 1: Location of Magmatic's East Lachlan Projects (Resources from Phillips 2017, CMOC 2018, Evolution 2019, Newcrest 2019 Alkane 2020)

East Lachlan Exploration

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

The East Lachlan is a globally significant gold-copper province with 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 and one of the world's most profitable gold producers (Newcrest 2021). In addition, the Northparkes copper-gold porphyry deposits (China Molybdenum/Sumitomo, CMOC 2021) and Cowal gold deposit (Evolution Mining, Evolution 2021) represent other significant long-life mining operations.

The company's projects represent strategic holdings and target portfolios adjacent to major mining operations and recent discoveries.

The recent Boda gold-copper discovery by Alkane Resources Ltd (ASX ALK 9 September 2019) has highlighted the value of Magmatic's dominant surrounding tenure position and target portfolio at its Wellington North Project (Figure 1).

Ongoing exploration activity indicates strong similarities between the company's Myall Project and the Northparkes Mining District, located 60km south (China Molybdenum/Sumitomo, CMOC 2021).

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.

Wellington North Project (Gold-Copper)

Magmatic Resources Ltd 100%

The Wellington North Project covers the northern extension of the Molong Volcanic Belt, located north of Australia's largest gold producer at Cadia East (ASX:NCM) and effectively surrounding Alkane's recent Boda gold-copper discovery (ASX:ALK).

The project area is considered highly prospective for epithermal-porphyry gold-copper (Boda-Kaiser) and epithermal lode, high grade gold mineralisation (Bodangora Gold Field).

The historic Bodangora Gold Field produced 230,000 ounces @ 26g/t Au between 1869-1917 (ASX MAG 17 May 2017) and offers significant drill ready high grade exploration opportuities.

Magmatic's exploration activity during the year has tested multiple targets with core drilling defining a broad zone of gold-copper anomalism at Lady Ilse and intrusion-hosted molybdenum-rich porphyry mineralisation at Rose Hill. Aircore drilling was conducted across multiple earlier stage targets at Boda South, Rockleigh and Lady Ilse, comprising 89 holes for 1046m to prioritise areas for follow up work.

Hole ID	Hole Type	Prospect	Easting (MGA)	Northing (MGA)	RL (m)	Dip	Azimuth (MGA)	Total Depth (m)	Comments
20LIRC002	RC	Lady Ilse	683002	6407598	366	-60	257	246	Completed
20LIRC003	RC	Lady Ilse	683321	6407701	360	-60	258	282	Completed
20LIRC004	RC	Lady Ilse	683295	6407906	364	-60	257	36	Hole abandoned, failed to test target position due to collar collapse/poor ground conditions
20LIRC005	RC	Lady Ilse	683449	6407898	364	-60	260	294	Completed
20LIRC006	RC	Lady Ilse	683380	6408100	364	-60	263	282	Completed
20LIRC007	RC	Lady Ilse	683441	6407298	355	-55	255	12	Hole abandoned, failed to test target position due to collar collapse/poor ground conditions
20LIRC008	RC	Lady Ilse	683456	6407299	355	-68	086	66.5	Hole abandoned, failed to test target position due to collar collapse/poor ground conditions
20LIRC009	RC	Lady Ilse	682840	6407300	355	-65	086	222	Completed
20LIRC010	RC	Lady Ilse	683350	6408480	368	-60	247	360	Completed
20LIRC011	RC	Lady Ilse	683257	6407456	355	-60	088	360	Completed
20LIRC012	RC	Lady Ilse	683332	6407723	360	-60	077	37.5	Hole abandoned, failed to test target position due to collar collapse/poor ground conditions
20LIDD013	DD	Lady Ilse	683530	6407230	355	-65	266	504.9	Completed
20LIDD014	DD	Lady Ilse	683365	6408580	368	-65	268	492.9	Testing down dip and north of 20LIRC010 mineralisation
20BNRC013	RC	Boda North	690465	6418546	467	-60	270	150	Central IP chargeability anomaly, Completed
20BNRC014	RC	Boda North	690568	6418550	465	-60	270	120	Central IP chargeability anomaly, Completed
20BNRC015	RC	Boda North	690080	6416904	475	-60	080	150	Southern IP chargeability anomaly, Completed
20LIDD013	DD	Lady Ilse	683530	6407230	355	-65	266	504.9	Completed
20LIDD014	DD	Lady Ilse	683365	6408580	368	-65	268	492.9	Completed
20LIDD015	DD	Lady Ilse	683550	6407898	355	-65	270	552.5	Completed
21RHDD011	DD	Rose Hill	678477	6412264	393	-65	270	450.8	Completed

Table 1: Collar summary for RC/DD holes in reporting period

Hole ID	Interval from (m)	Interval to (m)	Intercept length (m)	Au (g/t) (>0.05 g/t Au)	Cu (%) (>0.03% Cu)	Comments
20LIRC002						NSR
20LIRC003	89	99	10	0.05	0.03	
and	195	198	3	0.12	0.03	
20LIRC004	483	484	1	0.27		NSR (abd)
20LIRC005	23	77	54	0.18	0.03	
and	116	119	3	0.22		
and	170	237	67	0.22		
and	249	272	23	0.27		
20LIRC006	90	110	20	0.14		
and	122	144	22	0.12		
and	166	182	16	0.64		
incl.	***171***	***172***	***1***	***9.71***		
and	238	257	19	0.17		
20LIRC007						NSR (abd)
20LIRC008	16	18	2	0.27	0.07	abd
20LIRC009						NSR
20LIRC010	44	56	12	0.14	0.06	
and	79	94	15	0.19	0.06	
and	103	144	41	0.25	0.11	
incl.	***122***	***140***	***18***	***0.43***	***0.17***	
and	151	158	7	0.11	0.06	
and	184	197	13	0.72	0.36	
incl.	***184***	***195***	***11***	***0.84***	***0.42***	
and	220	259	39	0.08	0.03	
and	279	292	13	0.16	0.03	
and	347	360	13	0.05		eoh
20LIRC011	252	255	3	0.14	0.11	
20LIRC012						NSR (abd)

20LIDD013	14	16	2	0.14		Peripheral porphyry alteration
	36	38	2	0.23		
	73	76	3	0.96		
20LIDD014	20	22	2	0.18		Peripheral porphyry alteration
	452	468	16	0.06		
20LIDD015	**452**	**497**	**45**	**0.44**	**0.06**	Peripheral porphyry alteration
including	*462*	*463.4*	*1.4*	*3.46*	*0.13*	
and	*476.5*	*477.3*	*0.8*	*9.71*	*0.48*	
	507	**519**	**12**	**0.15**	**0.08**	Peripheral porphyry alteration
	295.2	**347**	**51.8**	**0.14**	**0.05**	Peripheral porphyry alteration
	357	**375**	**18**	**0.48**	**0.03**	Peripheral porphyry alteration
including	*357*	*359*	*2*	*2.19*	*0.05*	
and	*373*	*374*	*1*	*1.1*	*0.03*	
	254	***266***	***12***	***0.11***		Peripheral porphyry alteration
	192	**221**	**29**	**0.19**	**0.07**	Peripheral porphyry alteration
including	*205*	*206*	*1*	*1.08*	*0.07*	
and	*210*	*211*	*1*	*0.44*	*1.02*	

Table 2: Significant intercepts in reporting period, gold and copper intercepts are calculated using a lower cut of 0.05g/t Au and 0.03% Cu and up to 6m internal dilution

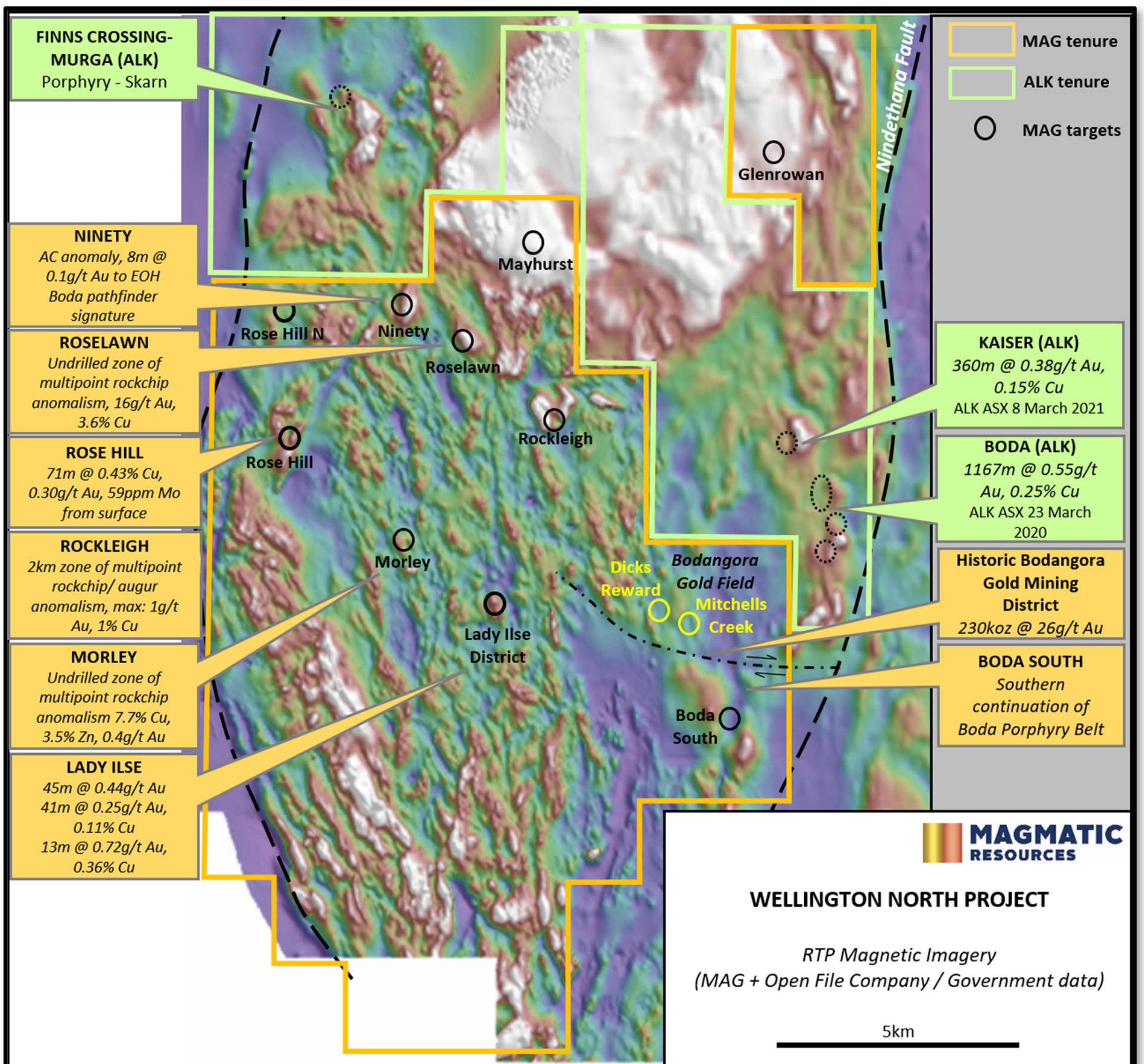

Figure 2: Wellington North Project, Aeromagnetic imagery, RTP (Magmatic and Open File Company/Government) showing northern Molong Belt summary target portfolio, highlighting Boda Au-Cu Discovery (ASX:ALK)

Myall Project (Copper-Gold)

Magmatic Resources Ltd 100%

The Myall Copper-Gold Project covers the northern extension of the Junee - Narromine Volcanic Belt, located ~60km north and along strike from the Northparkes copper-gold Mining District (China Molybdenum/Sumitomo, CMOC 2021).

Multiple copper-gold-molybdenum intercepts, including 70m @ 0.54% Cu, 0.15g/t Au from 141m and 62m @ 0.27% Cu, 0.13g/t Au from 260m (MYACD001, ASX MAG 4 June 2017), highlight near equivalent grades to Northparkes Mine resources and indicate potential for a fertile porphyry cluster at Myall.

Magmatic's exploration activity during the year tested two target areas, with core drilling defining a wide zone of copper mineralisation at Kingswood, returning 381.9m @ 0.20% Cu, 8.25g/t Mo from 150m to end of hole (21MYDD412) and a drill hole defining an anomalous zone hosted within a massive monzodiorite intrusive at the SLR Prospect (133m @ 0.07% Cu, 0.05g/t Au, 21MYDD413).

The recent drilling at Kingswood is considered particularly encouraging with the recent hole defining zones of sericite-chlorite alteration overprinting earlier potassic-alteration associated with mineralisation, suggestive an upper level porphyry position and good preservation potential for a high grade core at depth. Further supporting the down dip potential is the well documented relationship within Northparkes-style porphyry systems of the main gold zones occurring down dip within the core of the system (House 1994). The drillhole intercept is also characterised by strong molybdenum anomalism, further supporting the interpreted upper-level porphyry position (381.9m @ 0.20% Cu, 8.25g/t Mo to EOH, 21MYDD412).

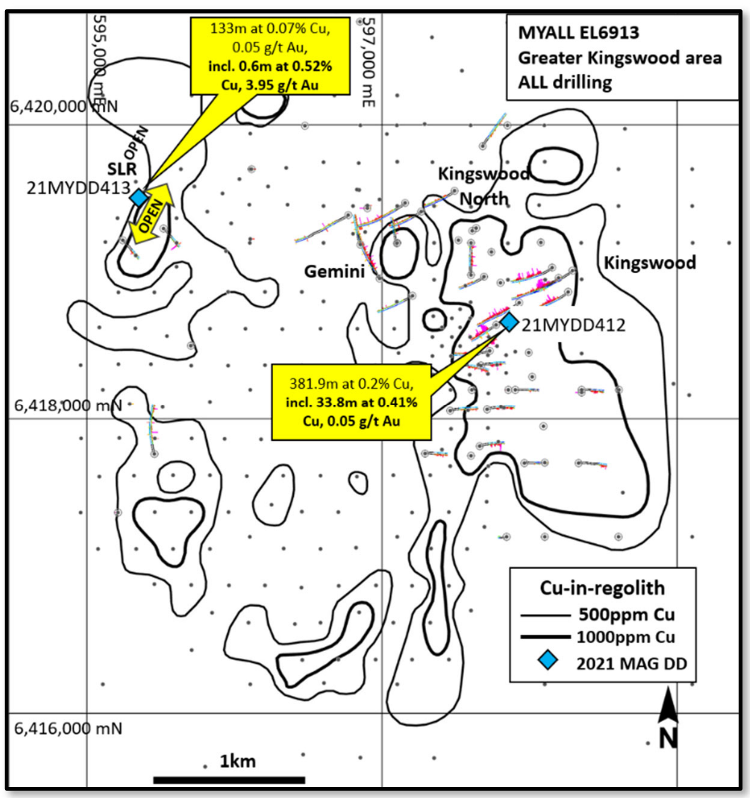

Figure 3: Myall Project, Kingswood District, showing drilling coverage and regolith Cu anomalism

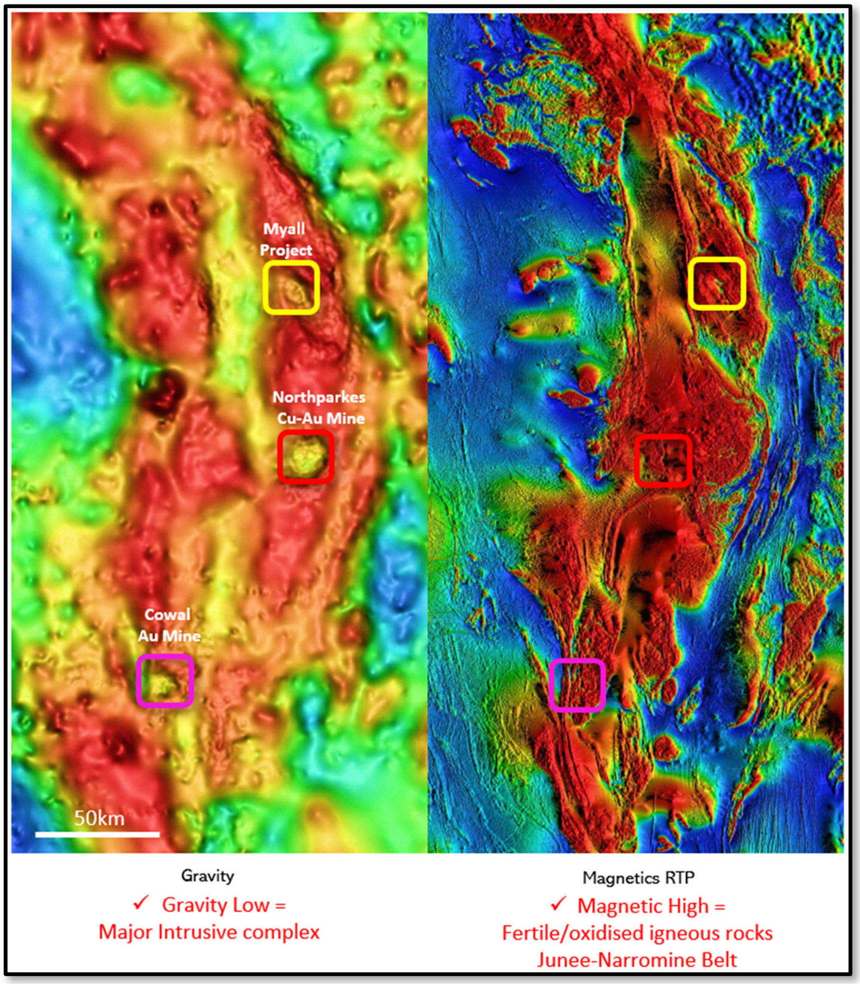

Figure 4: Regional gravity and magnetic imagery, highlighting the similarities between Myall Project and the major deposits of the Junee-Narromine Belt, East Lachlan

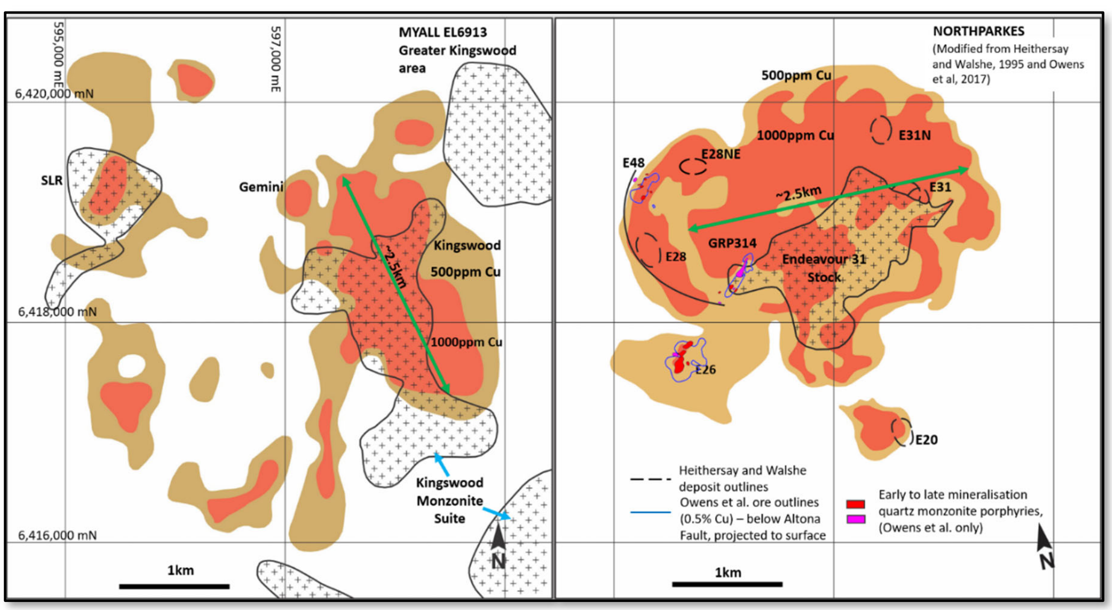

Figure 5: Comparison between Myall project area and Northparkes Porphyry Mining District, located 60km south, at the same scale, showing copper regolith anomalism at 500ppm Cu and 1000ppm Cu (MAG ASX 31 January 2019), Northparkes modified from Heithersay and Walshe, (1995), Phillips (2017)

Parkes Project (Gold)

Magmatic Resources Ltd 100%

The Parkes Project comprises two exploration licences located within the Parkes Fault Zone, approximately 25km south from Alkane's Tomingley Gold Operations and recently defined gold resources at Roswell, 662koz (ASX ALK 54 November 2020) and San Antonio, 453koz (ASX ALK 20 April 2021). Several existing gold intersections are equivalent to early stage exploration results at Alkane's Tomingley Deposits, including:

- **16m at 1.22 g/t Au** from 13m (MM33) McGregors (ASX MAG 17 May 2017)
- **18m at 0.72 g/t Au** from 33m (MM33) McGregors (ASX MAG 17 May 2017)
- **26m at 0.55 g/t Au** from 34m (MM32) McGregors (ASX MAG 17 May 2017)
- **22m at 0.79g/t Au** from 45m (S1) Stockmans (ASX MAG 17 May 2017
- **12m at 1.42g/t Au** from 7m (S2) Stockmans (ASX MAG 17 May 2017)

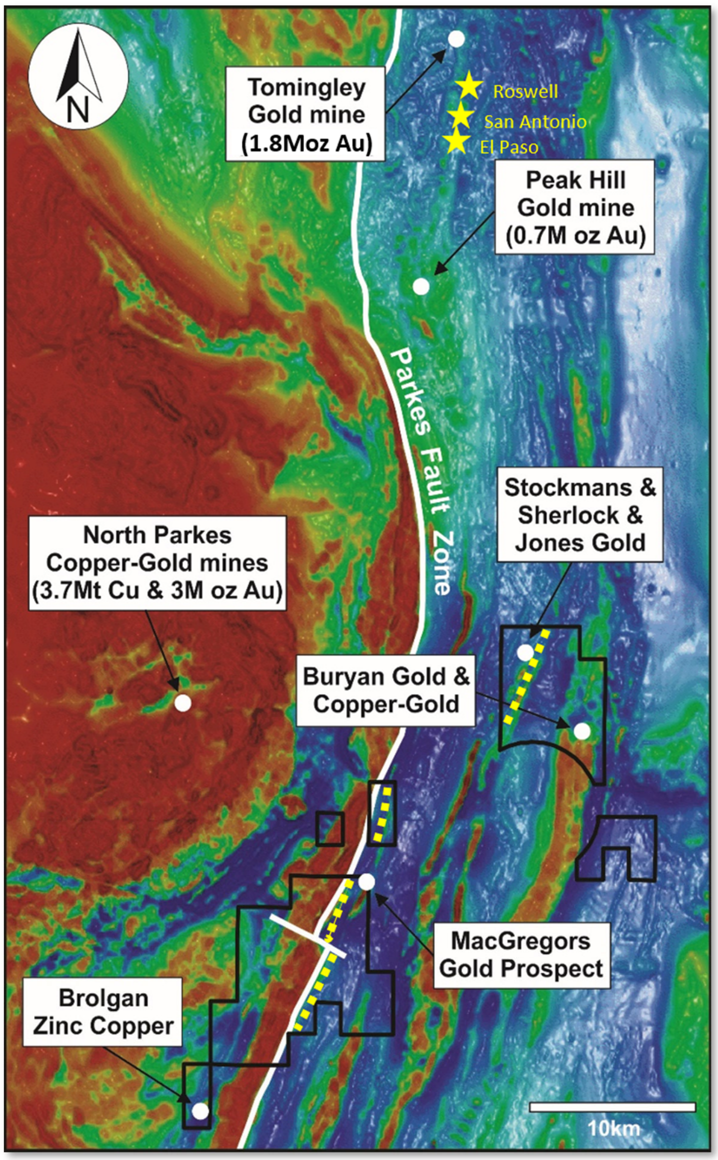

Figure 6: Parkes Project, aeromagnetic imagery, showing position along strike from Tomingley Gold Mine (ASX:ALK), recent discoveries within the highly prospective Parkes Fault Zone

Moorefield Project (Gold)

Magmatic Resources Ltd 100%

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.

Magmatic has demerged its Moorefield Project and Australian Gold and Copper Limited (AGC) purchased two Central Lachlan gold/polymetallic projects from New South Resources Pty Ltd (NSR) (ASX MAG 4 November 2020).

Magmatic retains exposure to the AGC portfolio, which includes gold and base metal targets in the Cobar Basin, whilst allowing the company to focus on its East Lachlan gold and gold-copper projects.

AGC was admitted to the official list of ASX on 20 January 2021 (ASX MAG 20 January 2021).

Yamarna/Mt Venn Projects (Copper-Nickel)

Magmatic Resources Ltd 100%

Ongoing tenement management activity resulted in the surrender of E38/2961 'Mt Venn', E38/3351 'Mt Venn North', E38/2918 'Yamarna', E38/3312 'Cowderoy Hill', E38/3327 'Yamarna North' during the year.

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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") and Landslide Investments Pty Ltd ("Landslide"). 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 year unless otherwise stated:

David J Richardson – *Executive Chairman*
Peter B Duerden – *Managing Director*
David W Berrie – *Non-Executive Director*
David N Flanagan – *Non-Executive Director (appointed 28 October 2019, resigned 4 February 2021)*

Company Secretary
Andrea S Betti (appointed 26 October 2000)
David W Berrie
Anthony M Walsh (appointed 15 October 2019, resigned 26 October 2020)

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 6 to 14 of this Annual Report. COVID 19 had an impact on the exploration program during the financial year to 30 June 2021 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 $103,995 Australian federal government Cash Boost subsidy.

Financial review
The profit for the Group after providing for income tax for the financial year amounted to $1,188,014 (2020: loss of $4,318,026).

As at 30 June 2021, the Group had net assets of $7,519,063 (30 June 2020: $5,812,849), including cash and cash equivalents of $6,122,271 (30 June 2020: $4,234,820).

Significant changes in the state of affairs
The Group raised $5,000,000 through the issue of 44,166,670 new shares, and raised a further $415,900 from option holders who exercised 4,877,120 options.

The Group transferred its' two Moorfield Project exploration licences (EL7675 and EL8669) to its' fully owned subsidiary, Australian Gold and Copper Ltd [AGC] in December 2020 and AGC was then de-merged and listed as a separate listed entity in January 2021. At the time AGC was de-merged, the Company's shareholders received an in-specie distribution of 24,362,406 new AGC shares which represented 24.36% of AGC's recapitalised capital structure. Magmatic retained 5,637,594 AGC shares which represents 5.64% of AGC's issued capital at 30 June 2021. The Company recognised a $6,243,740 gain on the AGC demerger and the retained 5.64% shareholding was revalued down by $338,256 at 30 June 2021, based on the AGC closing market price of $0.14 from its $0.20 listing price.

The Group surrendered its' West Australian Yamarna and Mt Venn Project exploration licences (E38/2961 E38/3351, E38/2918, E38/3312 and E38/3327) in June 2021 resulting in an impairment charge against their acquisition cost that month of $260,000, resulting in the acquisition cost of these assets being fully impaired.

Matters subsequent to the end of the financial year
During the first quarter of the 2022 financial year, the Group raised a further $2,514,561 from option holders who exercised 34,827,710 options.

COVID19

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 FY2022.

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 2022 financial year.

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 2022 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: Australian Gold and Copper Ltd
Former directorships in the last 3 years: Nil
Special responsibilities: Executive Chairman
Interests in shares and options at the date of this report:
47,442,571 ordinary shares (indirectly held) and 4,000,000 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, resigned 04 February 2021)
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
Former directorships in the last 3 years: CZR Resources (appointed 3 April 2020, resigned 10 September 2021)
Special responsibilities: Nil
Interests in shares and options at date of retirement:
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: Nil
Former directorships in the last 3 years:
Hylea Metals Limited (appointed 6 February 2018, resigned 2 January 2019)
Summit Resources Limited (appointed 19 Oct 2006, resigned 15 November 2018)
Special responsibilities: Joint Company Secretary
Interests in shares and options at the date of this report:
14,029,044 ordinary shares (indirectly held) and 2,000,000 options (indirectly held).

Meetings of directors

During the financial year there were nine 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 Remuneration committee as is not of a sufficient size to warrant these. The Company's Audit and Risk committee met once. All matters usually dealt with by the Remuneration committee 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	9	9
P Duerden	9	9
D Berrie	9	9
D Flanagan	7	7

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
14 October 2019	14 October 2022	$0.0722	3,000,000
22 October 2019	30 November 2022	$0.0722	8,000,000
29 November 2019	30 November 2022	$0.2322	8,000,000
31 January 2020	31 January 2023	$0.3352	9,040,000
31 January 2020	31 January 2023	$0.5772	4,460,000
04 December 2019	31 January 2023	$0.3352	660,000
04 December 2019	31 January 2023	$0.5772	340,000
18 February 2020	12 February 2023	$0.5262	2,000,000
24 September 2020	30 September 2023	$0.2642	500,000
25 September 2020	30 September 2023	$0.2642	250,000
28 May 2021	28 May 2024	$0.2062	4,000,000

Shares issued on the exercise of options

Options Grant Date	Date of Expiry	Date Exercised	Exercised Price	Number of Options
31 August 2018	30 August 2021	18 November 2020	$0.10	305,000
31 August 2018	30 August 2021	23 December 2020	$0.10	326,669
31 August 2018	30 August 2021	29 December 2020	$0.10	1,662,250
31 August 2018	30 August 2021	8 February 2021	$0.0722	10,000
31 August 2018	30 August 2021	12 March 2021	$0.0722	250,000
22 November 2019	30 November 2022	17 May 2021	$0.0722	2,000,000
31 August 2018	30 August 2021	11 June 2021	$0.0722	323,201
31 August 2018	30 August 2021	30 July 2021	$0.0722	5,000,000
31 August 2018	30 August 2021	6 August 2021	$0.0722	441,500
31 August 2018	30 August 2021	13 August 2021	$0.0722	3,058,410
31 August 2018	30 August 2021	17 August 2021	$0.0722	165,000
31 August 2018	30 August 2021	20 August 2021	$0.0722	2,777,356
31 August 2018	30 August 2021	27 August 2021	$0.0722	5,358,892
31 August 2018	30 August 2021	1 September 2021	$0.0722	5,886,552
31 August 2018	30 August 2021	3 September 2021	$0.0722	140,000
22 November 2019	30 November 2022	3 September 2021	$0.0722	12,000,000

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 2021. 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
Peter Duerden – Managing Director
David Berrie – Non-Executive Director
David Flanagan – Non-Executive Director (appointed 28 October 2019, resigned 04 February 2021)

(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 2021, exclusive of superannuation guarantee the annual cash remuneration for the Non-Executive Directors was $113,272

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
No shares were issued to directors during the year ended 30 June 2021.

Options
No options were issued to directors during the year ended 30 June 2021.

Performance rights
No performance rights were issued during the year ended 30 June 2021.

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:

	2021	**2020**	**2019**	**2018**
Net profit / (loss)	**$1,188,014**	**($4,318,026)**	**($1,993,025)**	**($2,533,870)**
Share Price at year end (cents)	**12.5**	**27.0**	**1.8**	**6.1**
Profit / (Loss) per share (cents)	**0.58**	**(3.02)**	**(1.76)**	**(2.75)**

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 2021 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 2021

Name	*Salary / Fees* *$*	*Post-employment benefits / Superannuation* *$*	*Share-based compensation* *$*	*Other* *$*	*Total* *$*
Director					
D Richardson	180,000	24,680	167,644	-	372,324
P Duerden	262,866	48,685	251,030	-	562,581
D Berrie	60,000	5,700	83,822	-	149,522
D Flanagan (appointed 28 October 2020 resigned 4 February 2021)	53,272	5,061	-	-	58,333
Key Management Personnel					
M Franklin	100,000	-	-	-	100,000
	656,138	**84,126**	**502,496**	**-**	**1,242,760**

Year ended 30 June 2020

Name	*Salary / Fees* *$*	*Post-employment benefits / Superannuation* *$*	*Share-based compensation* *$*	*Other* *$*	*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**

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 *Executive Chairman*	1 year 3 months	$180,000	N/A
Peter Duerden *Managing Director*	N/A 6 months	$260,000	N/A
Michael Franklin *Chief Financial Officer*	N/A N/A	$100,000	N/A

D Key management personnel equity holdings

2021	Balance at beginning of year	Net movement during the year	Balance at the end of year
Ordinary shares			
Directors			
D Richardson	42,442,571	-	42,442,571
P Duerden (appointed 3 February 2020)	4,850,313	-	4,850,313
D Berrie	14,029,044	-	14,029,044
D Flanagan (appointed 28 October 2020, resigned 4 February 2021)	-	-	-
Other Key management personnel			
M Franklin	100,000	-	100,000

Options	Balance at beginning of year	Net movement during the year	Balance at the end of year
Directors			
D Richardson	9,000,000	-	9,000,000
P Duerden (appointed 3 February 2020)	6,000,000	-	6,000,000
D Berrie	2,675,000	-	2,675,000
D Flanagan (appointed 28 October 2020, resigned 4 February 2021)	6,000,000	-	6,000,000
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 Berrie (Non-Executive Director)

During the financial year the daughter of Mr Berrie provided casual administrative services to the Company to the value of $500. These services were provided on normal commercial terms and conditions.

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

E Voting and comments made at the Company's 2020 Annual General Meeting

Magmatic Resources Ltd received more than 99.7% of "yes" votes on its remuneration report for the 2020 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 2021.

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	
	2021	2020
	$	$
Assurance services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	**38,117**	42,902
Total remuneration for audit services	**38,117**	42,902
Total auditor's remuneration	**38,117**	42,902

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: 28 September 2021

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
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 2021, 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, 28 September 2021

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 2021 Corporate Governance Statement is lodged with the ASX as a separate document to the Annual Report.

The 2021 Corporate Governance Statement was approved by the Board on 28 September 2021 and is current as at 30 June 2021. 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 2021

	Note	Consolidated 2021 $	2020 $
Continuing Operations			
Other income	2	**6,433,474**	254,494
		6,433,474	254,494
Corporate administration expenses	3	**(1,257,527)**	(1,389,438)
Exploration and evaluation expenses	3	**(3,135,379)**	(1,466,443)
Exploration asset impairments	8	**(260,000)**	-
Share based payment expense	11	**(588,039)**	(1,700,486)
Finance costs		**(4,515)**	(16,153)
		5,245,460	(4,572,520)
Profit / (Loss) before tax		**1,188,014**	(4,318,026)
Income tax	4	**-**	-
Net profit / (loss) for the year		**1,188,014**	(4,318,026)
Other comprehensive income, net of tax			
Items that will not be classified subsequently to profit or loss		**-**	-
Changes in the fair value of investments at fair value through other comprehensive income	9	**(338,256)**	-
Items that may be reclassified subsequently to profit or loss		**-**	-
Total comprehensive profit / (loss) for the year		**849,758**	(4,318,026)
Total comprehensive profit / (loss) for the period attributable to the members of Magmatic Resources Limited:		**849,758**	(4,318,026)
Profit / (Loss) per share attributable to the members of Magmatic Resources Limited			
Profit / (Loss) per share (dollars)	5	**$0.006**	($0.030)
Profit / (Loss) per share fully diluted (dollars)	5	**$0.004**	($0.020)

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 2021

	Note	Consolidated 2021 $	2020 $
Current Assets			
Cash and cash equivalents	7	**6,122,271**	4,234,820
Other receivables		**107,628**	73,677
Total Current Assets		**6,229,899**	4,308,497
Non-Current Assets			
Plant and Equipment		**63,636**	89,623
Security Bonds		**69,300**	91,300
Exploration assets	8	**1,368,350**	1,628,350
Right-of-use assets		**68,765**	115,235
Financial assets held at fair value through other comprehensive income	9	**789,263**	-
Total Non-Current Assets		**2,359,314**	1,924,508
Total Assets		**8,589,213**	6,233,005
Current Liabilities			
Trade and other payables	10	**999,506**	304,637
Lease Liabilities		**41,378**	39,200
Total Current Liabilities		**1,040,884**	343,837
Non-Current Liabilities			
Lease Liabilities		**29,266**	76,319
		29,266	76,319
Total Liabilities		**1,070,150**	420,156
Net Assets		**7,519,063**	5,812,849
Equity			
Issued capital	11	**14,580,282**	15,071,988
Reserves	12	**4,763,141**	3,753,235
Accumulated losses		**(11,824,360)**	(13,012,374)
Total Equity		**7,519,063**	5,812,849

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 2021

Consolidated	Issued Capital $	Share Based Payments Reserve $	Capital Restructure Reserve $	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated Losses $	Total Equity $
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
Balance at 1 July 2020	**15,071,988**	**3,752,985**	**250**	**-**	**(13,012,374)**	**5,812,849**
Profit after income tax expense for the year	**-**	**-**	**-**	**-**	**1,188,014**	**1,188,014**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**(338,256)**	**-**	**(338,256)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(338,256)**	**1,188,014**	**849,758**
Transactions with owners recorded directly in equity						
Share-based payments	**-**	**588,039**	**-**	**-**	**-**	**588,039**
Issue of ordinary shares	**5,415,898**	**-**	**-**	**-**	**-**	**5,415,898**
Capital raising expenses	**(1,035,123)**	**760,123**	**-**	**-**	**-**	**(275,000)**
In-specie Distribution to Shareholders	**(4,872,481)**	**-**	**-**	**-**	**-**	**(4,872,481)**
Total transactions with owners recorded directly in equity	**(491,706)**	**1,348,162**	**-**	**(338,256)**	**1,188,014**	**856,456**
Balance at 30 June 2021	**14,580,282**	**5,101,147**	**250**	**(338,256)**	**(11,824,360)**	**7,519,063**

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 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers, contract discontinuance fees received and Government Subsidies		**171,382**	251,160
Payments to suppliers and employees		**(868,663)**	(1,389,284)
Payments for exploration expenditure		**(2,517,985)**	(1,808,487)
Proceeds from / (returned to) earn-in partner		**-**	(38,427)
Net Interest received / (paid)		**9,690**	(253)
Net cash used in operating activities	17(a)	**(3,205,576)**	(2,985,291)
Cash flows from investing activities			
Payments for property, plant & equipment		**-**	(91,641)
Tenement bonds refunded net of bonds paid		**22,000**	-
Net cash from / (used in) investing activities		**22,000**	(91,641)
Cash flows from financing activities			
Proceeds from borrowings		**-**	550,000
Repayment of borrowings		**-**	(450,000)
Repayment of lease liabilities		**(44,873)**	(45,811)
Proceeds from the issue of shares		**5,415,900**	7,475,132
Payment of capital raising costs		**(300,000)**	(451,000)
Net cash from financing activities		**5,071,027**	7,078,321
Net increase/(decrease) in cash and cash equivalents		**1,887,451**	4,001,389
Cash and cash equivalents at the beginning of the year		**4,234,820**	233,431
Cash and cash equivalents at the end of the year	7	**6,122,271**	4,234,820

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 2021

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) Adoption of new and revised accounting standards and interpretations

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations issued by the AASB and, therefore, no change is necessary to Company accounting policies.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative periods as leases were only short term leases and low value leases.

(b) New accounting standards and interpretations that are not yet mandatory

The Directors have also reviewed all Standards and Interpretations issued and not yet adopted for the year ended 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Company accounting policies.

(c) 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).

(d) Statement of compliance
The financial report was authorised by the Board of directors for issue on 28 September 2021.

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 and Landslide Investments Pty 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.

(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

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.

Notes to the consolidated financial statements for the year ended 30 June 2021

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.

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.

Investments and other financial assets

Investments and other financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); or
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(i) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group subsequently measures all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the

Notes to the consolidated financial statements for the year ended 30 June 2021

derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(ii) Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

(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(n) (ii).

(p) Share based payments
Equity-settled share-based payment transactions to Directors and seed capitalists for services are measured in reference to the fair value of equity instruments granted.

Equity-settled share-based payments in return for goods and services are measured at fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments.

The fair value of options and performance rights with non-vesting conditions and no service conditions attached issued to Directors, seed capitalists and suppliers, are valued with a Black-Scholes pricing model.

The fair value is measured at the grant date of the equity instrument and is recognised in equity in the share-based payment reserve. The number of instruments expected to vest is estimated based on the non-market vesting conditions. The total expense is recognised at the date of grant of the options and rights.

(q) Issued capital

Ordinary shares are classified as equity.

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

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

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

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

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

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

(s) Deferred tax

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

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

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

(t) In-specie distribution

The share capital of the Company is reduced by the fair value of the investment that was returned to shareholders.

(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.

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

Notes to the consolidated financial statements for the year ended 30 June 2021

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:

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(p)), 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(p), 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(p). The carrying amounts of exploration and evaluation assets are set out in Note 8.

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 (q).

		Consolidated	
		2021	2020
		$	$
Note 2: Other income			
Gain on disposal of AGC	22	**6,243,740**	-
AGC shared services agreement income		**32,168**	-
NSW Government Co-operative Drilling Programme grant		**35,250**	-
Contract discontinuance fee received		**-**	100,000
COVID 19 Cash Boost subsidy		**103,995**	96,005
Office sub-lease		**1,905**	22,041
Interest income		**14,205**	15,881
Other		**2,211**	20,567
		6,433,474	254,494

Note 3: Expenses

	2021	2020
Corporate and administration expenses		
Depreciation	**25,986**	38,438
Director and Company Secretarial Fees	**220,487**	212,570
Consulting Fees	**100,000**	153,115
Investor Relations	**40,141**	89,704
Legal Fees	**65,272**	89,281
Travel	**11,396**	90,058
Employee Expenses	**292,756**	235,648
Rental Expense	**29,983**	45,350
Contract discontinuance settlements	**-**	60,000
Other	**471,506**	375,274
	1,257,527	1,389,438
Exploration and evaluation expenses		
Exploration expenses incurred	**3,135,379**	1,466,443
Net exploration and evaluation expense	**3,135,379**	1,466,443

Notes to the consolidated financial statements for the year ended 30 June 2021

Note 4: Income tax **(a) Income tax benefit**	Consolidated **2021** **$**	 2020 $
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 profit/(loss) from continuing operations before income tax	**1,188,014**	(4,318,026)
At the statutory income tax rate of 26% (2020: 27.5%)	**308,884**	(1,187,457)
Add		
- Non-assessable income	**(1,357,256)**	(26,401)
- Share based payments	**152,890**	494,034
- Deductible equity costs	**(68,158)**	(52,991)
- Capital gain on exit from consolidated group	**51,297**	-
- Capital losses utilised	**(51,297)**	-
- Non-deductible expenses	**50,717**	1,422
- Tax loss not brought to account	**912,923**	771,393
Income tax (benefit)	**-**	-
Accounting profit/(loss from Other Comprehensive Income before income tax	**(338,526)**	-
At the statutory income tax rate of 26% (2020: 27.5%)	**87,947**	-
Add		-
- Temporary differences not brought to account	**(87,947)**	-
Income tax (benefit) reported in the statement of comprehensive income	**-**	-

(b) Unrecognised deferred tax balances
The following deferred tax assets have not been brought to account

Deferred tax assets comprise:		
Accruals	**6,614**	4,400
Operating lease	**489**	78
Employee entitlements	**39,301**	27,092
Share issues & capital costs	**186,296**	218,786
Exploration expenditure	**-**	40,963
Losses available for offset against future income – revenue	**3,407,824**	2,274,005
	3,640,524	2,565,324
Deferred tax liabilities comprise:		
Prepayments	**10,227**	9,051
Investments	**205,208**	-
Capitalised expenditure deductible for tax purposes	**-**	1,081
	215,435	10,132
Net unrecognised deferred tax assets	**3,425,089**	2,555,192

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 2021, the Consolidated Entity has $13,107,014 (2020: $8,269,109) of taxable losses and $200,607 of capital losses (2020: $397,904) 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 2021

Demerger of AGC and tax consolidations

Prior to the demerger of AGC on 30 December 2020, AGC ceased to be a wholly owned subsidiary of the Magmatic tax consolidated group as at 30 December 2020, and therefore exited the tax consolidated group as at that date. The expenses for AGC for the period to 30 December 2020 will be included in Magmatic's tax return for the year ended 30 June 2021. The ATO have been notified of the exit.

Magmatic has applied to the ATO for a binding Class Ruling to confirm that the demerger will qualify for demerger relief for income tax purposes. The tax provision has been calculated on the basis that the ATO confirm that the demerger qualifies for relief, such that Magmatic will not be subject to tax on the gain on disposal of the shares in AGC as part of the in-specie capital return to shareholders.

Note 5: Profit / (Loss) per share

	Consolidated	
	2021	2020
	$	$
Total basic profit / (loss) per share	**0.0058**	(0.0302)
Total fully diluted profit / (loss) per share	**0.0042**	(0.0199)
The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic profit / (loss) per share is as follows:		
Net profit / (loss) for the period	**1,188,014**	(4,318,026)
The weighted average number of ordinary shares	**205,768,090**	142,824,641
Options outstanding at year end	**75,908,558**	74,035,708
Fully diluted total weighted average securities on issue	**281,676,648**	216,860,349

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 and Landslide Investments Pty Ltd. The Group has one reportable operating segment being gold exploration projects in Australia.

Note 7: Cash and cash equivalents

	Consolidated	
	2021	2020
	$	$
Cash at bank and on hand	**6,122,271**	4,234,820
	6,122,271	4,234,820

(Refer to Note 13(f) which contains risk exposure analysis for cash and cash equivalents)

Note 8: Exploration project acquisition costs

	Consolidated	
	2021	2020
	$	$
Opening balance	**1,628,350**	1,628,350
Project acquisition costs	**-**	-
Impairment of acquired exploration projects*	**(260,000)**	-
Acquisition costs in respect of areas of interest in the exploration phase	**1,368,350**	1,628,350

Notes to the consolidated financial statements for the year ended 30 June 2021

*$260,000 was impaired during the 2021 financial year in relation to the Mt Venn area of interest after the relevant exploration licences were surrendered in June 2021.

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.

Note 9: Financial assets held at fair value through other comprehensive income

Investments

	Consolidated	
	2021	2020
	$	$
Opening balance	**-**	-
Investment in AGC retained at listing (5,367,594 shares)	**1,127,519**	-
Revaluation to fair market value	**(338,256)**	-
Closing balance	**789,263**	-

Note 10: Trade and other payables

Current Trade and other payables	Consolidated	
	2021	2020
	$	$
Trade creditors *	**817,690**	135,559
Other creditors	**180,732**	153,228
Goods and services tax payable	**1,084**	15,850
	999,506	304,637

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

Note 11: Issued capital

	Consolidated	
(a) Ordinary shares issued	**2021**	2020
	$	$
219,659,088 (2020: 173,115,298) ordinary shares	**14,580,282**	15,071,988

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.

Notes to the consolidated financial statements for the year ended 30 June 2021

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$
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**

Date	Details	Number of shares	$
Balance as at 30 June 2020		**173,115,298**	**15,071,988**
18 November 2020	Options exercised at $0.10	305,000	30,500
22 December 2020	AGC in-specie distribution to shareholders		(4,872,481)
23 December 2020	Options exercised at $0.10	326,669	32,667
29 December 2020	Options exercised at $0.10	1,662,250	166,225
8 February 2021	Options exercised at $0.0722	10,000	722
12 March 2021	Options exercised at $0.0722	250,000	18,050
12 March 2021	Share Placement at $0.12 per share	41,666,670	5,000,000
17 May 2021	Options exercised at $0.0722	2,000,000	144,400
11 June 2021	Options exercised at $0.0722	323,201	23,336
	Capital Raising Expenses		(1,035,125)
Balance as at 30 June 2021		**219,659,088**	**14,580,282**

(c) Movements in share options

	2021		2020	
	Number of Options	**Weighted average exercise price**	Number of Options	Weighted average exercise price
Listed Options to acquire ordinary fully paid shares at $0.30 on or before 17 May 2020:				
Beginning of the financial year	**-**	**-**	17,980,613	0.30
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	**-**	**-**	-	-
(3) Listed Options to acquire ordinary fully paid shares at $0.0722 on or before 30 August 2021:				
Beginning of the financial year	**26,535,708**	**0.10**	26,859,141	0.10
Issued during the year	**-**	**-**	-	-
Converted during the year	**(2,877,120)**	**0.0944**	(323,433)	0.10
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**23,658,588**	**0.0722**	26,535,708	0.10

Notes to the consolidated financial statements for the year ended 30 June 2021

	2021		2020	
	Number of Options	**Weighted average exercise price**	Number of Options	Weighted average exercise price
(1) Unlisted Options to acquire ordinary fully paid shares on or before 11 May 2020:				
Beginning of the financial year	**-**	**-**	2,500,000	0.205
Issued during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	(2,500,000)	0.205
Balance at end of financial year	**-**	**-**	-	-
Balance at end of financial year	**-**	**-**	**-**	**-**
(4) Unlisted Options to acquire ordinary fully paid shares on or before 14 October 2022:				
Beginning of the financial year	**3,000,000**	**0.10**	-	-
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**	**0.0722**	3,000,000	0.10
(5) Unlisted Options to acquire ordinary fully paid shares on or before 30 November 2022:				
Beginning of the financial year	**30,000,000**	**0.1426**	-	-
Issued during the year	**-**	**-**	30,000,000	0.1426
Converted during the year	**(2,000,000)**	**0.0722**	-	-
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**28,000,000**	**0.1179**	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	**14,500,000**	**0.4431**	-	-
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**	**0.1252**	14,500,000	0.4431
(7) Unlisted Options to acquire ordinary fully paid shares on or before 12 February 2023:				
Beginning of the financial year	**2,000,000**	**0.5540**	-	-
Issued during the year	**-**	**-**	2,000,000	0.5540
Converted during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**2,000,000**	**0.5262**	2,000,000	0.5540
(8) Unlisted Options to acquire ordinary fully paid shares on or before 30 September 2023:				
Beginning of the financial year	**-**	**-**	-	-
Issued during the year	**750,000**	**0.2920**	-	-
Converted during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Balance at end of financial year	**750,000**	**0.2642**	-	-

Notes to the consolidated financial statements for the year ended 30 June 2021

	2021		2020	
	Number of Options	**Weighted average exercise price**	Number of Options	Weighted average exercise price
(9) Unlisted Options to acquire ordinary fully paid shares on or before 28 May 2024:				
Beginning of the financial year	-	-	-	-
Issued during the year	**4,000,000**	**0.2062**	-	-
Converted during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at end of financial year	**4,000,000**	**0.2062**	-	-

(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 2019 financial 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 on Grant Date*	*Exercise Price*	*Expected Volatility*	*Option Life*	*Dividend Yield*	*Interest Rate*	*Fair Value per Option*
7 May 2019	*$0.025*	*$0.03*	*95%*	*5.12 years*	*0.00%*	*1.07%*	*$0.0214*

These options were all exercised during the previous year.

(3) During the 2019 financial year, the Company 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 on Grant Date*	*Exercise Price*	*Expected Volatility*	*Option Life*	*Dividend Yield*	*Interest Rate*	*Fair Value per Option*
30 July 2018	*$0.053*	*$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. 2,877,120 of these options were exercised during the year (2020: 323,433 were exercised).

(4) During the previous 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 on Grant Date*	*Exercise Price*	*Expected Volatility*	*Option Life*	*Dividend Yield*	*Interest Rate*	*Fair Value per Option*
11 October 2019	*$0.075*	*$0.10*	*100%*	*3.011 years*	*0.00%*	*0.68%*	*$0.042*

(5) During the previous 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 on Grant Date	Exercise Price	Expected Volatility	Option Life	Dividend Yield	Interest Rate	Fair Value per Option
22 November 2019	$0.185	$0.10	100%	3.025 years	0.00%	0.68%	$0.0134
29 November 2019	$0.180	$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 previous 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 on Grant Date	Exercise Price	Expected Volatility	Option Life	Dividend Yield	Interest Rate	Fair Value per Option
23 January 2020	$0.265	$0.37935	100%	3.025 years	0.00%	0.73%	$0.135
23 January 2020	$0.265	$0.63225	100%	3.025 years	0.00%	0.73%	$0.109

(6) During the previous 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 on Grant Date	Exercise Price	Expected Volatility	Option Life	Dividend Yield	Interest Rate	Fair Value per Option
4 December 2019	$0.180	$0.37935	100%	3.025 years	0.00%	0.73%	$0.135
4 December 2019	$0.180	$0.63225	100%	3.025 years	0.00%	0.73%	$0.109

(7) During the previous year, the Group issued 2,000,000 to the broker who managed the $5,000,000 share placement that occurred that year. 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 on Grant Date	Exercise Price	Expected Volatility	Option Life	Dividend Yield	Interest Rate	Fair Value per Option
11 February 2020	$0.450	$0.5262	100%	3.01 years	0.00%	0.73%	$0.213

(8) During the year, the Group issued 750,000 options with the fair value of $90,338 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 on Grant Date*	*Exercise Price*	*Expected Volatility*	*Option Life*	*Dividend Yield*	*Interest Rate*	*Fair Value per Option*
24 September 2020	*$0.215*	*$0.292*	*100%*	*3.02 years*	*0.00%*	*0.178%*	*$0.119*
25 September 2020	*$0.220*	*$0.292*	*100%*	*3.01 years*	*0.00%*	*0.182%*	*$0.123*

(9) During the year, the Group issued 4,000,000 to the broker who managed the $5,000,000 share placement that occurred during the year. 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 on Grant Date*	*Exercise Price*	*Expected Volatility*	*Option Life*	*Dividend Yield*	*Interest Rate*	*Fair Value per Option*
26 February 2021	*$0.150*	*$0.2062*	*100%*	*3.25 years*	*0.00%*	*0.128%*	*$0.084*

Note 12: Reserves

	Consolidated	
	2021	2020
	$	$
Capital Restructure reserve		
Opening balance	**250**	250
Expense for the year	**-**	-
Closing balance	**250**	250

	Consolidated	
	2021	2020
	$	$
Share-based payment reserve		
Opening balance	**3,752,985**	3,156,499
Share based acquisition cost	**-**	-
Performance share conversion	**-**	(1,104,000)
Share based expense for year	**588,039**	1,700,486
Share based capital raising costs	**760,123**	-
Fair Value Other Comprehensive Income ("FVOCI") Reserve movement	**(338,256)**	-
Closing balance	**4,762,891**	3,752,985

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 2021

Note 13: 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

<u>Equity price risk sensitivity analysis</u>
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.

<u>Interest rate sensitivity analysis</u>
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 2021, if interest rates had changed by + 50 basis points and all other variables were held constant, the Group's loss would have been $19,285 (2020: $9,465) 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 $19,285 (2020: $9,465).

(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.

Notes to the consolidated financial statements for the year ended 30 June 2021

(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.

2021	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**	**122,261**	**-**	**-**	**-**
Cash and cash equivalents – interest bearing	**0.27%**	**1,000,010**	**5,000,000**	**-**	**-**
Trade and other receivables	**n/a**	**4,945**	**-**	**-**	**5,276**
		1,127,216	**5,000,000**	**-**	**5,276**
Financial liabilities					
Trade and other payables	**n/a**	**931,462**	**34,332**	**33,712**	**-**
Lease Liabilities	**5%**	**4,166**	**12,497**	**33,725**	**25,393**
		935,628	**46,829**	**67,437**	**25,393**

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

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 14: 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 $1,574,325 (2020: $1,397,847).

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.

Notes to the consolidated financial statements for the year ended 30 June 2021

Note 15: 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 Berrie – *Non-Executive Director and Joint Company Secretary*
D Flanagan – *Non-Executive Director (appointed 28 October 2019, resigned 4 February 2021)*

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*

(c) Key management personnel compensation

	Consolidated	
	2021	2020
	$	$
Short-Term	**656,138**	533,872
Post-employment	**84,126**	87,708
Share-based payments	**502,496**	997,936
Termination benefits	**-**	-
	1,242,760	1,619,516

Detailed remuneration disclosures of directors and key management personnel are in pages 18 to 20 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 daughter of Mr Berrie provided casual administrative services to the Company to the value of $500. These services were provided on normal commercial terms and conditions.

Note 16: Subsidiaries

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding**	
			2021	2020
			%	%
Modeling Resources Pty Ltd	**Australia**	**Ordinary**	100	100
Landslide Investments Pty Ltd	**Australia**	**Ordinary**	100	100

Notes to the consolidated financial statements for the year ended 30 June 2021

Note 17: Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated 2021 $	2020 $
a) *Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities*		
Net profit / (loss) for the year after income tax	**1,188,014**	(4,318,026)
Profit on disposal of AGC	**(6,243,740)**	-
Share based payment expense	**588,039**	1,700,486
Finance cost (equity)	**-**	-
Share issue costs	**-**	-
Depreciation	**25,986**	38,438
ROU Asset Amortisation	**46,470**	46,094
Exploration asset impairments	**260,000**	-
Movements in working capital		
(Increase) / Decrease in other receivables	**216,212**	1,700
(Increase) in prepayments	**(6,423)**	(29,762)
Increase / (Decrease) in trade and other payables	**719,867**	(424,221)
Net cash outflows from operating activities	**(3,205,575)**	(2,985,291)

b) *Non-cash financing and investing activities*

There were no non-cash financing and investing activities in the financial year ended 30 June 2021.

Note 18: Parent Entity Disclosures

Financial position

	2021 $	2020 $
Assets		
Current assets	**6,102,862**	4,219,753
Non-current assets	**1,605,472**	1,631,034
Total assets	**7,708,334**	5,850,787
Liabilities		
Current liabilities	**189,271**	99,899
Total liabilities	**189,271**	99,899
Net assets	**7,519,063**	5,750,888

	2021 $	2020 $
Equity		
Issued capital	**14,265,431**	15,117,136
Reserves	**4,717,743**	3,707,837
Accumulated losses	**(11,464,111)**	(13,074,085)
Total equity	**7,519,063**	5,750,888

Financial performance

	2021	2020
Profit / (Loss) for the year	**4,377,204**	(4,551,182)
Other comprehensive income/(loss)	**(338,256)**	182,975
Total comprehensive income/(loss)	**4,038,948**	(4,368,207)

Notes to the consolidated financial statements for the year ended 30 June 2021

Note 19: Events after the reporting date

During the first quarter of the 2022 financial year, the Company raised a further $2,514,561 from option holders who exercised 34,827,710 options.

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 FY2022.

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 2022 financial year.

Note 20: Auditor's remuneration

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

	Consolidated	
	2021 **$**	2020 $
Assurance services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	**38,117**	42,902
Total remuneration for audit services	**38,117**	42,902
Total auditor's remuneration	**38,117**	42,902

Note 21: Fair Value Measurement

This note provides an update on the judgements and estimates in determining the fair values of the financial instruments since the last annual financial report.

Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value. The Group classifies its financial instruments into the three levels prescribed under accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value.

As at 30 June 2021	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets as FVOCI – Equity Securities	789,263	-	-	789,263

There were no transfers between levels during the year. The Group's policy is to recognise transfers into and out of the fair value hierarchy levels at balance date.

The fair value of the financial assets and liabilities held by the Group must be estimated for recognition, measurement and /or disclosure purposes. The Group measures fair value by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Notes to the consolidated financial statements for the year ended 30 June 2021

- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of assets and liabilities are included at an amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying value of amounts of cash and short term trade and other receivables, trade payables and other current liabilities approximate their fair value largely due to the short term maturities of these payments.

Financial assets at fair value through other comprehensive income – equity securities
The fair value of the equity holdings held in ASX companies are based on the quoted market prices from the ASX on the last trading day prior to the period end.

Note 22: Asset disposal

On 18 September 2020 Magmatic announced its intention to demerge its Moorefield Project into its fully owned subsidiary AGC and then list AGC separately on the ASX via an initial public offering (IPO) to raise $10,000,000 by issuing 50,000,000 new AGC shares at $0.20 each. This IPO closed fully subscribed on 18 December 2020 and AGC securities were officially quoted on the ASX on 20 January 2021.

Prior to the AGC IPO, on 31 December 2020, AGC issued Magmatic an additional 29,999,999 shares in consideration for Magmatic's Moorefield Project taking Magmatic's shareholding in AGC to 30,000,000 shares representing 60% of the total shares on issue on that date. Magmatic then, also on 31 December 2020, distributed to Magmatic shareholders on an in-specie basis, 24,362,406 of these AGC shares, retaining 5,637,594 shares which represented 11.275% of the 50 million total AGC shares on issue.

The fair value of AGC on 31 December 2020, being $10,000,000, was calculated using the AGC IPO issue price of $0.20 multiplied by the 50 million total AGC shares on issue at that date. The 11.275% investment in AGC retained by Magmatic initially valued at $1,127,519 using the same methodology.

The demerger in-specie distribution is accounted for as a reduction in equity by way of a reduction in share capital of $4,872,481 calculated by multiplying the 24,362,406 AGC share distributed to Magmatic shareholders by the $0.20 AGC IPO issue price.

Assets and liabilities of AGC at date of demerger	31 December 2020
Assets	
Cash and cash equivalents	-
Total assets demerged	**-**
Liabilities	
Intercompany loan from Magmatic	243,740
Total liabilities demerged	**243,740**
Net assets / (liabilities) demerged	**(243,740)**
Allocation of deemed fair value of AGC at demerger	
Capital distribution	4,872,481
Fair value of Magmatic's retained investment in AGC	1,127,519
Fair value at date of distribution	**6,000,000**
Gain on demerger	
Fair value of Magmatic's interest in AGC	6,000,000
Net liabilities disposed of	243,740
Net profit on disposal before income tax	**6,243,740**
Income tax expense[1]	-
Gain on disposal after income tax	**6,243,740**

Key judgement: control and significant influence

In relation to AGC, the Group has determined it lost control of the entity on 31 December 2020. Due to the Group retaining an 11.275% minority interest, it was determined that the Group did not have control or significant influence over AGC at that date and accordingly AGC has been accounted for as an investment at fair value through other comprehensive income as disclosed in note 21.

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 2021 and of its performance for the financial year then ended; and

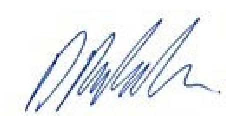
      ii. complying with Accounting Standards, Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   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 2021.

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



D Richardson
Chairman

Perth, Western Australia

28 September 2021

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
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 2021, 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 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

Accounting for the demerger of Australian Gold Copper Limited ("AGC")

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 22, Australian Gold Copper Limited ("AGC") held the Group's Moorefield Project and during the period, AGC was demerged from the Group, with the Group retaining an 11.275% interest. Demergers of this nature are not common transactions for the Group, the accounting is complex and resulted in a net gain within profit or loss of $6,243,740 and a reduction in contributed equity of $4,872,481.	Our procedures included, but were not limited to: • Reviewing the implementation deed of the demerger; • Assessing the determination of fair value of the shares distributed; • Testing the mathematical accuracy of the calculation of the net gain on demerger and the capital distribution; and • Assessing the adequacy of the related disclosures in Note 22 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 2021, 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 18 to 22 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Magmatic Resources Limited, for the year ended 30 June 2021, 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

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Director

Perth, 28 September 2021

Magmatic Resources Limited
ABN 32 615 598 322

Additional Shareholder Information

The following additional information is current as at 20 September 2021.

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
Bilingual Software Pty Ltd <Let's Go Investment A/C> and D & R Richardson	47,442,571	18.64%
Gold Fields Australia Pty Ltd	19,200,000	7.54%
Davthea Pty Ltd <David Berrie Super Fund A/C>	14,029,044	5.51%

Ordinary Shares – Range of Units:

Holdings Ranges	Holders	Total Units	%
1 - 1,000	43	4,619	0.00
1,001 - 5,000	214	719,053	0.28
5,001 - 10,000	231	1,939,481	0.76
10,001 - 100,000	790	33,169,236	13.03
>100,000	264	218,654,409	85.92
Totals	**1,542**	**254,486,798**	**100.00**

There are 228 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	14.41
2	GOLD FIELDS AUSTRALIA PTY LTD	19,200,000	7.54
3	DAVTHEA PTY LTD <DAVID BERRIE S/F A/C>	14,029,044	5.51
4	MR MARC DAVID HARDING	12,085,000	4.75
5	MR DAVID RICHARDSON + MRS RYOKO RICHARDSON <D&R RICHARDSON S/F A/C>	10,367,502	4.07
6	MR NEVRES CRLJENKOVIC	9,940,000	3.91
7	CITICORP NOMINEES PTY LIMITED	4,239,614	1.67
8	BUDWORTH CAPITAL PTY LTD <ROLLING HILLS CAPITAL A/C>	4,000,000	1.57
9	MR MING YIU KO	4,000,000	1.57
10	SEASCAPE CAPITAL PTY LTD <WILLIAMS TRADING A/C>	4,000,000	1.57
11	WESTGATE CAPITAL PTY LTD <WESTGATE ASSET MANAGE A/C>	4,000,000	1.57
12	DUERDEN INVESTMENTS PTY TD <DUERDEN INVESTMENTS A/C>	3,984,782	1.57
13	AG INVESTMENT SERVICES PTY LTD	3,451,754	1.36
14	KAOS INVESTMENTS PTY LIMITED	2,450,000	0.96
15	MR BINH LE	2,000,000	0.79
16	CRLJENKOVIC SUPER FUND PTY LTD <CRLJENKOVIC FAMILY S/F A/C>	1,780,000	0.70
17	WOMBAT SUPER INVESTMENTS PTY LTD <WOMBAT SUPER A/C>	1,760,000	0.69
18	GOSOJO PTY LTD	1,665,000	0.65
19	MRS MARISA MACKOW	1,580,000	0.62
20	SERCA SUPERFUND PTY LTD <SERCA SUPER FUND A/C>	1,509,234	0.59
	Total	**142,710,753**	**56.08**
	Total remaining holders	**111,776,405**	**43.92**

Unquoted equity securities

Unquoted equity securities on issue as at 20 September 2021 was as follows:
- 3 Optionholders holding 8,000,000 options, exercisable at $0.0722, expiring 30 November 2022
- 1 Optionholder holding 3,000,000 options, exercisable at $0.0722, expiring 14 October 2022
- 2 Optionholders holding 4,000,000 options, exercisable at $0.2062, expiring 28 May 2024
- 3 Optionholders holding 8,000,000 options, exercisable at $0.2322, expiring 30 November 2022
- 2 Optionholders holding 750,000 options, exercisable at $0.2642, expiring 30 September 2023
- 6 Optionholders holding 9,700,000 options, exercisable at $0.3352, expiring 31 January 2023
- 2 Optionholders holding 2,000,000 options, exercisable at $0.5262, expiring 12 February 2023
- 6 Optionholder holding 4,800,000 options, exercisable at $0.5772, expiring 31 January 2023

Tenement Listing

Project Area	Tenement Details	% Held
Wellington North – Duke	EL6178	100
Myall	EL6913	100
Parkes – Alectown	EL7424	100
Wellington North – Bodangora	EL7440	100
Parkes	EL7676	100
Wellington North - Combo	EL8357	100