MAGNETITE MINES

High Grade Iron Ore Concentrate

FINANCIAL REPORT 2021

CORPORATE DIRECTORY

DIRECTORS

Peter J Schubert
Executive Chairman & Interim CEO

Mark R Eames
Executive Director

Malcolm R J Randall
Non-Executive Director

COMPANY SECRETARY

Frank DeMarte

PRINCIPAL REGISTERED OFFICE

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AUDITORS

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SHARE REGISTERY

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ASX CODE: MGT

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DIRECTORS' REPORT

The Directors present their report on the Consolidated Entity consisting of Magnetite Mines Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021.

INFORMATION ON DIRECTORS

The following persons were Directors of Magnetite Mines Limited ("Company") and were in office during the financial year and until the date of this report unless otherwise stated.

Mr Peter Schubert	Executive Chairman & Interim CEO	Appointed as Interim CEO on 1 January 2021
Mr Mark R Eames	Executive Director & Technical Director	Appointed as Technical Director on 1 May 2021
Mr Frank DeMarte	Executive Director	Resigned 31 July 2020
Mr Malcolm R J Randall	Non-Executive Director	

PRINCIPAL ACTIVITY

The principal activity of the Consolidated Entity during the year was mineral exploration in Australia. Other than the foregoing, there were no significant changes in those activities during the year.

RESULT OF OPERATIONS

During the year the Consolidated Entity incurred a consolidated operating loss after tax of $1,732,833 (2020 – loss $373,511).

DIVIDENDS

No dividends have been paid during the financial year and no dividend is recommended for the current year.

NATIVE TITLE

Claims of native title over certain of the Consolidated Entity's tenements have been made, and may in the future be made under the Commonwealth Native Title Act. In the event that native title is established by an indigenous community over an area that is subject to the Consolidated Entity's mining tenements, the nature of the native title may be such that consent to mining may be required from that community but is withheld.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise dealt with in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial period, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the Financial Statements, that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity.

Exercise of quoted options

On 5 July 2021, 139,629 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

On 12 July 2021, 18,750 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

On 26 July 2021, 50,000 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

On 7 September 2021, 12,956 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

Exercise of unquoted employee options

On 2 August 2021, 2,500,000 unquoted employee options exercisable at 1.5 cents each expiring on 18 March 2022 were exercised.

Lease agreement

The Company has entered into a lease agreement on 10 August 2021 for a storage warehouse in South Australia for a 3 year term commencing 14 November 2021 at $96,600 plus GST and variable outgoings per annum.

Consultancy Agreement with Hatch Pty Ltd

Subsequent to the year end on 27 September 2021, the Company executed a contract with Hatch Pty Ltd for the provision of a Capital Cost Estimate for the Razorback Iron Ore Project Process Plant for inclusion in the Definitive Feasibility Study. The total value of the contract is $7.4Mn (before contingency) and has been awarded on a reimbursable basis and following 30 days' notice can be suspended at no penalty.

DIRECTORS' REPORT

Consultancy Agreement with GHD Pty Ltd

Subsequent to the year end on 3 September 2021, the Company executed a contract with GHD Pty Ltd for the Razorback Iron Ore Project Definitive Feasibility Study Consultant Agreement. The total value of the contract is $1.58Mn (plus GST) and has been awarded on a predominately fixed price basis. The services provided can be suspended at any time without penalty.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments in the operations of the Consolidated Entity are set out in the review of operations section of this report. The Consolidated Entity will continue to explore its Australian tenement areas of interest for minerals, and any significant information or data will be released in the market and to shareholders.

ENVIRONMENTAL ISSUES AND REGULATIONS

The Consolidated Entity has interests in mining tenements (including prospecting, exploration and mining leases). The leases and licence conditions contain environmental obligations. The Consolidated Entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year. The directors are not aware of any environmental matters which would have a significant adverse effect on the Consolidated Entity.

CORPORATE INFORMATION

Magnetite Mines Limited	Parent entity
Razorback Iron Pty Ltd	100% owned controlled entity
Razorback Operations Pty Ltd	100% owned controlled entity
Red Dragon Mining Pty Ltd	100% owned controlled entity
Ironback Pty Ltd	100% owned controlled entity

INFORMATION ON DIRECTORS

PETER SCHUBERT	***Executive Chairman & CEO***
Skills and Experience	Mr Schubert is a professional investor with business development and entrepreneurial skills teamed with over 32 years of direct experience in international and domestic markets. Mr Schubert has strong, established ties to the investment community, particularly in relation to the Australian resource sector. During his career Mr Schubert has developed a range of businesses across various sectors with an emphasis on support for the establishment of various Australian resource companies. Mr Schubert was first appointed to the board on 17 December 2015 as non-executive director and appointed as executive director on 9 December 2016 and subsequently appointed as Executive Chairman on 3 September 2018. Effective from 1 January 2021, Mr Schubert was appointed as the interim Chief Executive Officer.
Other current Directorships	None.
Former Directorships in last three years	None.
Special Responsibilities	Chairman of the board Member of the Nomination Committee from December 2015
Interest in Shares and Options at the date of this report	105,786,693 Ordinary shares. 7,500,000 Quoted options exercisable at 5 cents each expiring 29 October 2021. 10,000,000 Unquoted options exercisable at 2 cents each expiring 30 November 2021. 10,000,000 Unquoted options exercisable at 5 cents each expiring 30 November 2022. 20,000,000 Unquoted options exercisable at 2 cents each expiring 15 December 2025.

DIRECTORS' REPORT

MARK R EAMES	***Executive Director***
Qualifications	BA (Metallurgy) (Hons)
Skills and Experience	Mr Eames has a successful track record in the global minerals industry in exploration, evaluation, development, acquisitions, operations, marketing and senior corporate management. He is a qualified metallurgist with extensive experience in Australia and overseas and has held senior roles working with the iron ore businesses of Glencore, Rio Tinto and BHP. Mr Eames graduated with a BA (Metallurgy)(Hons) from the University of Cambridge, UK. He is a member of the Australasian Institute of Mining and Metallurgy. Mr Eames is a past and present Director of other Australian publicly listed companies including Universal Coal, where he was interim Chairman, and Sphere Minerals Ltd, where he was the Chief Executive Officer. Mr Eames was appointed as a Non-Executive Director on 11 March 2020. Effective from 1 May 2021, Mr Eames was appointed as a Technical Director on a part-time basis.
Other current Directorships	None
Former Directorships in last three years	Universal Coal (from 2019 to 2020)
Special Responsibilities	Member of Audit Committee from March 2020. Member of Remuneration Committee from March 2020. Member of the Nomination Committee from March 2020
Interest in Shares and Options at the date of this report	40,098,262 Fully paid ordinary shares. 4,009,827 Quoted options exercisable at 5 cents each expiring 29 October 2021. 10,000,000 Unquoted options exercisable at 2 cents each expiring 15 December 2025.

MALCOLM R J RANDALL	***Non-Executive Director***
Qualifications	*B.Applied Chem, FAICD*
Skills and Experience	Mr Randall holds a Bachelor of Applied Chemistry Degree and is a Fellow of the Australian Institute of Company Directors. He has extensive experience in corporate, management and marketing in the resource sector, including more than 26 years with the Rio Tinto group of companies. His experience extends over a broad range of commodities including iron ore, diamonds, base metals, coal, uranium, and industrial minerals both in Australia and internationally. Mr Randall was appointed a director on 4 October 2006.
Other current Directorships	Ora Gold Limited (since 2003) Argosy Minerals Limited (since 2017) Hastings Technology Metals Ltd (since 2019)
Former Directorships in last three years	Summit Resources Limited (from 2007 to 2018) Spitfire Oil Ltd (from 2007 to 2020) Kalium Lakes Limited (from 2016 to 2020)
Special Responsibilities	Chairman of Nomination Committee from October 2006. Chairman of Remuneration Committee from October 2006. Chairman of Audit Committee from August 2009.
Interest in Shares and Options at the date of this report	17,003,000 Fully paid ordinary shares. 1,014,774 Quoted options exercisable at 5 cents each expiring 29 October 2021. 10,000,000 Unquoted options exercisable at 1.50 cents each expiring 1 December 2024.

DIRECTORS' REPORT

FRANK DEMARTE	***Executive Director – Resigned 31 July 2020***
Qualifications	*BBus (Acct), FGIA, FCG, FAICD*
Skills and Experience	Mr DeMarte has over 39 years of experience in the mining and exploration industry in Western Australia. Mr DeMarte has held executive positions with a number of listed mining and exploration companies and is currently an Executive Director, Company Secretary and Chief Financial Officer of the Company. Mr DeMarte is experienced in areas of secretarial practice, corporate governance, management accounting and corporate and financial management. Mr DeMarte holds a Bachelor of Business majoring in Accounting and is a Fellow of the Chartered Governance Institute and a Fellow of the Australian Institute of Company Directors. Mr DeMarte was appointed a director on 23 February 2004. Mr DeMarte resigned as a director on 31 July 2020.
Other current Directorships	Ora Gold Limited (since 2001)
Former Directorships in last three years	None.
Special Responsibilities	Chief Financial Officer and Company Secretary.
Interest in Shares and Options at the date of this report	16,531,637 Fully paid ordinary shares. 2,662,035 Quoted options exercisable at 5 cents each expiring 29 October 2021. 10,000,000 Unquoted options exercisable at 1.50 cents each expiring 1 December 2024.

COMPANY SECRETARY

FRANK DEMARTE *BBus (Acct), FGIA, FCG, FAICD*
The Company Secretary is Mr Frank DeMarte. Mr DeMarte has over 39 years of experience in the mining and exploration industry in Western Australia and has held executive positions with a number of listed mining and exploration companies.

Mr DeMarte is experienced in areas of secretarial practice, corporate governance, management accounting and corporate and financial management. Mr DeMarte holds a Bachelor of Business majoring in Accounting and is a Fellow of the Chartered Governance Institute and a Fellow of the Australian Institute of Company Directors. Mr DeMarte was re-appointed to the position on 22 August 2013.

SHARES UNDER OPTION

As at the date of this report, there were 393,283,325 unissued ordinary shares of the Company under option as follows:

Date options issued	Expiry date	Exercise price of options ($)	Number of options
Unquoted options			
1 Dec 2016	30 Nov 2021	0.02	10,000,000
6 Dec 2016	5 Dec 2021	0.10	5,000,000
19 Mar 2019	18 Mar 2022	0.015	4,000,000
6 Jul 2017	5 Jul 2022	0.04	7,500,000
1 Dec 2017	30 Nov 2022	0.05	10,000,000
12 Aug 2020	11 Aug 2023	0.015	7,000,000
2 Dec 2019	1 Dec 2024	0.015	20,000,000
16 Dec 2020	15 Dec 2025	0.02	30,000,000
18 Mar 2021	17 Mar 2024	0.047	4,000,000
Quoted options			
6 Oct 2020	29 Oct 2021	0.05	295,783,325

DIRECTORS' REPORT

During the financial year:

(1) 150,401,292 quoted options with an exercise price of 5 cents each with an expiry date of 31 May 2021 were exercised.
(2) 22,223,253 quoted options with an exercise price of 5 cents each expired on 31 May 2021.
(3) 1,626,141 quoted options with an exercise price of 5 cents with an expiry date of 29 October 2021 were exercised.
(4) 10,000,000 unquoted directors options with an exercise price of 2 cents each expired on 26 November 2020.
(5) 3,000,000 unquoted consultant options with an exercise price of 2 cents each with an expiry date of 26 April 2021 were exercised.
(6) 3,000,000 unquoted consultant options with an exercise price of 2.5 cents each with an expiry date of 7 September 2021 were exercised.
(7) 3,000,000 unquoted consultant options with an exercise price of 4 cents each with an expiry date of 5 June 2022 were exercised.
(8) 3,000,000 unquoted consultant options with an exercise price of 3.5 cents each with an expiry date of 4 June 2023 were exercised.
(9) 1,000,000 unquoted consultant options with an exercise price of 4.5 cents each with an expiry date of 24 August 2021 were exercised.
(10) 15,000,000 unquoted underwriter options with an exercise price of 3 cents each with an expiry date of 27 April 2023 were exercised.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any other entity.

REMUNERATION REPORT (AUDITED)

This Remuneration Report details the nature and amount of remuneration for each of the directors and other senior management personnel of the Company.

(a) Details of Key Management Personnel

The following persons were key management personnel of Magnetite Mines Limited during the financial year:

Executive Directors	
Peter Schubert	Chairman & Interim CEO (Appointed as Interim CEO on 1 January 2021)
Mark Eames	Technical Director (Appointed as Technical Director on 1 May 2021)
Frank DeMarte	Director (Resigned on 31 July 2020)
Non-Executive Director	
Malcolm Randall	Non-Executive Director
Other Key Management Personnel	
Frank DeMarte	Chief Financial Officer & Company Secretary

DIRECTORS' REPORT

(b) Compensation of Key Management Personnel

Remuneration Policy

The Company's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration, which is market related. Overall, the remuneration policy is subject to the discretion of the Board and can be altered to reflect the competitive market and business conditions, where it is in the best interest of the Company and the shareholders to do so.

The Board's reward policy reflects its obligations to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates;
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Directors' and executives' remuneration is reviewed by the board of directors, having regard to various goals set. This remuneration and other terms of employment are commensurate with those offered within the exploration and mining industry.

Non-executive directors' remuneration is in the form of directors' fees and are approved by shareholders as to the maximum aggregate remuneration. The Board recommends the actual payment to non-executive directors. The Board's reward policy for non-executive directors reflects its obligation to align remuneration with shareholders' interests and to retain appropriately qualified talent for the benefit of the Group.

Remuneration packages are set at levels that are intended to attract and retain directors and executives capable of managing the Group's operations.

(A) Remuneration Committee
The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and all other key management personnel.

The Remuneration Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

(B) Remuneration Structure
In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Objective
The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure
The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the annual general meeting held on 26 November 2009 when shareholders approved an aggregate compensation of $400,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. An additional fee may also be paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitments required by directors who serve on one or more sub committees.

Following an annual review of the remuneration for non-executives, effective from 1 May 2021, non-executive director's fees were increased from $49,000 per annum to $75,000 per annum exclusive of any superannuation ($49,000 per annum prior to 1 May 2021).

Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market). It is considered good governance for directors to have a stake in the Company on whose board they sit. The compensation of non-executive directors for the year ended 30 June 2021 is detailed as per the disclosures on page 8.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

(b) Compensation of Key Management Personnel (continued)

(C) Executive Compensation

Objective
The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set by remuneration committee to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure
In determining the level and make-up of executive remuneration, the remuneration committee will review individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

(D) Fixed Compensation

Objective
Fixed compensation is reviewed annually by the Remuneration Committee. The process consists of a review of companywide, business unit and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure
Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Since a review of the remuneration of executives during the year the following changes have occurred:

- Mr Schubert's, Executive Chairman's remuneration was increased to $175,000 per annum exclusive of any superannuation effective from 1 July 2020 (2019: $100,000 per annum exclusive of any superannuation) to reflect his expanded duties. Effective from 1 January 2021, Mr Schubert was appointed the interim Chief Executive Officer and his remuneration was increased from $175,000 to $275,000 per annum exclusive of any superannuation to reflect his new role and expanded duties;

- Mr Eames was appointed an Executive Technical Director part-time effective from 1 May 2021 and his remuneration was increased from $50,000 per annum exclusive of any superannuation (excluding consulting fees) to $240,000 exclusive of any superannuation to reflect his modified role and responsibilities; and

- Mr DeMarte's remuneration was increased from $90,000 to $130,000 per annum exclusive of any superannuation effective from 1 August 2020. Within 7 days from the date of signing the employment agreement, the executive was entitled to $36,000 sign-on bonus payment plus superannuation.

(E) Other Compensation

Notwithstanding Guideline 8.2 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which provides that non-executive Directors should not receive Options, the Directors consider that the grant of the options is designed to encourage the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

Under the Company's current circumstances the granting of options is an incentive to each of the Directors, which is a cost effective and efficient reward for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation to the Directors.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

(b) Compensation of Key Management Personnel (continued)

Details of the remuneration of each director of Magnetite Mines Limited and other key management personnel, including their personally related entities are set out below:

Remuneration of key management personnel for the year ended 30 June 2021

Names		Short-Term			Post Employment	Other Long Term	Share Based Payment	Total $	% Remuneration
		Salary & Directors Fees	Annual Leave Movement	Other	Superannuation	Long Service Leave	Equity Options		Consisting of Options for the Year
Executive Directors									
Peter Schubert [1]	**2021**	**218,750**	**76,649**	**-**	**20,781**	**-**	**128,549**	**444,729**	**29%**
	2020	100,000	8,886	-	9,500	-	-	118,386	-
Mark R Eames [2]	**2021**	**81,667**	**-**	**174,125**	**7,758**	**-**	**64,274**	**327,824**	**20%**
	2020	15,385	-	54,578	1,461	-	-	71,424	-
Frank DeMarte [3]	**2021**	**126,667**	**10,638**	**36,000**	**15,633**	**-**	**-**	**188,938**	**-**
	2020	90,000	-	-	8,550	-	29,994	128,544	23%
Non-Executive Directors									
Malcolm R J Randall	**2021**	**53,374**	**-**	**-**	**5,070**	**-**	**-**	**58,444**	**-**
	2020	49,048	-	-	4,660	-	29,994	83,702	36%
Total	**2021**	**480,458**	**87,287**	**210,125**	**49,242**	**-**	**192,823**	**1,019,935**	**19%**
	2020	254,433	8,886	54,578	24,171	-	59,988	402,056	15%

(1) P Schubert was appointed as interim Chief Executive Officer effective from 1 January 2021.
(2) M R Eames was appointed as a Technical director on a part-time basis effective from 1 May 2021. Other fees of $174,125 shown above relates to consultancy fees paid to Mr Eames in relation to Razorback project for period 1 July 2020 to 30 April 2021.
(3) F DeMarte resigned as a director on 31 July 2020 and remained as a Chief Financial Officer & Company Secretary. Within 7 days from the date of signing the employment agreement, the executive was entitled to $36,000 sign-on bonus payment plus superannuation.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

(c) Employment Agreements for Key Management Personnel

Name	Base salary	Terms of Engagement	Notice Period
P Schubert (1)	$275,000	No fixed term	3 months
F DeMarte (2)	$130,000	No fixed term	4 months

(1) P Schubert was appointed as interim Chief Executive Officer effective 1 January 2021. A formal employment agreement with an effective date of 1 January 2021 was entered between the Company and Mr Schubert on 22 August 2021.
(2) A formal employment agreement with an effective date of 1 August 2020 was entered between the Company and F DeMarte on 15 July 2021.
(3) At the date of this report, a formal agreement with Technical Director Mark Eames has not been finalised.

(d) Shareholdings of Key Management Personnel (Consolidated and Parent Entity)

The number of shares held in Magnetite Mines Limited during the financial year.

30 June 2021	Balance 1 July 2020	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2021
Peter Schubert	85,488,911	-	5,297,782	15,000,000	105,786,693
Frank DeMarte (1)	21,409,305	-	953,000	(5,830,668)	16,531,637
Malcolm R J Randall	14,470,452	-	503,096	2,029,452	17,003,000
Mark R Eames (2)	32,078,609	-	-	8,019,653	40,098,262
Total	153,447,277	-	6,753,878	19,218,437	179,419,592

(1) F DeMarte resigned as a director on 31 July 2020.
(2) M R Eames was appointed as a Technical director on a part-time basis effective from 1 May 2021.

30 June 2020	Balance 1 July 2019	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2020
Peter Schubert	26,988,911	-	-	58,500,000	85,488,911
Frank DeMarte (1)	4,766,135	-	-	16,643,170	21,409,305
Malcolm R J Randall	2,515,479	-	-	11,954,973	14,470,452
Mark R Eames (2)	-	13,007,159	-	19,071,450	32,078,609
Total	34,270,525	13,007,159	-	106,169,593	153,447,277

(1) F DeMarte resigned as a director on 31 July 2020.
(2) M R Eames was appointed a Director on 11 March 2020.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

(e) Share Based Compensation Options

During the financial year 30,000,000 options were granted as equity compensation benefits to key management personnel. No options have been granted since the end of the year to key management personnel. For further details relating to options, refer to note 20.

Compensation Options: Granted and vested during the year ended 30 June 2021.

30 June 2021	Terms and Conditions for each Grant							
Key Management Personnel	Number Vested	Number Granted As Remuneration	Grant Date	Fair Value per option at Grant Date ($) (Note 20)	Exercise Price per option ($) (Note 20)	Expiry Date	First Exercise Date	Last Exercise Date
Peter Schubert	-	20,000,000	27/11/2020	$0.0064	$0.02	15/12/2025	16/12/2020(2)	15/12/2025
Frank DeMarte (1)	-	-	-	-	-	-	-	-
M R J Randall	-	-	-	-	-	-	-	-
Mark R Eames	-	10,000,000	27/11/2020	$0.0064	$0.02	15/12/2025	16/12/2020(2)	15/12/2025
Total	-	30,000,000						

(1) F DeMarte resigned as a director on 31 July 2020.
(2) Although these options were granted on 27/11/2020, they were not issued till 16/12/2020.

Compensation Options: Granted and vested during the year ended 30 June 2020.

30 June 2020	Terms and Conditions for each Grant							
Key Management Personnel	Number Vested	Number Granted As Remuneration	Grant Date	Fair Value per option at Grant Date ($) (Note 20)	Exercise Price per option ($) (Note 20)	Expiry Date	First Exercise Date	Last Exercise Date
Peter Schubert	-	-	-	-	-	-	-	-
Frank DeMarte (1)	-	10,000,000	2/12/2019	$0.003	$0.015	1/12/2024	2/12/2019	1/12/2024
M R J Randall	-	10,000,000	2/12/2019	$0.003	$0.015	1/12/2024	2/12/2019	1/12/2024
Mark R Eames (2)	-	-	-	-	-	-	-	-
Total	-	20,000,000						

(1) F DeMarte resigned as a director on 31 July 2020.
(2) M R Eames was appointed a director on 11 March 2020.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

(f) Shares Issued on exercise of compensation options

No shares were issued to key management personnel on exercise of compensation options for the year ended 30 June 2021.

(g) Options granted as part of remuneration

The following table summarises the value of options granted, exercised or lapsed for the year ended 30 June 2021.

30 June 2021	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	% Remuneration Consisting of Options granted for the year
Peter Schubert	128,549	100,658	-	29%
Frank DeMarte (1)	-	18,107	-	-
Malcolm R J Randall	-	9,559	-	-
Mark R Eames	64,274	-	-	20%
Total	192,823	128,324	-	19%

(1) F DeMarte resigned as a director on 31 July 2020.

There were no alterations to the terms and conditions of options granted as remuneration since their grant. The value of the options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at the close of trading on the date the options were exercised after deducting the price paid to exercise the options. Options issued to employees vest on the basis that continual employment with the Company is achieved. All employees leaving while options are vesting will forfeit their options. Director options vest on date of issue. For details on the valuation of the options, including models and assumptions used, please refer to Note 20. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

The following table summarises the value of options granted, exercised or lapsed for the year ended 30 June 2020.

30 June 2020	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	% Remuneration Consisting of Options granted for the year
Peter Schubert	-	-	-	-
Frank DeMarte	29,994	-	-	23%
Malcolm R J Randall	29,994	-	-	36%
Mark R Eames (1)	-	-	-	-
Total	59,988	-	-	15%

(1) M R Eames was appointed a Director 11 March 2020.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

(h) Clawback Policy

The Company's Option Incentive Plan includes provisions that if the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the vesting conditions in respect of certain vested options were not, or should not have been determined to have been, satisfied, then the holder will cease to be entitled to those vested options (Affected Options) and the Board may take various actions, including: cancelling the relevant Affected Options for no consideration; requiring that the holder pay to the Company the after tax value of the Affected Options which have been converted into Shares or adjusting fixed remuneration, incentives or participation in the option incentive plan of a relevant holder in the current year or any future year to take account of the after tax value of the Affected Options.

(i) Equity instruments

Analysis of options and rights over equity instruments granted as compensation. Details of vesting profiles of the options granted as remuneration to each key management personnel of the Group are detailed below:

	Number of options granted	Grant Date of options	Exercise Price of options $	Fair Value of Options on Grant Date $	Expiry date
Executive Directors					
Peter Schubert	10,000,000	1/12/2016	$0.02	$270,000	30/11/2021
	10,000,000	1/12/2017	$0.05	$210,000	30/11/2022
	20,000,000	27/11/2020	$0.02	$128,549	15/12/2025
Mark R Eames	10,000,000	27/11/2020	$0.02	$64,274	15/12/2025
F DeMarte (1)	10,000,000	2/12/2019	$0.015	$29,994	01/12/2024
Non-Executive Directors					
Malcolm R J Randall	10,000,000	2/12/2019	$0.015	$29,994	01/12/2024

(1) F DeMarte resigned as a director on 31 July 2020.

(j) Loans to key management personnel

There were no loans made to key management personnel during the year ended 30 June 2021.

(k) Other transactions with key management personnel and their related parties

In September 2019, the Company's Executive Chairman, Peter Schubert provided the Company with an unsecured loan of $200,000 pursuant to a Convertible Loan Agreement. The loan accrued interest at 5% per annum and was payable on the earlier of the date on which the loan is repaid in full and the repayment date. During the year, the parties agreed that the repayment date of the loan would be extended to the 16 September 2020. On 23 March 2020, the Company made an interest payment of $5,123 and on 4 May 2020, a partial repayment of $100,000 of the loan was made. On 16 September 2020, the balance of the loan and interest accrued of $103,151 was fully repaid .

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

(l) Option holdings of Key Management Personnel (Consolidated and Parent Entity)

The number of options over ordinary shares held in Magnetite Mines Limited during the financial year.

30 June 2021	Balance at beginning of period 1 July 2020	Granted as Remuneration	Options Exercised	Options Expired	Net Change Other	Balance at end of period 30 June 2021	Vested at 30 June 2021		
							Total	Exercisable	Not Exercisable
Peter Schubert	25,297,782	20,000,000	(5,297,782)	-	7,500,000	47,500,000	47,500,000	47,500,000	-
Frank DeMarte (1)	15,953,000	-	(953,000)	(5,000,000)	2,662,035	12,662,035	12,662,035	12,662,035	-
Malcolm R J Randall	15,503,096	-	(503,096)	(5,000,000)	1,014,774	11,014,774	11,014,774	11,014,774	-
Mark R Eames	-	10,000,000	-	-	4,009,827	14,009,827	14,009,827	14,009,827	-
Total	56,753,878	30,000,000	(6,753,878)	(10,000,000)	15,186,636	85,186,636	85,186,636	85,186,636	-

(1) F DeMarte resigned as a director on 31 July 2020.

30 June 2020	Balance at beginning of period 1 July 2019	Granted as Remuneration	Options Exercised	Options Expired	Net Change Other	Balance at end of period 30 June 2020	Vested at 30 June 2020		
							Total	Exercisable	Not Exercisable
Peter Schubert	25,297,782	-	-	-	-	25,297,782	25,297,782	25,297,782	-
Frank DeMarte (1)	5,953,000	10,000,000	-	-	-	15,953,000	15,953,000	15,953,000	-
Malcolm R J Randall	5,503,096	10,000,000	-	-	-	15,503,096	15,503,096	15,503,096	-
Mark R Eames (2)	-	-	-	-	-	-	-	-	-
Total	36,753,878	20,000,000	-	-	-	56,753,878	56,753,878	56,753,878	-

(1) F DeMarte resigned as a director on 31 July 2020.
(2) M R Eames was appointed a Director 11 March 2020.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The following table sets out the number of meetings of directors held during the year and the number of meetings attended by each Director:

Name	Board of Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Peter Schubert (1)	9	9	-	-	1	-	-	-
F DeMarte (2)	9	9	2	-	1	-	-	-
Malcolm Randall	9	9	2	2	1	1	-	-
Mark Eames	9	9	2	2	1	1	-	-

(1) Peter Schubert, the Executive Chairman, attends the Audit Committee and the Remuneration Committee meetings by invitation only.
(2) F DeMarte, the Company Secretary and Chief Financial Officer, attends the Audit Committee meetings by invitation only. Frank DeMarte resigned as a director on 31 July 2020.

Committee Memberships

As at the date of this report, the Company had an Audit Committee, Remuneration Committee and a Nomination Committee.

Audit	Remuneration	Nomination
M R J Randall (C) Mark R Eames	M R J Randall (C) Mark R Eames	M R J Randall (C) Peter Schubert Mark R Eames

Note: (C) Designates the Chairman of the Committee.

RESIGNATION, ELECTION AND CONTINUATION IN OFFICE

In accordance with the Constitution of the Company, Peter Schubert being eligible, will offer himself for re-election at the Annual General Meeting.

PROCEEDINGS ON BEHALF OF THE COMPANY

During the year, no person applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Consolidated Entity is a party for the purposes of taking responsibility on behalf of the Company for all or any part of the proceedings.

DEEDS OF ACCESS, INDEMNITY AND INSURANCE

In August 2021, the Company has entered into Deeds of Access, Indemnity and Insurance (Deed) with each of Directors and Officer, including the Company Secretary

The Deed indemnifies each of its Directors and Officers Officeholders) for the period that they hold and for 7 years after they cease to be a Director and Officer of the Company (Access Period) to the maximum extent permitted by law for any loss, cost, expense or liability incurred by the Officeholder in connection with the Officeholder's position, including in respect to negligence, and all legal costs reasonably incurred in defending legal proceedings relating to the Officeholder's conduct. Any payment in respect of the indemnity is subject to anu necessary shareholder approval.

The Company must insure the Officeholders for the Access Period against all liability, including legal costs, to which they are exposed in performing their role. The Company is not required to insure the Officeholders in respect of conduct involving a wilful breach of duty or a contravention of section 182 or 183 of the Corporations Act 2001, other than in respect of all legal costs associated with defending such claims (including in relation to criminal matters). The Directors of the Company are not aware of any such proceedings or claims brought against the Company as at the date of this report.

DIRECTORS' REPORT

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums to insure the Directors and Officers of the Company against liabilities for costs and expenses that may be incurred by the Directors in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

NON-AUDIT SERVICES

During the year ended 30 June 2021, $1,400 was paid to Stantons International for non-audit services for directors' option valuation. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

AUDITOR INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 54.

Signed in accordance with a resolution of the directors.

PETER SCHUBERT
Executive Chairman & Interim CEO

Perth, Western Australia

Dated in Perth this 30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
REVENUE FROM CONTINUING OPERATIONS			
Other income	4(a)	57,641	1,039,065
EXPENDITURE			
Amortisation and depreciation		(9,185)	(9,980)
Administration expenses		(170,633)	(146,041)
Employee benefits expense		(779,590)	(460,697)
Exploration expenditure	12	(7,724)	(181,814)
Finance costs		(1,068)	(736)
Interest expense		(99,804)	(118,679)
Profit/(loss) on sale of plant and office equipment	4(b)	(3,297)	4,453
Other expenses		(154,802)	(309,790)
Professional fees		(241,552)	(125,593)
Share based payment expense	17(d)	(322,819)	(63,699)
Loss from continuing operations before income tax expense		**(1,732,833)**	**(373,511)**
Income tax (expense)/benefit	5(a)	-	-
Net loss from continuing operations for the year		**(1,732,833)**	**(373,511)**
Other comprehensive income			
Item that will not be reclassified to profit or loss		-	-
Item that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the year		**(1,732,833)**	**(373,511)**
Net Loss attributable to members of the parent entity		**(1,732,833)**	**(373,511)**
Comprehensive (loss) attributable to members of the parent entity		**(1,732,833)**	**(373,511)**

	Note	2021 cents	2020 cents
Loss per share attributable to ordinary equity holders:			
Basic loss (cents per share)	6(a)	(0.063)	(0.03)
Diluted loss (cents per share)	6(b)	(0.063)	(0.03)

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 $	Consolidated 2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7(a)	16,587,923	830,872
Trade and other receivables	8(a)	173,576	32,377
TOTAL CURRENT ASSETS		16,761,499	863,249
NON-CURRENT ASSETS			
Other receivables	8(b)	32,588	32,588
Property, plant and equipment	11	44,788	27,613
Exploration expenditure	12	12,863,479	9,500,844
Intangible assets	13	54	107
TOTAL NON-CURRENT ASSETS		12,940,909	9,561,152
TOTAL ASSETS		29,702,408	10,424,401
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	552,857	146,558
Provisions	15	281,760	61,487
Unsecured loan	16	-	102,082
Convertible Loan	16	-	-
TOTAL CURRENT LIABILITIES		834,617	310,127
NON-CURRENT LIABILITIES			
Convertible Loan	16	1,975,000	1,975,000
TOTAL NON-CURRENT LIABILITIES		1,975,000	1,975,000
TOTAL LIABILITIES		2,809,617	2,285,127
NET ASSETS		26,892,791	8,139,274
EQUITY			
Contributed equity	17(a)	74,554,301	54,390,770
Reserves	17(d)	10,947,217	10,624,398
Accumulated losses	18	(58,608,727)	(56,875,894)
TOTAL EQUITY		26,892,791	8,139,274

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	Note	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2020		54,390,770	10,624,398	(56,875,894)	8,139,274
Total comprehensive income for the year					
Profit/(Loss) for the year		-	-	(1,732,833)	(1,732,833)
Total comprehensive income/(loss) for the year		-	-	(1,732,833)	(1,732,833)
Transactions with owners recorded directly in equity:					
Shares issued during the year	17(b)	21,011,985		-	21,011,985
Shares yet to be issued	17(b)	6,981	-	-	6,981
Transaction costs	17(b)	(855,435)	-	-	(855,435)
Cost of share based payments	17(d)	-	322,819	-	322,819
		20,163,531	322,819	-	20,486,350
Balance at 30 June 2021		74,554,301	10,947,217	(58,608,727)	26,892,791

CONSOLIDATED	Note	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2019		52,621,691	10,549,482	(56,502,383)	6,668,790
Total comprehensive income for the year					
Profit/(Loss) for the year		-	-	(373,511)	(373,511)
Total comprehensive income/(loss) for the year		-	-	(373,511)	(373,511)
Transactions with owners recorded directly in equity:					
Shares issued during the year	17(b)	1,961,713		-	1,961,713
Transaction costs	17(b)	(192,634)	-	-	(192,634)
Cost of share based payments	17(d)	-	74,916	-	74,916
		1,769,079	74,916	-	1,843,995
Balance at 30 June 2020		54,390,770	10,624,398	(56,875,894)	8,139,274

The above Consolidated Statements 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			
Payment to suppliers and employees		(1,082,769)	(786,585)
Interest received		12,800	6,028
Interest paid		(101,901)	(180,123)
Other income	4(a)	37,500	82,748
Net cash outflow from operating activities	7(b)	(1,134,370)	(877,932)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of plant and office equipment	11	(32,604)	(233)
Proceeds from sale of plant and office equipment	4(b)	3,000	6,059
Exploration and evaluation expenditure		(3,142,506)	(337,475)
Net cash outflow from investing activities		(3,172,110)	(331,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and shares yet to be issued	17(b)	21,018,966	1,894,134
Share issue costs		(855,435)	(181,417)
Proceeds from borrowings		-	200,000
Repayment of borrowings		(100,000)	(100,000)
Net cash inflow from financing activities		20,063,531	1,812,717
Net increase in cash and cash equivalents held		15,757,051	603,136
Cash and cash equivalents at the beginning of the financial year		830,872	227,736
Cash and cash equivalents at the end of the financial year	7(a)	16,587,923	830,872

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

1. CORPORATE INFORMATION

The consolidated financial statements of Magnetite Mines Limited ("Company") comprise the Company and its subsidiaries (together referred to as the "Group") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 30 September 2021. Magnetite Mines Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd.

Separate financial statements of Magnetite Mines Limited as an individual entity are no longer presented as the consequence of a change on the Corporations Act 2001, however required financial information for Magnetite Mines Limited as an individual entity is included in note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Standards and Interpretations).

The financial report has also been prepared on a historical basis and the accruals basis modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Group recorded a loss of $1,732,833 (2020: loss $373,511) for the year ended 30 June 2021. Total exploration expenditure written off for the year is $7,724 (2020: $181,814) and no provision for impairment was made. The Group had cash assets of $16,587,923 at 30 June 2021 (2020: $830,872). The net working capital surplus is $15,926,882 (2020: Net working capital surplus $553,122). The directors believe the going concern basis of preparation is appropriate.

The Directors consider these funds, combined with additional funds from any capital raising to be sufficient for the planned expenditure on the exploration projects for the ensuing 12 months as well as for corporate and administrative overhead costs.

The Directors also believe that they have the capacity to raise additional capital should that become necessary. For these reasons, the Directors believe the going concern basis of preparation is appropriate.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The Consolidated financial report also complies with International Financial Reporting Standards (IFRS).

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Magnetite Mines Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. 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. A list of the subsidiaries is provided in Note 9.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation (continued)

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.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions

AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

Initial adoption of AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issued by the AASB.

Initial adoption of AASB 2019-3: Amendments to Australian Accounting Standards – Interest Rate Benchmark

This amendment amends specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform.

Initial adoption of AASB 2019-1: Amendments to Australian Accounting Standards – References to the Conceptual Framework

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Other Australian Accounting Standards and Interpretations on issue but not yet effective

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in note 20.

Mineral Exploration and Evaluation
Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. A provision for impairment is based on the directors' best estimate of recoverable value.

Exploration and evaluation costs may be carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in or relating to, the area of interest are continuing.

Subsidiary Intercompany Loans
Provisions for write off of intercompany loans are made where there is significant uncertainty as to whether the loans are recoverable.

Recovery of Deferred Tax assets
Judgment is required in determining whether deferred tax assets are recognised in the balance sheet. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Deferred tax assets will not be recognised until the Group is able to generate a net taxable income.

Estimates of future taxable income will be based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(e) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as detailed above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Group holds the trade receivables with the objective to collect contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and calculations of the loss allowance are provided in note 2(y).

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(h) Other taxes

Revenues, expenses and assets are recognised net of amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

(i) Plant and equipment

Plant and equipment is stated at cost less any accumulated depreciation and any impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:
Plant and equipment – over 4 to 10 years
Motor vehicles – over 4 years
Office equipment – over 3 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the item value of money and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is being derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangibles

Intangible assets are made up of licences and software and are stated at cost less any accumulated amortisation and any impairment value.

The amortisation of all intangible assets are amortised on a straight line basis over two years of their useful lives to the Group commencing from the time that assets is held ready for use.

(k) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision was made.

Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they may not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Trade payables and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(n) Earnings per share

(i) Basic earnings per share (“EPS”) is calculated by dividing the net profit/loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(ii) Diluted EPS is calculated by dividing the basic EPS, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on net revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue.

(o) Contributed equity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Borrowing costs

Borrowing costs are recognised as an expense when incurred. Alternatively, borrowing costs can be capitalised for qualifying assets.

(q) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

The first adoption of AASB 16 Leases has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements since the Group does not have any operating leases which are more than 12 months.

During the year, the Group had 2 Leases which could be cancelled on 6 – 9 months notice with a total obligation of $39,751. The adoption of AASB 16 does not have any impact on the financial report.

(r) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

For investments which are deemed financial instruments, please refer to note 2(y).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.
The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and
(ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 6).

(1) Cash settled transaction
The Group may provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of the Company.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 6).

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted (see note 20). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

(2) Equity settled transactions
The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place the Employee Option Share Plan, which provides benefits to all employees, excluding directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer or internally using a Black-Scholes option pricing model, further details of which are given in note 20.

(u) Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Foreign Currency Translation

Functional and present currency
The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The functional currency of all subsidiaries is Australian dollars.

Transaction and balance
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical costs continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Group companies
The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date. Income and expenses are translated at average exchange rates for the period. Retained profits are translated at the exchange rates prevailing at the date of the transaction.

(w) Revenue recognition

The Group has applied AASB 15 Revenue from Contracts with Customers using the cumulative effective method. The Group does not have any revenue from contracts with customers.

Other Income

COVID-19 Cashflow boost
During the current year the Group has received $37,500 relating to the cashflow boost which was recognised under other revenue.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts though the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(x) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement.

The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:
- the contractual cash flow characteristics of the financial assets; and
- the Group's business model for managing the financial asset.

Financial assets at amortisation cost

Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL);
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through Other Comprehensive Income (OCI) if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *AASB 132 Financial Instruments: Presentation* and are not held for trading.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Financial Instruments (continued)

Financial assets at fair value through profit and loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SEGMENT INFORMATION

The Group operates in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

	Consolidated (Australia) 2021 $	2020 $
Segment revenue		
Other income	37,500	1,037,394
Finance revenue	20,141	1,671
Total revenue	57,641	1,039,065
Segment result		
Segment result	(1,732,833)	(373,511)
Intersegment elimination	-	-
Gain/(Loss) before income tax	(1,732,833)	(373,511)
Income tax expense	-	-
Gain/(Loss) for the year	(1,732,833)	(373,511)
Segment assets and liabilities		
Segment assets	29,702,408	10,424,401
Intersegment elimination	-	-
Total assets	29,702,408	10,424,401
Segment liabilities	2,809,617	2,285,127
Intersegment elimination	-	-
Total liabilities	2,809,617	2,285,127
Other segment information		
Acquisition of property, plant and equipment and intangibles	32,604	233
Depreciation and amortisation	9,185	9,980
Non-recovery of loan to related party	-	-
Impairment expense on exploration assets	-	-

4. OTHER REVENUE AND EXPENSES

	Consolidated 2021 $	2020 $
(a) Other income		
Interest received	20,141	1,671
ATO COVID Cashflow Boost received	37,500	62,500
Re-imbursement of legal fees incurred in the previous years by Mintech	-	954,646
Income tax benefit – R&D grant	-	20,248
	57,641	1,039,065
(b) Loss on disposal of fixed asset		
Proceeds from disposal of plant and office equipment	3,000	6,059
Less: carrying amounts of plant and office equipment sold	(4,194)	(1,606)
Less: carrying amounts of plant and office equipment written off	(2,103)	-
Net gain/(loss) on disposal of plant and office equipment	(3,297)	4,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated 2021 $	Consolidated 2020 $
5.	**INCOME TAX**		
(a)	Numerical reconciliation of income tax expense to prima facie tax payable		
	Profit/(Loss) from ordinary activities before income tax expense	(1,732,833)	(373,511)
	Prima facie tax benefit on loss from ordinary activities at 26% (2020 – 27.5%)	(450,537)	(102,716)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Entertainment and other	577	541
	R&D Tax refund	-	(5,568)
	Fines & penalties	-	-
	Share based payments	83,933	17,517
		(366,027)	(90,226)
	Movement in current year temporary differences	(952,644)	(177,112)
	Tax effect of current year tax losses & non-recognition of previously recognised deferred tax assets	1,318,671	267,338
	Income tax expense/(benefit)	-	-
(b)	Unrecognised temporary differences Deferred Tax Assets (26%) (2020 – 27.5%)		
	Prepayments	35,600	-
	Capital raising costs	254,982	161,728
	Provisions for expenses	115,947	47,988
	Carry forward revenue losses	12,223,576	10,828,829
	Carry forward capital losses	2,723,210	2,723,210
	Total	15,353,315	13,761,755
(c)	Deferred Tax Liabilities (26%) (2020 – 27.5%)		
	Unearned revenue	1,316	120
	Prepayments	-	2,642
	Mineral exploration	3,344,505	2,612,732
	Total	3,345,821	2,615,494
	Net Deferred Tax Asset	12,007,494	11,146,261

Potential future income tax benefits attributable to total tax losses amounting to approximately $14,946,786 (2020: $13,552,039) at 2021 corporate tax rate of 26% (2020: 27.5%), have not been brought to account at 30 June 2021 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

The potential future income tax benefit will be obtainable by the Group only if:

(a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the loss to be realised;
(b) the Group continues to comply with the conditions for deductibility imposed by income tax law; and
(c) no changes in income tax legislation adversely affects the Group in realising the benefit of the deduction for the loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated 2021 Cents	Consolidated 2020 cents
6.	**EARNINGS PER SHARE**		
(a)	Basic earnings/(loss) per share (cents per share)	(0.063)	(0.03)
(b)	Diluted earnings/(loss) per share (cents per share)	(0.063)	(0.03)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

		2021	2020
(c)	Net profit/(loss) attributable to ordinary shareholders ($)	(1,732,833)	(373,511)
(d)	Weighted average number of ordinary shares outstanding during the year used in the calculation:		
	- basic earnings per share	2,729,229,680	1,143,302,107
	- diluted earnings per share	2,729,229,680	1,143,302,107

		Consolidated 2021 $	Consolidated 2020 $
7.	**CASH FLOW INFORMATION**		
(a)	Cash and cash equivalents represents:		
	Cash in bank and on hand	775,207	330,872
	Short term deposits	15,812,716	500,000
		16,587,923	830,872
(b)	Reconciliation of net cash used in operating activities to operating profit/(loss) after income tax		
	Operating profit/(loss) after income tax	(1,732,833)	(373,511)
	Non cash flows in operating loss		
	Exploration costs written-off	7,724	181,814
	Amortisation and depreciation	9,185	9,980
	Reimbursement of legal fees – Non cash	-	(954,646)
	Share based payments – note 17 (d)	322,819	74,916
	Convertible loan note extension fee – Non cash	-	250,000
	(Profit)/Loss on sale of plant and equipment	3,297	(4,454)
	Change in assets and liabilities		
	Increase/(decrease) in trade, other payables and provisions	396,637	(44,568)
	(Increase)/decrease in receivables	(141,199)	(17,463)
	Net cash outflow from/(used in) operating activities	(1,134,370)	(877,932)

Non cash flows investing and financing activities
In the current year there are no non cash financing and investing activities.

		2021	2020
8.	**TRADE AND OTHER RECEIVABLES (CURRENT)**		
(a)	GST receivable	158,737	22,313
	Prepayments	9,758	9,607
	Sundry debtors (1)	5,081	457
		173,576	32,377

The were no amounts receivable from directors and director related entities in 2021 and 2020.

Note1: Other receivables are non-interest bearing and generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2021 no amounts are impaired or past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated 2021 $	Consolidated 2020 $
8. TRADE AND OTHER RECEIVABLES (NON CURRENT)		
(b) Security deposits/bonds	32,588	32,588

9. CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage Interest Held 2021 %	Percentage Interest Held 2020 %	Carrying amount of Parent Entity's Investment 2021 $	Carrying amount of Parent Entity's Investment 2020 $
Razorback Iron Pty Ltd	Australia	100	100	20	20
Razorback Operations Pty Ltd	Australia	100	100	20	20
Red Dragon Mining Pty Ltd	Australia	100	100	20	20
Ironback Pty Ltd	Australia	100	100	100	100

10. PARENT ENTITY DISCLOSURES

	2021 $	2020 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	16,761,479	863,229
Non-Current Assets	3,472,699	225,231
Total Assets	20,234,178	1,088,460
LIABILITIES		
Current Liabilities	(834,617)	(310,127)
Non-Current Liabilities	(1,975,000)	(1,975,000)
Total Liabilities	(2,809,617)	(2,285,127)
Net Assets/(Liabilities)	17,424,561	(1,196,667)
EQUITY		
Contributed equity	74,554,301	54,390,770
Reserves	10,947,217	10,624,398
Accumulated losses	(68,076,957)	(66,211,835)
Total Equity/(Deficiency)	17,424,561	(1,196,667)
Profit or loss and other comprehensive income		
Net profit/ (loss) from continuing operations for the year	(1,865,122)	(731,206)
Total Comprehensive income/(loss) for the year	(1,865,122)	(731,206)
Mineral tenement expenditure commitments		
Within one year	-	57,549
Later than one year but not later than five years	1,200,000	5,860,000
Later than five years	-	-
	1,200,000	5,917,549

The commitments relate to the Company and its subsidiaries as the Company funds its subsidiaries' activities. There are no guarantee/contingences and subsequent events other than those mentioned above in this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated 2021 $	Consolidated 2020 $
11. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment, at cost	224,290	318,140
Less: accumulated depreciation	(209,975)	(296,497)
	14,315	21,643
Office equipment, at cost	109,253	79,839
Less: accumulated depreciation	(78,780)	(73,869)
	30,473	5,970
Total property, plant and equipment	44,788	27,613

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	2021 $	2020 $
Plant and equipment		
Carrying amount at the beginning of the year	21,643	28,282
Additions	3,190	233
Disposal	(6,298)	(162)
Depreciation	(4,220)	(6,710)
Carrying amount at the end of the year	14,315	21,643
Office equipment		
Carrying amount at the beginning of the year	5,970	10,576
Additions	29,414	-
Disposal	-	(1,444)
Depreciation	(4,911)	(3,162)
Carrying amount at the end of the year	30,473	5,970
Total carrying amount at the end of the year	44,788	27,613

12. EXPLORATION EXPENDITURE (NON-CURRENT)

Exploration and evaluation	2021 $	2020 $
At 1 July	9,500,844	9,117,768
Expenditure incurred during the year	3,370,359	564,890
Expenditure provided or written off during the year	(7,724)	(181,814)
At 30 June	12,863,479	9,500,844

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subject to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated 2021 $	Consolidated 2020 $
13. INTANGIBLE ASSETS		
Software and licences, at cost	199,719	199,719
Less: accumulated amortisation	(199,665)	(199,612)
	54	107

Reconciliation

Reconciliation of the carrying amount of intangible assets at the beginning and end of the financial year are set out below:

	2021	2020
Carrying amount at 1 July 2020	107	215
Additions	-	-
Disposal	-	-
Depreciation	(53)	(108)
Carrying amount at 30 June 2021	54	107

14. TRADE AND OTHER PAYABLES (CURRENT)

	2021	2020
Trade payables (1)	327,363	39,370
Accruals (2)	225,494	107,188
	552,857	146,558

Note 1 - Trade payables are non-interest bearing and are normally settled on 30-60 day terms
Note 2 - Includes interest accrued on Mintech Convertible loan note of $82,292

15. PROVISIONS (CURRENT)

	2021	2020
Employee benefits – Annual Leave	164,034	48,419
Employee benefits – Long Service Leave	17,726	13,068
Provision for rehabilitation	100,000	-
Total	281,760	61,487

16. BORROWINGS (CURRENT)

	2021	2020
Unsecured loan (1)	-	102,082
	-	102,082

	2021	2020
Balance at beginning of year	102,082	2,500,000
Interest accrued during the year	1,069	7,205
Borrowings	-	200,000
Repayments	(103,151)	(105,123)
Reclassification of convertible loan during the year	-	(2,500,000)
Balance at end of year	-	102,082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 1: On 16 September 2019, the Company's Executive Chairman, Peter Schubert, provided the Company with an unsecured loan of $200,000 pursuant to a Convertible Loan Agreement to assist the Company with general working capital requirements. Interest was accrued on the Loan at the rate of 5% per annum. Interest which accrued on the Loan was capitalised and was payable on the earlier of:

i. the date on which the Loan is repaid in full; and
ii. the repayment date.

The Loan was repayable in cash on the date that is six months after the date of the Convertible Loan (or such later date as may be agreed between the parties in writing). The Chairman could elect to convert all or part of the Loan and any interest amount into fully paid ordinary shares at the price equal to a 10% discount to the VWAP for the 15 Trading Days prior to the date of the conversion notice. The conversion right is subject to and conditional upon the Company obtaining the approval of its members in general meeting by the requisite majority for the purposes of ASX Listing Rule 10.11 and section 208 of the Corporations Act.

On 16 March 2020, the parties agreed that the repayment date under the Convertible Loan Agreement was extended to 16 September 2020 (or such later date as may be further agreed by the parties in writing). An interest payment of $5,123 was paid on 23 March 2020. On 4 May 2020, a partial repayment of $100,000 of this loan was made to Peter Schubert.

On 16 September 2020, the Company repaid the balance of the loan including interest totalling $103,151.

	Consolidated	
	2021 $	2020 $
BORROWINGS (NON-CURRENT)		
Convertible Notes	1,975,000	1,975,000
	1,975,000	1,975,000
Balance at beginning of year (1)	1,975,000	-
Reclassification of loan during the year	-	2,500,000
Repayments (Adjustment to face value)	-	(525,000)
Balance at end of year	1,975,000	1,975,000

Note 1: On 4 September 2019, the Company entered into a Heads of Agreement (HOA) with the liquidators of Mintech Resources Pty Ltd (in liquidation) (Mintech) to amend the terms of the redeemable convertible notes (Notes) held by Mintech.

Pursuant to the HOA, the parties have agreed to adjust the face value of the Notes from $2,500,000 to $1,975,000 by agreeing to certain offsets to which the Company is entitled and by incorporating and deferring payments due on the following terms:

a) the Redeemable Convertible Notes have a maturity date of 31 August 2023;
b) interest of 5% per annum, payable 12 months in arrears on the anniversary from the issue date;
c) at least 5 days before maturity or redemption of the Redeemable Convertible Notes the Company can elect the:
   (i) Redeemable Convertible Notes be redeemed by cash equivalent to the face value of the Redeemable Convertible Notes;
   (ii) Redeemable Convertible Notes convert into fully paid ordinary shares in the Company equivalent to the face value of the Redeemable Convertible Notes at a price equivalent to the Company's VWAP over 90 consecutive days;
   (iii) Redeemable Convertible Notes convert into a combination of cash and fully paid ordinary shares as defined in (i) and (ii).
d) refer to Note 26 in relation to agreement with Mintech Resources Pty Ltd and Goldus Pty Ltd in respect to contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

17. CONTRIBUTED EQUITY AND RESERVES

	Number of Shares		Consolidated	
	2021	2020	2021 $	2020 $
(a) Issued and paid up capital				
Ordinary shares	3,142,157,563	2,246,041,255	74,547,320	54,390,770
Shares yet to be issued			6,981	-
Total			74,554,301	54,390,770

(b) Movement in ordinary shares on issue	Number of Shares	Issue Price $	Total $
Balance at 30 June 2019	798,649,809		52,621,691
Shares issued to M Eames (1)	894,454	0.00559	5,000
Shares issued to M Eames (2)	2,554,086	0.00416	10,625
Shares issued to M Eames (3)	2,591,463	0.00615	15,938
Shares issued to M Eames (4)	2,531,828	0.00432	10,938
Placement	50,000,000	0.004	200,000
Share Purchase Plan	103,250,000	0.004	413,000
Shares issued to M Eames (5)	2,916,666	0.006	17,500
Shares issued to M Eames (6)	1,518,662	0.00499	7,578
Renounceable rights issue	1,206,134,287	0.001	1,206,134
Placement	75,000,000	0.001	75,000
Share issue costs	-		(192,634)
Balance at 30 June 2020	2,246,041,255		54,390,770
Exercise of unquoted options expiring 27 April 2023	15,000,000	0.003	45,000
Renounceable rights issue	565,261,289	0.01	5,652,613
Placement	30,000,000	0.01	300,000
Placement	120,827,586	0.058	7,008,000
Exercise of unquoted options expiring 26 April 2021	3,000,000	0.02	60,000
Exercise of unquoted options expiring 7 September 2021	3,000,000	0.025	75,000
Exercise of unquoted options expiring 4 June 2023	3,000,000	0.035	105,000
Exercise of unquoted options expiring 5 June 2022	3,000,000	0.04	120,000
Exercise of unquoted options expiring 24 August 2021	1,000,000	0.045	45,000
Exercise of quoted options expiring 31 May 2021	150,401,292	0.05	7,520,065
Exercise of quoted options expiring 29 October 2021	1,626,141	0.05	81,307
Shares yet to be issued (7)	-	-	6,981
Share issue costs	-		(855,435)
Balance at 30 June 2021	3,142,157,563		74,554,301

Notes 1, 2, 3, 4, 5 and 6 In accordance with a Consulting Agreement between the Company and Mark Eames dated 13 May 2019, the Company could elect to issue shares in the capital of the Company in lieu of a cash payment for the services provided. The issue price being the volume weighted average price of the Company's shares for the last 15 trading days of the month that consulting services were provided.

Note 7 – The shares were allotted on 5 July 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

17. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Movement in options on issue

The following table summarises the movement in options on issue for the year ended 30 June 2021

30 June 2021	Balance at the Beginning of the Year	Issued During the Year	Exercised During the Year	Expired During the Year	Balance at the End of the Year
Unquoted options exercisable at 2 cents each on or before 26 November 2020	10,000,000	-	-	(10,000,000)	-
Unquoted options exercisable at 2 cents each on or before 26 April 2021	3,000,000	-	(3,000,000)	-	-
Unquoted options exercisable at 4.5 cents each on or before 24 August 2021	1,000,000	-	(1,000,000)	-	-
Unquoted options exercisable at 2.5 cents each on or before 7 September 2021	3,000,000	-	(3,000,000)	-	-
Unquoted options exercisable at 2 cents each on or before 30 November 2021	10,000,000	-	-	-	10,000,000
Unquoted options exercisable at 10 cents each on or before 5 December 2021	5,000,000	-	-	-	5,000,000
Unquoted options exercisable at 1.5 cents each on or before 18 March 2022	6,500,000	-	-	-	6,500,000
Unquoted options exercisable at 4 cents each on or before 5 June 2022	3,000,000	-	(3,000,000)	-	-
Unquoted options exercisable at 4 cents each on or before 5 July 2022	7,500,000	-	-	-	7,500,000
Unquoted options exercisable at 5 cents each on or before 30 November 2022	10,000,000	-	-	-	10,000,000
Unquoted options exercisable at 3.5 cents each on or before 4 June 2023	3,000,000	-	(3,000,000)	-	-
Unquoted options exercisable at 0.3 cents each on or before 27 April 2023	15,000,000	-	(15,000,000)	-	-
Unquoted options exercisable at 1.5 cents each on or before 11 August 2023	-	7,000,000	-	-	7,000,000
Unquoted options exercisable at 4.7 cents each on or before 17 March 2024	-	4,000,000	-	-	4,000,000
Unquoted options exercisable at 1.5 cents each on or before 1 December 2024	20,000,000	-	-	-	20,000,000
Unquoted options exercisable at 1.5 cents each on or before 15 December 2025	-	30,000,000	-	-	30,000,000
Quoted options exercisable at 5 cents each on or before 31 May 2021	172,624,545	-	(150,401,292)	(22,223,253)	-
Quoted options exercisable at 5 cents each on or before 29 October 2021	-	297,630,801	(1,626,141)	-	296,004,660
Total	269,624,545	338,630,801	(180,027,433)	(32,223,253)	396,004,660

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

17. CONTRIBUTED EQUITY AND RESERVES (continued)	**Consolidated 2021 $**	**Consolidated 2020 $**
(d) Reserves	10,947,217	10,624,398
Listed option reserve		
Balance at beginning of year	1,007,941	1,007,941
Proceeds from option issue	-	-
Balance at end of year	1,007,941	1,007,941
Share based payments reserve		
Balance at beginning of year	9,616,457	9,541,541
Share based payments expensed to P&L	322,819	63,699
Share based payments as part of capital raising cost	-	11,217
Balance at end of year	9,939,276	9,616,457

Nature and purpose of reserves

Listed option reserve
This reserve is used to record the proceeds from the issue of listed options, net of expenses of the issue.

Share based payments reserve
This reserve is used to record the value of equity benefits provided to directors, employees and consultants as part of their remuneration. Refer to note 20 for further details.

18. ACCUMULATED LOSSES

	2021 $	2020 $
Balance at the beginning of the year	(56,875,894)	(56,502,383)
Net loss attributable to members of Magnetite Mines Limited	(1,732,833)	(373,511)
Balance at the end of the financial year	(58,608,727)	(56,875,894)

19. COMMITMENTS AND CONTINGENCIES

(i) Exploration commitments

	2021 $	2020 $
Within one year	-	57,549
Later than one year but not later than five years	1,200,000	5,860,000
Later than five years	-	-
	1,200,000	5,917,549

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

If the Group decides to relinquish certain tenements and / or does not meet these obligations, assets recognised in the Consolidated Statement of Financial Position may require review to determine the appropriateness of the carrying values. The sole transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

(ii) Consultancy Agreement with Hatch Pty Ltd
As per the subsequent events after balance sheet note 27, the Company has a commitment of $7.4Mn (before contingency) with Hatch Pty Ltd in relation to consultancy work provided for Razorback Iron Ore Project's Definitive Feasibility Study.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

19. COMMITMENTS AND CONTINGENCIES (continued)

(iii) Consultancy Agreement with GHD Pty Ltd

As per the subsequent events after balance sheet note 27, the Company has a commitment of $1.58Mn (plus GST) with GHD Pty Ltd in relation to consultancy work provided for Razorback Iron Ore Project's Definitive Feasibility Study.

	Consolidated	
	2021 $	2020 $
(iv) Operating lease commitments		
Operating lease commitments are as follows:		
Office rental		
Within one year	39,751	16,090
Later than one year but not later than five years	-	-
Later than five years	-	-
	39,751	16,090

The Group does not have a commercial property lease on its corporate office premises as at 30 June 2021 with more than 12 months.
The Company has entered into a lease agreement on 10 August 2021 for a storage warehouse in South Australia for a 3 year term commencing 14 November 2021 at $96,600 plus GST and variable outgoings per annum.

(v) Bonds

At 30 June 2021 the Group has outstanding $32,588 (2020: $32,588) as a current bond provided by the Company's bank for corporate office lease.

(vi) Bank Guarantee

At 30 June 2021 the Group has $Nil (2020: $Nil) guarantees provided by the Company's bank for corporate office lease. The Company has an available bank guarantee limit of $287,412 and currently this facility has not been utilised by the Company.

20. SHARE BASED PAYMENTS

(a) Type of share based payment plan

Employee Share Option Plan

Options are granted under the Company Option Incentive Plan (OIP) which was approved by the shareholders on 29 November 2019. The OIP is available to any person who is a director, or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company ("Eligible Person").

Subject to the Rules set out in OIP and the Listing Rules, the Company (acting through the Board) may offer options to any Eligible Person at such time and on such terms as the Board considers appropriate.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised. The expense recognised in the income statement in relation to share based payments is disclosed in consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. SHARE BASED PAYMENTS (continued)

(b) Summary of directors and employees options granted

The following table illustrates the number and weighted average prices (WAEP) of and the movements in directors and employees share options issued during the year:

	Number 2021	WAEP 2021 $	Number 2020	WAEP 2020 $
Outstanding at the beginning of the year	64,000,000	0.025	52,000,000	0.032
Granted during the year	41,000,000	0.022	20,000,000	0.015
Lapsed during the year	(10,000,000)	0.02	(8,000,000)	0.045
Exercised during the year	-	-	-	-
Outstanding at the end of the year	95,000,000	0.024	64,000,000	0.025
Exercisable at the end of the year	95,000,000		64,000,000	

(i) the weighted average remaining contractual life for the directors and employees options outstanding as at 30 June 2021 is 2.72 years (2020: 1.07 years);

(ii) the weighted average exercise price for options outstanding at the end of the year was $0.024 (2020: $0.025);

(iii) the weighted average exercise price of options granted during the year was $0.022 (2020: $0.015); and

(iv) the fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2021.

Number of Options	7,000,000	30,000,000	4,000,000
Option exercise price	1.5 cents	2 cents	4.7 cents
Expiry date	11/08/2023	15/12/2025	17/03/2024
Expected life of the option (years)	3 years	5 years	3 years
Vesting period (months)	-	-	-
Dividend yield (%)	-	-	-
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	0.27%	0.29%	0.09%
Closing share price at grant date (cents)	0.8 cents	1 cent	4.3 cents
Fair value of options	0.39 cents	0.64 cents	2.56 cents
Grant date	12/08/2020	27/11/2020	18/03/2021

The following table lists the inputs to the model used for the year ended 30 June 2020.

Number of Options	20,000,000
Option exercise price	1.5 cents
Expiry date	01/12/2024
Expected life of the option (years)	5 years
Vesting period (months)	-
Dividend yield (%)	-
Expected volatility (%)	153%
Risk-free interest rate (%)	0.78%
Closing share price at grant date (cents)	0.5 cents
Fair value of options	0.3 cents
Grant date	02/12/2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. SHARE BASED PAYMENTS (continued)

(c) Summary of consultant options granted

The following table illustrates the number and weighted average prices (WAEP) of and the movements in consultant share options issued during the year:

	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at the beginning of the year	18,000,000	0.05	18,000,000	0.05
Granted during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	(13,000,000)	0.031	-	-
Outstanding at the end of the year	5,000,000	0.10	18,000,000	0.05
Exercisable at the end of the year	5,000,000		18,000,000	

(i) the weighted average remaining contractual life for the consultant options outstanding as at 30 June 2021 is 0.93 years (2020: 1.61 years);
(ii) the weighted average exercise price for options outstanding at the end of the year was $0.10 (2020: $0.05);
(iii) the weighted average exercise price of options granted during the year was $Nil (2020: $Nil); and
(iv) the fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

(d) Summary of options issued to underwriters

The following table illustrates the number and weighted average prices (WAEP) of and the movements in share options issued to underwriters as part of capital raising cost during the year:

	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at the beginning of the year	15,000,000	0.003	-	-
Granted during the year	-	-	15,000,000	0.003
Lapsed during the year	-	-	-	-
Exercised during the year	(15,000,000)	0.003	-	-
Outstanding at the end of the year	-	-	15,000,000	0.003
Exercisable at the end of the year	-		15,000,000	

(i) the weighted average remaining contractual life for the options issued to underwriters outstanding as at 30 June 2021 is Nil (2020: 2.82 years);
(ii) the weighted average exercise price for options outstanding at the end of the year was $Nil (2020: $0.003);
(iii) the weighted average exercise price of options granted during the year was $Nil (2020: $0.003); and
(iv) the fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2020.

Number of Options	15,000,000
Option exercise price	0.3 cents
Expiry date	27/04/2023
Expected life of the option (years)	3 years
Vesting period (months)	-
Dividend yield (%)	-
Expected volatility (%)	100%
Risk-free interest rate (%)	0.26%
Closing share price at grant date (cents)	0.002 cents
Grant date	28/04/2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated 2021 $	Consolidated 2020 $
21. REMUNERATION OF AUDITORS		
The auditor of Magnetite Mines Limited is Stantons International for:		
An audit or review of the financial report of the consolidated entity	49,881	54,141
Other services	1,400	600
Total	51,281	54,741

22. DIRECTORS AND EXECUTIVE DISCLOSURES

a) Details of directors and key management personnel

Executive Directors

P J Schubert — Chairman & Interim CEO (Appointed as Interim CEO on 1 January 2021)
M R Eames — Technical Director (Appointed as Technical Director on 1 May 2021)
F DeMarte — Director (Resigned on 31 July 2020)

Non-Executive Director

M R J Randall — Non-Executive Director

Other Key Management Personnel

F DeMarte — Chief Financial Officer & Company Secretary

(b) Compensation for directors and key management personnel

	2021 $	2020 $
Short term employee benefits and termination benefits	480,458	254,433
Annual leave provision	87,287	8,886
Post-employment benefits	49,242	24,171
Other (1), (2)	210,125	54,578
Share based payments	192,823	59,988
Long Service leave	-	-
Total compensation	1,019,935	402,056

(1) Short term employee benefits include $36,000 sign-on bonus payment plus superannuation payable to Mr Frank DeMarte payable within 7 days of signing of the employment agreement.

(2) Mr Mark Eames was appointed as a Technical director on a part-time basis effective from 1 May 2021. Other fees of $174,125 included in other relates to consultancy fees paid to Mr Eames in relation to Razorback project for period 1 July 2020 to 30 April 2021.

(c) Details of directors and key management personnel

There were no loans to key management personnel during the year other than as disclosed in Note 23.

(d) Other transactions and balances with key management personnel and their related parties

Disclosures relating to other transactions and balances with key management personnel are included and set out in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

23. RELATED PARTY DISCLOSURES

(a) Directors

During the year, a payment of $174,125 (2020: $54,578) was made to Eames Resources in which Mr Mark Eames is a director, for consultancy services provided for Razorback project for the period 1 July 2020 to 30 April 2021.

Amounts paid and payable to Ora Gold Limited, in which F DeMarte, M R J Randall are directors and shareholders, in the normal course of business in 2020/2021 for admin related costs totalled $3,967 (2019: $259) and the balance included in trade creditors is $Nil (2020: $Nil). Amounts received and receivable from Ora Gold Limited in the normal course of business totalled $Nil (2020: $Nil).

(b) Loans with key management personnel and their related entities

There were no loans to key management personnel and their related entities during the year and the prior year.

(c) Loans from key management personnel and their related entities

On 16 September 2019, the Company's Executive Chairman, Peter Schubert, provided the Company with an unsecured loan of $200,000 pursuant to a Convertible Loan Agreement to assist the Company with general working capital requirements. Interest was accrued on the Loan at the rate of 5% per annum. Interest which accrued on the Loan was capitalised and was payable on the earlier of:

i. the date on which the Loan is repaid in full; and
ii. the repayment date.

The Loan was repayable in cash on the date that is six months after the date of the Convertible Loan (or such later date as may be agreed between the parties in writing). The Chairman could elect to convert all or part of the Loan and any interest amount into fully paid ordinary shares at the price equal to a 10% discount to the VWAP for the 15 Trading Days prior to the date of the conversion notice. The conversion right is subject to and conditional upon the Company obtaining the approval of its members in general meeting by the requisite majority for the purposes of ASX Listing Rule 10.11 and section 208 of the Corporations Act.

On 16 March 2020, the parties agreed that the repayment date under the Convertible Loan Agreement was extended to 16 September 2020 (or such later date as may be further agreed by the parties in writing). An interest payment of $5,123 was paid on 23 March 2020. On 4 May 2020, a partial repayment of $100,000 of this loan was made to Peter Schubert.

On 16 September 2020, the Company repaid the balance of the loan including interest totalling $103,151.

(d) Subsidiaries

The Group consists of the Parent and its wholly owned controlled entities set out in Note 9.
Transactions between the Parent and its wholly owned controlled entities during the year ended 30 June 2021 are as below.

- Loans advanced to subsidiary, Razorback Iron Pty Ltd total $27,418,951 (2020: $27,215,406) at 30 June 2021.
- Loans advanced to subsidiary, Razorback Operations Pty Ltd total $3,655 (2020: $3,383) at 30 June 2021.
- Loans advanced to subsidiary, Red Dragon Mining Pty Ltd total $2,934 (2020: $2,661) at 30 June 2021.
- Loans advanced to subsidiary, Ironback Pty Ltd total $3,468,194 (2020: $3,438,929) at 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

24. FINANCIAL INSTRUMENTS

(a) The Group's principal financial instruments comprise of cash, short term deposits and other financial assets. The Group has various other financial assets and liabilities such as trade receivables and trade payables. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken, except for other financial assets which have been sold for working capital purposes. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the Financial Statements.

	Floating Interest Rate		**Fixed Interest Rate – less than 1 year**		**Fixed Interest Rate – more than 1 year**		**Non-interest bearing**		**Total**	
Consolidated	**2021 $**	**2020 $**	**2021 $**	**2020 $**	**2021 $**	**2020 $**	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Financial Assets										
Cash and cash equivalents	-	303,391	15,212,716	500,000	600,000	-	775,207	27,481	16,587,923	830,872
Trade and other receivables[1]	-	-	12,588	12,588	-	-	183,819	42,770	196,407	55,358
Other financial assets	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	-	303,391	15,225,304	512,588	600,000	-	959,026	70,251	16,784,330	886,230
Weighted Average Interest Rate	-	0.25%	0.33%	0.95%	0.32%					
Financial Liabilities										
Trade and other payables[2]	-	-	-	-	-	-	(327,363)	(39,370)	(327,363)	(39,370)
Unsecured loan	-	-	-	(102,082)	-	-	-	-	-	(102,082)
Convertible loan note liability	-	-	-	-	(1,975,000)	(1,975,000)	-	-	(1,975,000)	(1,975,000)
Total Financial Liabilities	-	-	-	(102,082)	(1,975,000)	(1,975,000)	(327,363)	(39,370)	(2,302,363)	(2,116,452)
Net Financial Assets/(Liabilities)	-	303,391	15,225,304	410,506	(1,375,000)	(1,975,000)	631,663	30,881	14,481,967	(1,230,222)
Weighted Average Interest Rate				5%	5%	5%				

Note 1: Trade and other receivables excludes prepayments
Note 2: Trade and other payables excludes accruals

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

24. FINANCIAL INSTRUMENTS (continued)

Reconciliation of net financial assets/ (liabilities) to net assets	**Consolidated**	
	2021 $	**2020 $**
Net Financial Assets/(Liabilities) as above	14,481,967	(1,230,222)
Prepayments	9,758	9,607
Property, plant and equipment	44,788	27,613
Intangibles	54	107
Exploration & evaluation expenditure	12,863,479	9,500,844
Accruals	(225,495)	(107,188)
Provisions	(281,760)	(61,487)
Net Assets per Statement of Financial Position	26,892,791	8,139,274

The net fair value of all financial assets and liabilities at balance date approximate to their carrying value. The main risk the Group is exposed is through financial instruments credit risk, commodity risk and market risk consisting of interest rate risk.

(a) ***Interest Rate Risk***
The Group's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities.

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Interest payable on Convertible loan note is fixed at 5% per annum.

(b) ***Credit Risk***
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the 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 defaults. Risk is also minimised by investing surplus funds with financial institutions that maintain a high credit rating.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Group believes that all outstanding receivables are recoverable and there are no past due receivables as at balance date.

(c) ***Liquidity Risk***
The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the Group's current and future operations.

The Group believes that all outstanding payables can be paid when due and there are no past due payables as at the balance date.

(d) ***Commodity Price Risk***
At the 30 June 2021, the Group does not have any financial instruments subject to commodity price risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

25. SENSITIVITY ANALYSIS

(a) *Interest Rate Risk*

The following table represents a summary of the interest rate sensitivity of the Group's financial assets at the balance sheet date on the deficit for the year and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

Consolidated 30 June 2021	Carrying Amount $	Interest Rate Risk -1%		Interest Rate Risk + 1%	
		Net loss $	Equity $	Net loss $	Equity $
Financial Assets					
Cash and cash equivalents	15,812,716	(158,127)	(158,127)	158,127	158,127
Other receivables (interest bearing)	12,588	(126)	(126)	126	126
Totals	15,825,304	(158,253)	(158,253)	158,253	158,253

Consolidated 30 June 2020	Carrying Amount $	Interest Rate Risk -1%		Interest Rate Risk + 1%	
		Net loss $	Equity $	Net loss $	Equity $
Financial Assets					
Cash and cash equivalents	803,391	(8,034)	(8,034)	8,034	8,034
Other receivables (interest bearing)	12,588	(126)	(126)	126	126
Totals	815,979	(8,160)	(8,160)	8,160	8,160

None of the Group's financial liabilities are interest bearing except for the unsecured loan and convertible loan facility that accrues interest at 5% per annum (see note 16). These interest bearing loans are at a fixed interest rate agreed with the lenders.

(b) *Foreign currency risk*

The Group is not exposed to foreign exchange currency risk at balance date.

26. CONTINGENT LIABILITIES

As at 30 June 2021, the Group has the following contingent liabilities:

Agreement with Mintech Resources Pty Ltd

Pursuant to a Variation Deed dated 11 August 2015, the Company finalised the acquisition of a 100% interest in EL 6353 (formally EL 5432) covering the Razorback Ridge area. On 4 September 2019, the Company entered into a Heads of Agreement with the liquidators of Mintech Resources Pty Ltd. The terms of the agreement are as follows:

1) The amended face value of the Redeemable Convertible Notes is $1.975 million (refer to note 16);
2) Resource payments to Mintech calculated at $0.01 per DTR tonne of measured resources (resource payment = tonne of measured resource x $0.01 x [(Average DTR% of Resource tonnes)/100]). DTR means potentially recoverable tonnes of magnetite as determined by the Davis Tube Recovery technique;
3) A Production Payment of $3,000,000 to Mintech within 20 Business Days of the Company receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the tenement; and
4) A 1% Royalty on the Value of the Product produced from the tenement measured at the "mine gate".

Mintech was placed in voluntary administration on 9 October 2017 and subsequently placed in the hands of liquidators on 19 April 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

26. CONTINGENT LIABILITIES (continued)

Agreement with Goldus Pty Ltd

Pursuant to a Variation Deed dated 11 August 2015, the Company finalised the acquisition of a 100% interest in EL6126 and EL6127 (formerly EL 5180 and EL 5240) which surround the Razorback Ridge area. The Company has the following obligations:

1) Resource payments to Goldus calculated at $0.01 per DTR tonne of measured resources;
2) A Production Payment of $3,000,000 to Goldus within 20 Business Days of the Company receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the tenements; and
3) A 1% Royalty on the Value of the Product produced from the tenement measured at the “mine gate”.

Agreement with NextOre Pty Ltd

As previously announced, NextOre and the Company have agreed to reschedule the bulk trial of the technology until later in the development schedule to allow for the results of planned infill drilling and metallurgical testwork that are part of the planned DFS to be incorporated in the bulk trial design. The Company’s exclusivity over the technology, which was restricted in scope and was temporary in nature, will fall away. NextOre remains interested in assisting Magnetite progress with its Razorback Iron Ore Project and has indicated that the pricing of future bulk ore sorting equipment supply will take into consideration the full value of the non-refundable deposit payments of $321,200 made to date, which has been included under capitalised exploration expenditure in the balance sheet.

This is a good outcome for the Company, as we continue to have access to this promising technology without incurring the considerable expense of a standalone bulk trial and will work with NextOre on its application to Razorback.

27. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year, the Directors are not aware of matter or circumstance not otherwise dealt with in this report or the financial statements, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years with the exception of the following, the financial effects of which have not been provided for in the 30 June 2021 financial report:

Exercise of quoted options

On 5 July 2021, 139,629 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

On 12 July 2021, 18,750 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

On 26 July 2021, 50,000 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

On 7 September 2021, 12,956 quoted options exercisable at 5 cents each expiring on 29 October 2021 were exercised.

Exercise of unquoted employee options

On 2 August 2021, 2,500,000 unquoted employee options exercisable at 1.5 cents each expiring on 18 March 2022 were exercised.

Lease agreement

The Company has entered into a lease agreement on 10 August 2021 for a storage warehouse in South Australia for a 3 year term commencing 14 November 2021 at $96,600 plus GST and variable outgoings per annum.

Consultancy Agreement with Hatch Pty Ltd

Subsequent to the year end on 27 September 2021, the Company executed a contract with Hatch Pty Ltd for the provision of a Capital Cost Estimate for the Razorback Iron Ore Project Process Plant for inclusion in the Definitive Feasibility Study. The total value of the contract is $7.4Mn (before contingency) and has been awarded on a reimbursable basis and following 30 days’ notice can be suspended at no penalty.

Consultancy Agreement with GHD Pty Ltd

Subsequent to the year end on 3 September 2021, the Company executed a contract with GHD Pty Ltd for the Razorback Iron Ore Project Definitive Feasibility Study Consultant Agreement. The total value of the contract is $1.58Mn (plus GST) and has been awarded on a predominately fixed price basis. The services provided can be suspended at any time without penalty.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Magnetite Mines Limited I state that:

In the opinion of the directors:

(a) the financial statements and notes and the additional disclosures included in the Directors' report designated as audited, of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(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 report also complies with International Financial Reporting Standards as described in note 2(a).

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 financial year ended 30 June 2021.

On behalf of the Board

PETER SCHUBERT
Executive Chairman & Interim CEO

Perth, Western Australia

Dated in Perth this 30 September 2021

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MAGNETITE MINES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Magnetite Mines 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 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 statements, 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 then ended; 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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

We have determined the following matter to be a Key Audit Matter to be communicated in our report.

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. This matter was addressed in the context of our audit of the financial report, and in forming our opinion thereon, we do not provide a separate opinion on this matter.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Stantons

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Exploration and Evaluation Assets	
As at 30 June 2021, Exploration and Evaluation Assets totalled $12,863,479 refer to Note 12 of the financial report). The carrying value of exploration and evaluation assets is a key audit matter due to: ▪ The significance of the exploration and evaluation expenditure capitalised representing 43% of total assets; ▪ The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and ▪ The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: ▪ Minutes of the board and management; and ▪ Announcements made by the Group to the Australian Securities Exchange; and iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion 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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Stantons

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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Stantons

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 13 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Magnetite Mines 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
29 September 2021

AUDITOR'S INDEPENDENCE DECLARATION

Stantons

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29 September 2021

Board of Directors
Magnetite Mines Limited
Suite 16, Level 1,
22 Greenhill Road,
Wayville South Australia 5034

Dear Directors

RE: MAGNETITE MINES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Magnetite Mines Limited.

As Audit Director for the audit of the financial statements of Magnetite Mines Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

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