

**MAGMATIC
RESOURCES**

Magmatic Resources Limited

ABN 32 615 598 322

**Half Year Financial Report – For the period ended
31 December 2021**

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Magmatic Resources Limited
Corporate Directory

Board of Directors

David Richardson – Executive Chairman
David Berrie – Non-executive Director and joint Company Secretary
Andrew Viner – Non-executive Director

Company Secretary

Andrea Betti
David Berrie

Registered Office and Principal Place of Business

Suite 7
55 Hampden Road
Nedlands WA 6009

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000
Tel: 1300 850 505

Auditors

BDO Audit (WA) Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Securities Exchange Listing

The securities of Magmatic Resources Limited are quoted on the Australian Securities Exchange under trading codes MAG and MAGOA.

Directors' Report

The Directors present their report, together with the financial statements, on Magmatic Resources Limited (Magmatic or the Company) (ASX:MAG) and its wholly owned subsidiaries, Modeling Resources Pty Ltd (Modeling) and Landslide Investments Pty Ltd (Landslide), together the Group, for the period ended 31 December 2021.

Directors

The following persons were directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated:

David J Richardson
Peter B Duerden (resigned 17 December 2021)
David W Berrie
Andrew J Viner (appointed 17 December 2021)

Company Secretary

Andrea Betti
David W Berrie

Principal activities

The principal activity of the Group during the financial period was mineral exploration.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Operating results

The comprehensive loss for the period for the Group after providing for income tax amounted to \$1,347,860 (31 December 2020: \$3,875,172 profit).

Corporate

Board Changes

On 19 November 2021, the Company advised that it had appointed Dr. Adam McKinnon as the Company's new Managing Director upon the resignation of Mr Peter Duerden, effective 17 December 2021.

Dr. McKinnon is a gold and base metals exploration and mining professional with extensive discovery experience in central western New South Wales. His most recent role is as General Manager - Exploration and Business Development at Aurelia Metals Limited, where he led the rapid expansion of Aurelia's exploration programs, recently culminating in the discovery of the high-grade Federation zinc-lead-gold-copper-silver deposit, a proposed underground mine development.

Adam previously held technical roles with CBH Resources Limited and KBL Mining Limited in central western New South Wales. Whilst at KBL he designed and managed an exploration program that led to the discovery of the high grade Pearse Au-Ag deposit near Mineral Hill, which has now been mined. Dr. McKinnon holds a PhD in exploration geochemistry and mineralogy from Western Sydney University, with a study focus on deposits in central NSW.

Magmatic Resources Limited
Directors' report
31 December 2021

Dr. MacKinnon is expected to commence his role with the Company on March 15, with the Company's current Executive Chairman, Mr David Richardson, taking on the responsibilities of the Managing Director role until Dr McKinnon's commencement.

On 17 December 2021, the Company advised it had appointed Mr. Andrew Viner as a Non-Executive Director to the Company, effective 17 December 2021. Mr Viner has an extensive history in the Mining Industry over the last 36 years as a Geologist and Company Director focussed principally on mineral exploration for Gold.

Securities Issued

On 30 July 2021, the Company issued 5,000,000 fully paid ordinary shares upon the conversion of 5,000,000 listed options, exercisable at \$0.0722 and expiring 30 August 2021. The Company received \$361,000 upon the conversion of these options.

Between 6 August 2021 and 1 September 2021 the Company issued 17,827,715 fully paid ordinary shares upon the conversion of 17,687,710 listed options, exercisable at \$0.0722 and expiring 30 August 2021. The Company received \$1,287,161 upon the conversion of these options.

On 3 September 2021 the Company issued 12,000,000 fully paid ordinary shares upon the conversion of 12,000,000 unlisted options, exercisable at \$0.0722 and expiring 30 November 2022. The Company received \$866,400 and issued 12,000,000 fully paid ordinary shares.

On 6 September 2021 the Company cancelled 970,878 listed options, exercisable at \$0.0722 expiring on 30 August 2021, which had lapsed on 30 August 2021.

On 1 December 2021 the Company issued 1,250,000 unlisted options exercisable at \$0.15 and expiring 31 October 2024 under the Company's employee incentive scheme.

On 1 December 2021, the Company issued 4,050,000 unlisted options to Directors exercisable at \$0.1452 and expiring 31 December 2024, pursuant to shareholder approval received at the Company's AGM on 29 November 2021.

On 1 December 2021, the Company issued 1,950,000 unlisted options to Directors exercisable at \$0.1936 and expiring 31 December 2024, pursuant to shareholder approval received at the Company's AGM on 29 November 2021.

Review of operations

Magmatic Resources Ltd (ASX: MAG) is a New South Wales-focused gold and copper explorer that listed on the ASX in May 2017.

In 2014, Magmatic completed the acquisition of an advanced gold-copper target portfolio in the East Lachlan from Gold Fields Limited. Gold Fields had completed a major phase of target generation across four main projects (Wellington North, Parkes, Myall, Moorefield), identifying over 60 targets.

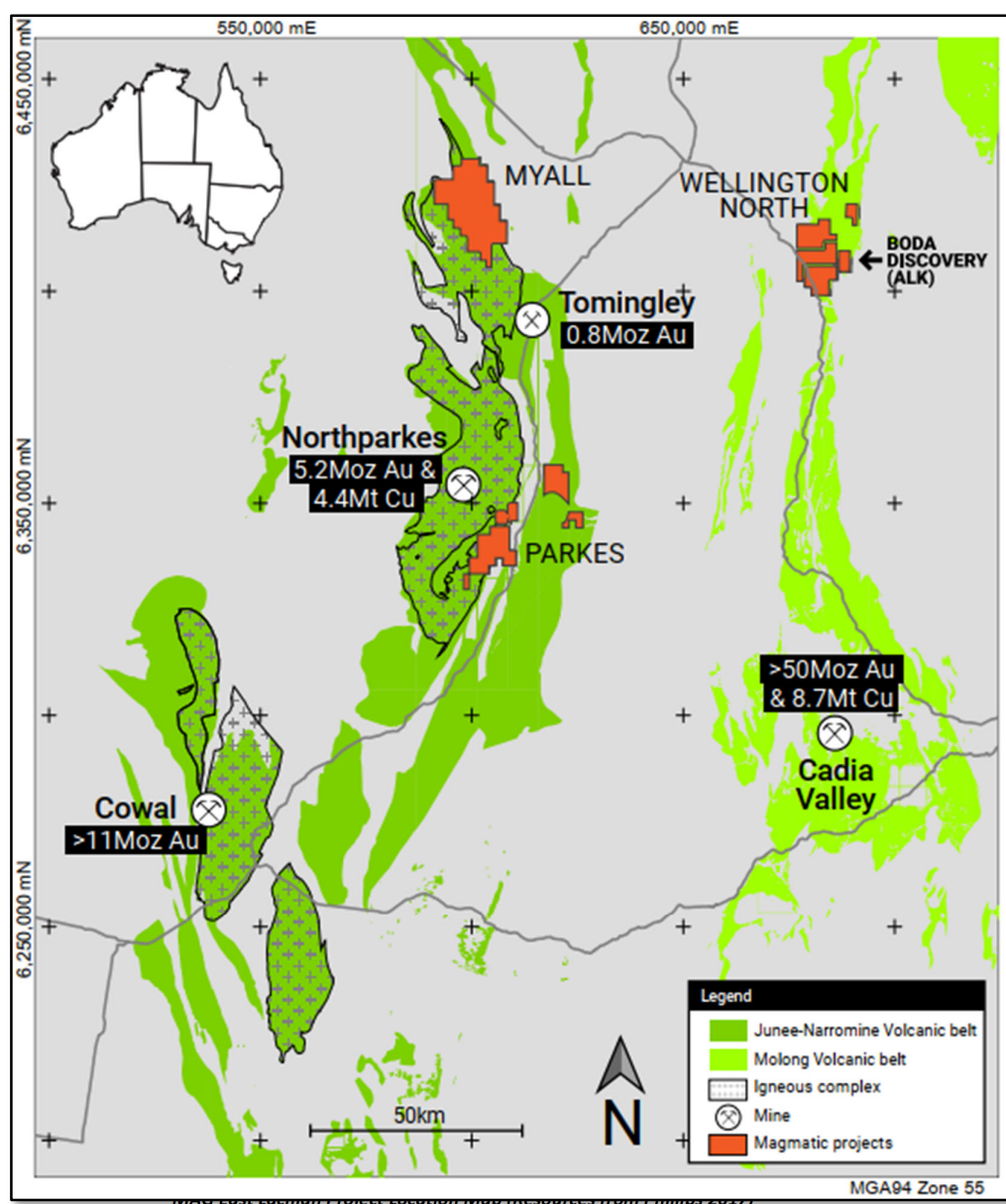
The East Lachlan has an endowment of more than 80 million ounces of gold and 13 million tonnes of copper (Phillips 2017). It is most famous for Newcrest Mining's world class gold-copper porphyry cluster at Cadia Valley District, where currently the Cadia East Mine represents Australia's largest gold mine and one of the world's most profitable gold producers (Newcrest 2019).

The Boda gold-copper porphyry discovery by Alkane Resources Ltd (ASX ALK 9 September 2019) highlighted the value of Magmatic's dominant tenure position in the northern Molong Belt, in what is emerging as a significant gold-copper porphyry discovery hotspot, with the company's North Wellington copper-gold project effectively encircling the Boda discovery.

The Project includes the historic Bodangora Gold Field, where 230,000 ounces @ 26g/t Au were produced between 1869-1917 (ASX MAG 17 May 2017) alongside an extensive portfolio of both Boda-style gold-copper and Bodangora-style high grade gold targets (Figure 3)

The Myall Copper-Gold Project covers the northern extension of the Junee - Narromine Volcanic Belt, located ~50km north and along strike from the Northparkes copper-gold Mining District (China Molybdenum/Sumitomo, CMOC 2019). The project comprises a single exploration licence, covering 245km² and is considered highly prospective for Northparkes-style copper-gold porphyry mineralisation. In addition, the Northparkes copper-gold porphyry cluster (China Molybdenum/Sumitomo, CMOC 2019) and Cowal Epithermal Deposit (Evolution Mining, Evolution 2018) represent other significant long-life mining operations.

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



Investments

Magmatic has a 5.64% interest in Australian Securities Exchange listed Australian Gold and Copper Limited (AGC).

AGC listed on the Australian Securities Exchange (ASX) in January 2021 after a demerger of Magmatic's Moorefield orogenic gold project and the acquisition of two other NSW based gold and polymetallic projects.

Exploration Overview

Wellington North project (Gold-Copper)

Magmatic Resources Ltd 100%

Magmatic's 100%-owned Wellington North Project covers the northern extension of the Molong Volcanic Belt, located north of Australia's largest gold producer at Cadia East (ASX:NCM) and effectively surrounding Alkane's recent Boda gold-copper discovery (ASX:ALK).

The Project includes the historic Bodangora Gold Field (Dicks Reward and Mitchells Creek gold mines), where 230,000 ounces @ 26g/t Au were produced between 1869-1917 (ASX MAG 17 May 2017) alongside an extensive portfolio of both Boda-style gold-copper and Bodangora-style high grade gold targets (Figure 3).

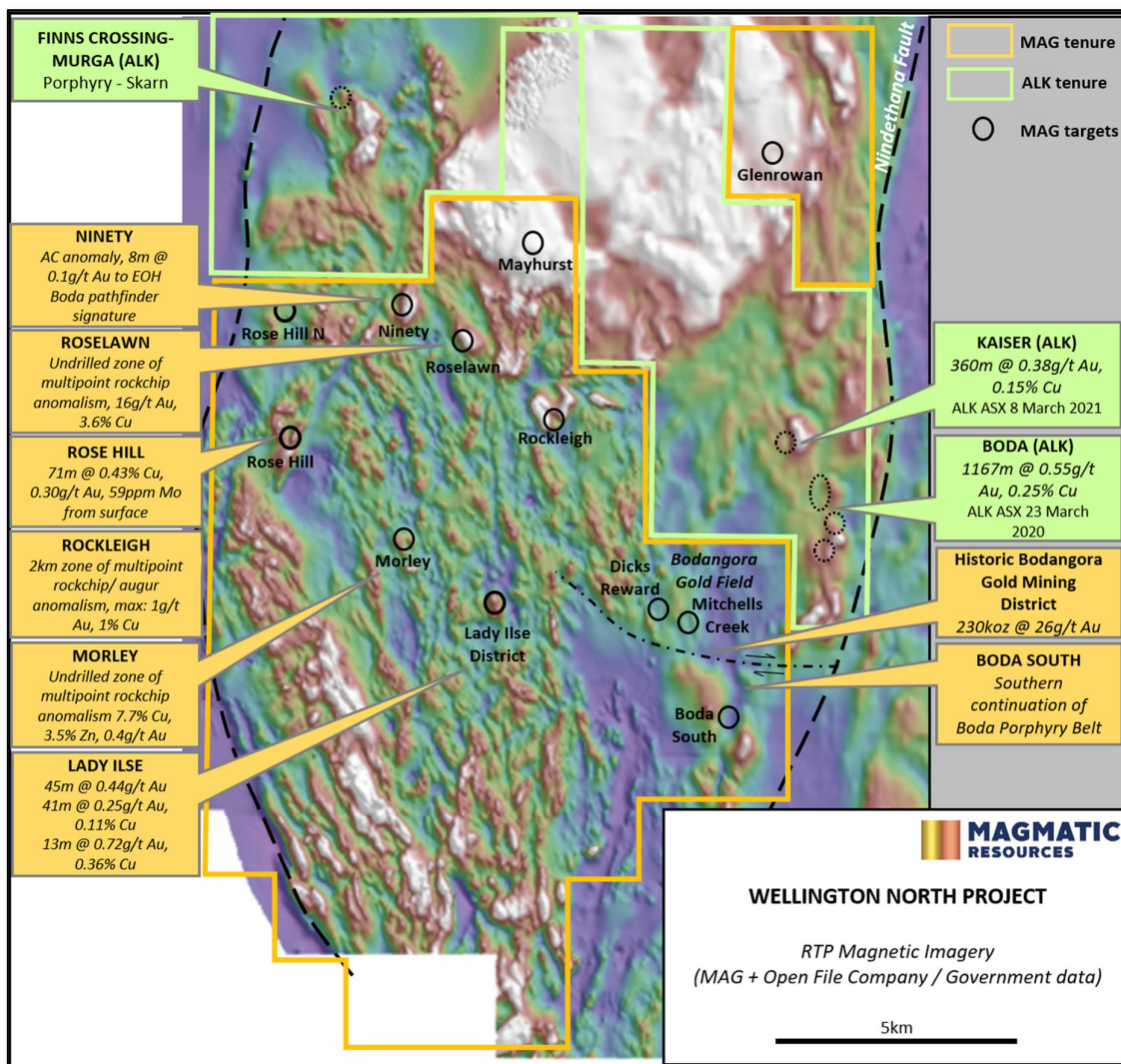


Figure 3: Wellington North Project - Aeromagnetic imagery, RTP (Magmatic and Open File Company/Government) showing northern Molong Belt gold/copper target portfolio, and highlighting the Bodangora Gold Field and the Boda Au-Cu Discovery (ASX:ALK)

Exploration for Extensions to the Bodangora Goldfield

As previously reported (ASX MAG 18 August 2021) the Company believes that there has been little modern exploration for northern extensions and repetitions of the Bodangora Goldfield (Figure 1 and 2) and is completing additional exploration activities with the aim of locating new areas of gold mineralization.

Timing of this work has largely been dependent on gaining access after cropping activities which occurred in December and also limited by rain events and COVID in NSW.

Mitchells Creek gold mine Diamond Drilling

The Company completed an initial phase 8-hole diamond drill program at the historic 230koz Bodangora Gold Field's Mitchells Creek Gold Mine (ASX MAG 25 January 2022). The program progressed from north to south testing beneath the old mine workings over a 1.2-kilometre strike - see Figures 1 & 2 for hole locations relative to historic workings. Assay results have been delayed due to COVID conditions in NSW and are expected March 2022.

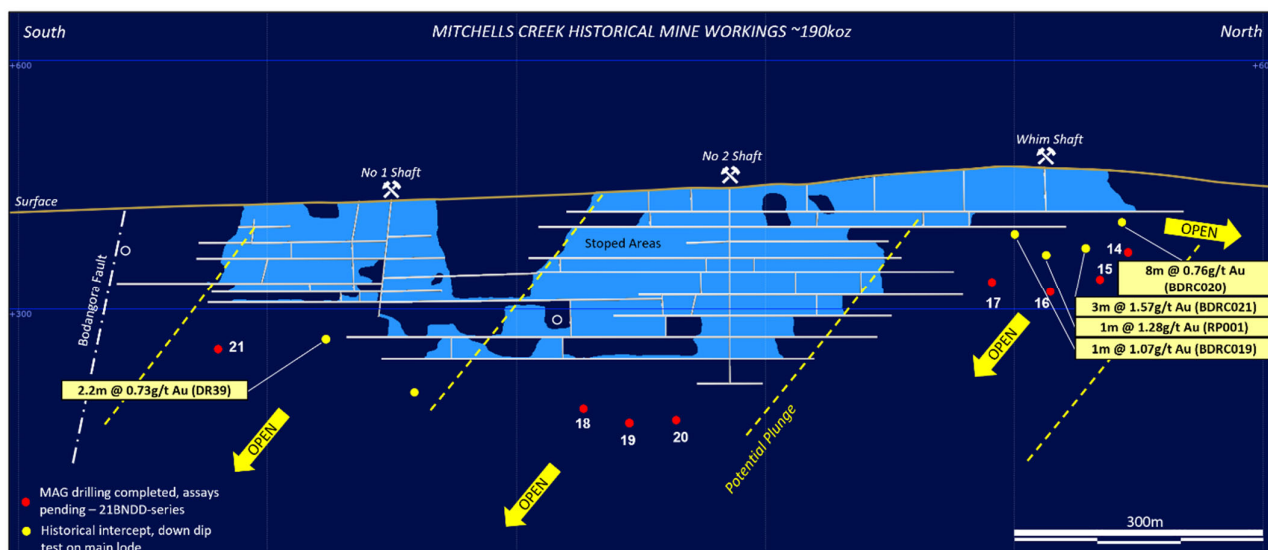


Figure 1: Mitchells Creek - Composite Long Section, looking northwest showing stope/mined areas and drilling down dip of main lode

Dicks Reward Historic Gold Mine (40,000 oz historic production)

3D evaluation included the capture of detailed underground channel geochemical data not previously reported (Figure 1).

The channel sampling data demonstrates the high-grade nature of the Dicks Reward mineralisation, and alongside structural trends evident from high resolution magnetic imagery, highlights along strike exploration potential towards the northwest (ASX MAG 18 August 2021).

Very limited drill testing has occurred down dip / plunge from the workings. Core drilling activity designed to test interpreted down dip/plunge high-grade zones, potential lode repetitions and along strike extensions within the broader epithermal gold lode system is commencing in March.

Target definition work, conducted alongside the drilling activity, includes a high-resolution ground magnetic survey (underway), surface geochemical sampling and AC drilling of priority target areas.

Drill testing of Dicks Reward (is planned in first quarter 2022 upon completion of current Ground Magnetism survey (GMAG), and geochemical sampling.

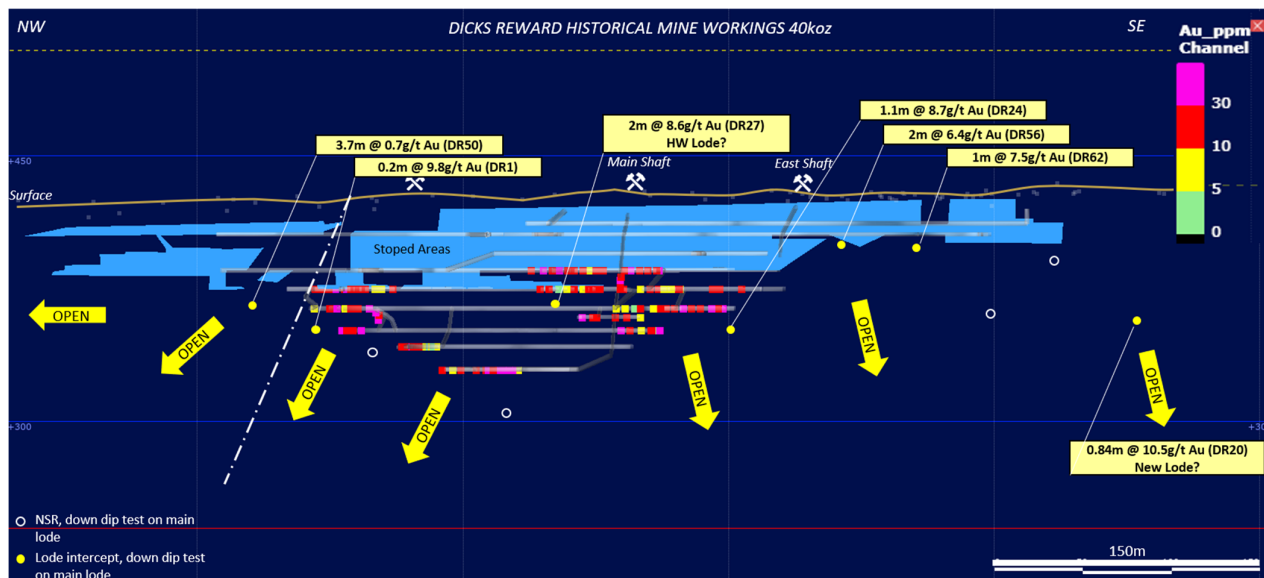


Figure 2: Dicks Reward - Composite Long Section, looking northeast showing stoped/mined areas, channel sampling results and showing effective drilling down dip of main lode and limited drill testing at depth / along strike, main lode dipping ~25° NE

Ground Magnetic Survey

As the area is largely soil covered the Company has defined an area for ultra-detailed ground magnetic surveying in order to map underlying geological units and structures (see Figure 3). The survey area includes the Mitchells Creek and Dicks Reward mines and may identify extensions of these mineralized structures. Phase 1 of the survey is complete and awaiting interpretation and Phase 2 planned after completion of cropping in first quarter 2022

Geochemical Sampling

Within the same area as the ground magnetics a program of near surface geochemical sampling is planned for January 2022. The program involves surface soil sampling in areas of residual soil and air-core drilling in areas of transported cover.

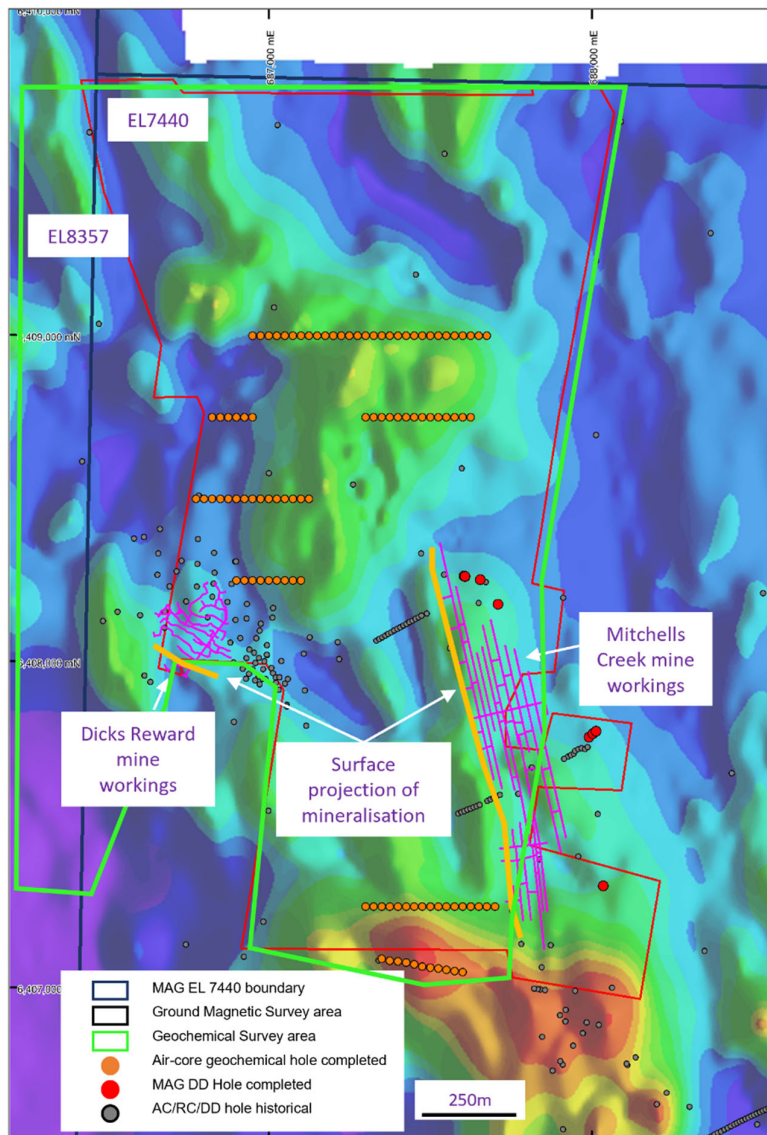


Figure 3: Bodangora Goldfield – Planned Ground Magnetic and Geochemical survey areas on regional magnetic image.

Lady Ilse Drilling Activity (ASX MAG 31 August 2021)

Diamond drilling activity was completed comprising three holes totaling 1594.8m. The drilling activity was designed to test multiple targets and returned broad zones of gold-copper anomalism typical of the upper levels and margins of Boda-style epithermal-porphyry mineralisation. The identification of a strongly 'plume' of albite alteration and fertile high phosphorous (high P) porphyry bodies associated with the anomalism is considered strongly encouraging for a large epithermal-porphyry system in the Lady Ilse district (Figure 4). Future exploration activity will focus on the open northern and northwestern extents of the target zone.

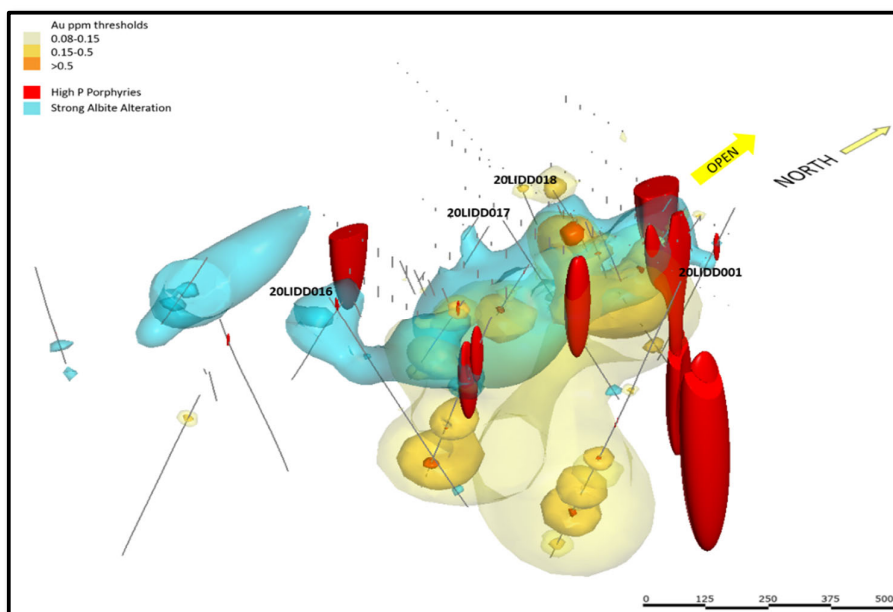


Figure 4: Oblique view of Lady Ilse District, showing modelled strong albite alteration, high phosphorous (high P) fertile porphyries associated with zone of broad gold anomalism

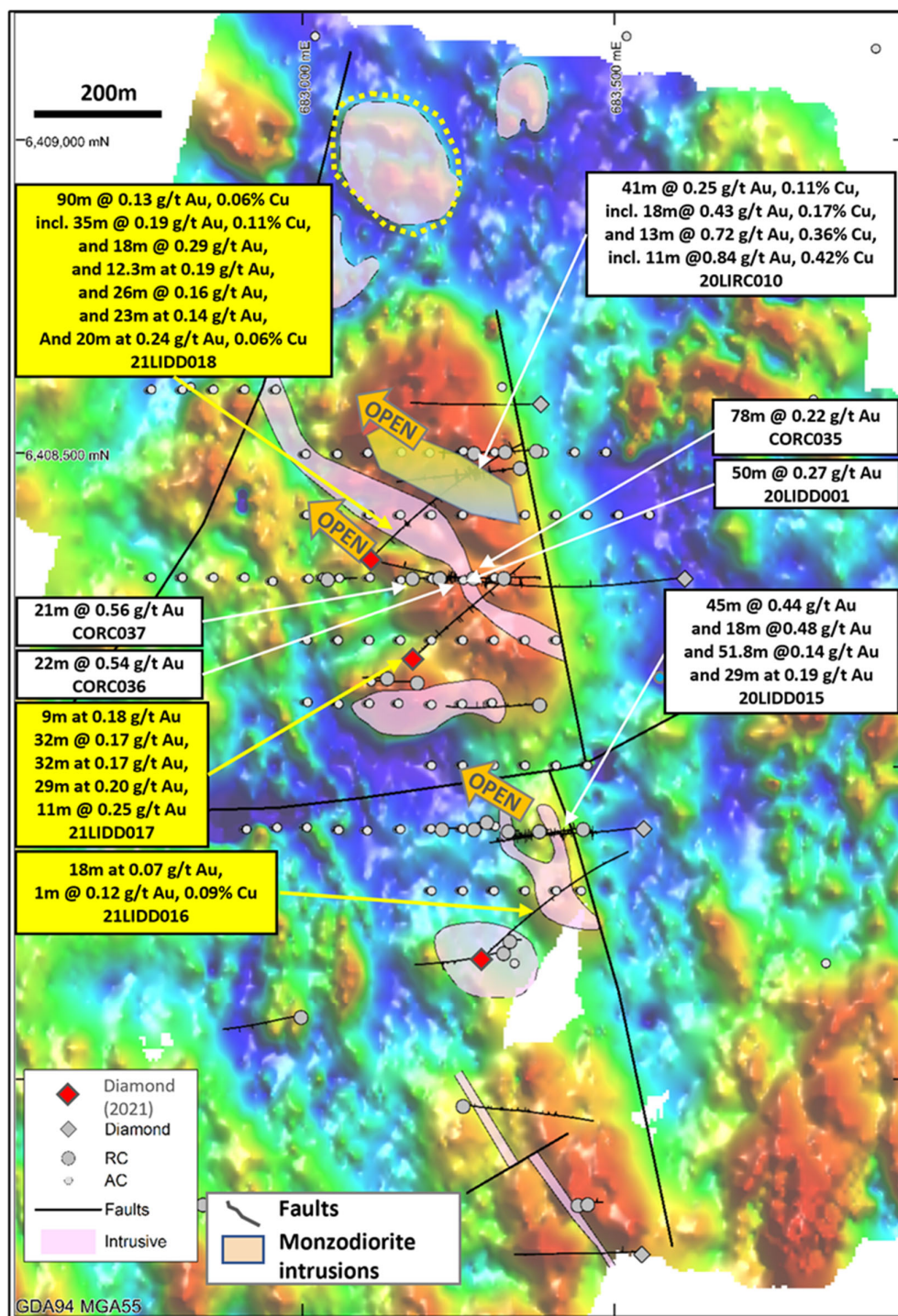


Figure 5: Lady Ilse Summary Map, RTP ground magnetic imagery, showing target zones around main monzonite/intrusive complex, completed drilling, selected representative results

Parkes Project (Gold)

Magmatic Resources Ltd 100%

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

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

Exploration activities included signing landholder access agreements; phase 1 Ground Magnetism survey (GMAG) commenced but delayed due to heavy rain. Phase 1 and 2 GMAG and air-core drilling planned for second quarter 2022.

Myall Project (Copper-Gold)

Magmatic Resources Ltd 100%

The Myall Copper-Gold Project covers the northern extension of the Junee - Narromine Volcanic Belt, located ~50km north and along strike from the Northparkes copper-gold Mining District (China Molybdenum/Sumitomo, CMOC 2019). The project comprises a single exploration licence, covering 245km² and is considered highly prospective for Northparkes-style copper-gold porphyry mineralisation.

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

Myall Target Definition Activity

Exploration activities during the half included lithogeochemical data modelling and planning for drilling activity.

Statutory approvals and land access received for follow up drilling at Myall's Kingswood Corridor (ASX MAG 31 August 2021).

Drill program planned for second quarter 2022.

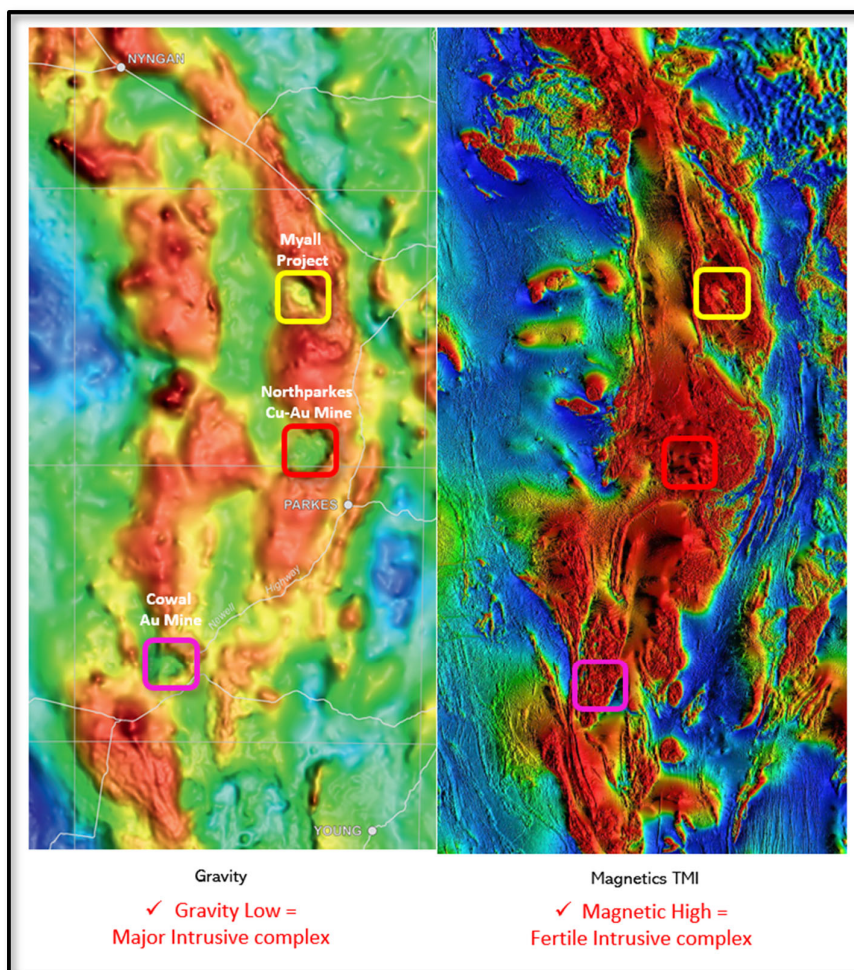


Figure 6: Regional gravity and magnetic imagery, highlighting the similarities between Myall Project and the major deposits of the Junee-Narromine Belt, East Lachlan

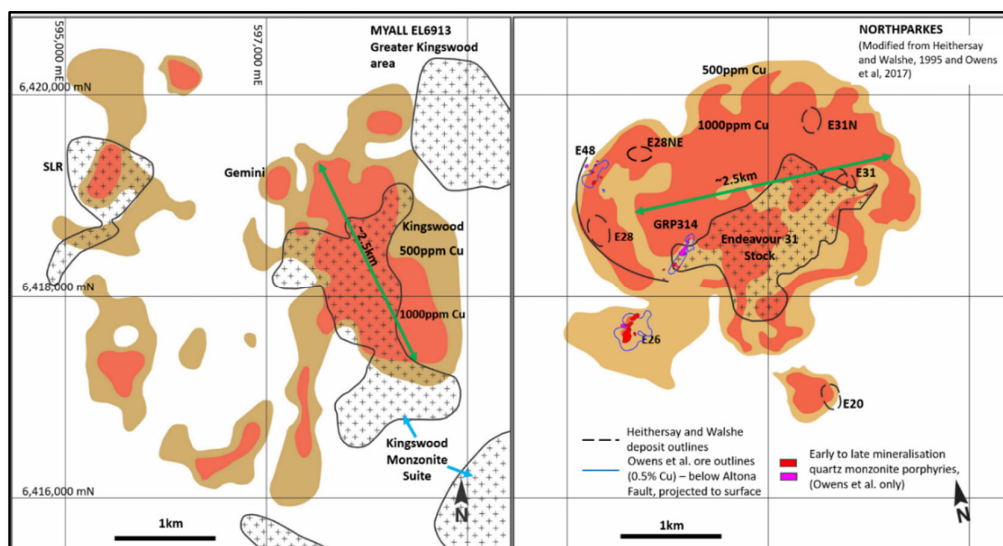


Figure 7: Comparison between Myall project area and Northparkes Porphyry Mining District, located 60km south, at the same scale, showing copper regolith anomalism at 500ppm Cu and 1000ppm Cu (MAG ASX 31 January 2019), Northparkes modified from Heithersay and Walshe, (1995), Phillips (2017)

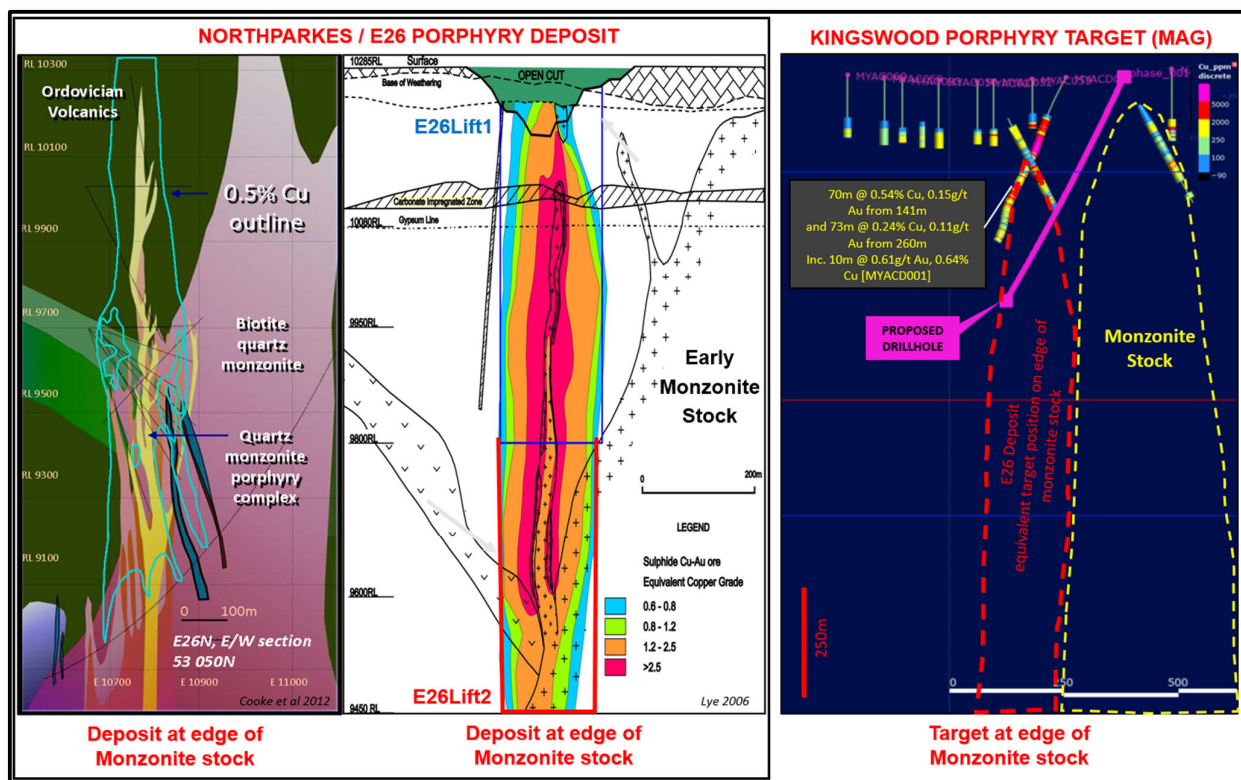


Figure 8 - Schematic comparison between Kingswood Target, Myall Project and Northparkes E26 Porphyry Deposit (CMOC/Sumitomo), showing similar porphyry setting at margin of main monzonite complex (Northparkes, E26 -Cooke et al 2012, Lye 2006), 150m section window

Magmatic Tenure

Table 1: Tenement listing on 31 December 2021, **All tenements are held by Modeling Resources Pty Ltd which a 100% owned subsidiary of Magmatic Resources Ltd

State	Project	Lease No	Lease name	Status	Holder**	Magmatic interest	Area (km ²)
NSW	Myall	EL6913	Myall	Granted	Modeling	100%	243.7
NSW	Parkes	EL7424	Alectown	Granted	Modeling	100%	56.0
NSW	Parkes	EL7676	Parkes East	Granted	Modeling	100%	95.0
NSW	Wellington North	EL6178	Duke	Granted	Modeling	100%	113.0
NSW	Wellington North	EL7440	Bodangora	Granted	Modeling	100%	17.4
NSW	Wellington North	EL8357	Combo	Granted	Modeling	100%	46.4

References

Alkane 2020., ASX ALK 18 August 2020

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

Cooke, D., Wilson, Masterman, Zukowski, Green, Holliday., 2012, Porphyry, epithermal and skarn deposits of the Macquarie Arc, NSW, Ore Deposit Models and Exploration Strategies, Course, University of Tasmania

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

Lye 2006, The Discovery History of the Northparkes Deposits, Mines and Wines 2006

Heithersay P S and Walshe J L, 1995, Endeavour 26 North: A porphyry Copper-Gold Deposit in the Late Ordovician, Shoshonitic Goonumbra Volcanic Complex, New South Wales, Economic Geology v90

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

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the reporting period.

Matters subsequent to the end of the period

There was no matter or circumstance arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the company's state of affairs in future financial years other than the following:

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

Magmatic Resources Limited
Directors' report
31 December 2021

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

Environmental regulation

The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. The Group is compliant with the NGER Act 2007. There have been no known breaches of these regulations and principles.

Shares issued on the exercise of options

There were 34,827,710 ordinary shares of the Company issued on the exercise of options during the period ended 31 December 2021 and no further ordinary shares of the Company were issued as a subsequent event on the exercise of options from 31 December 2021 up to the date of this report.

Indemnity and insurance of auditor

The Company has not, during or since the end of the period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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

On behalf of the Directors



David Richardson
Executive Chairman

14 March 2022
Perth, Western Australia

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

As lead auditor for the review of Magmatic Resources Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 14 March 2022

Magmatic Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-year ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Other income	3, 13	34,357	6,359,092
Expenses			
Corporate and administrative expenses	4	(472,531)	(666,714)
Share based payment expense	5	174,438	(292,921)
Exploration and evaluation expenses	4	(857,176)	(1,521,751)
Finance expenses		(1,444)	(2,533)
Profit / (Loss) before income tax expense		(1,122,356)	3,875,172
Income tax expense		-	-
Profit / (Loss) after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		(1,122,356)	3,875,172
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Changes in the fair value of Investments at fair value through other comprehensive income	7	(225,504)	-
Profit / (Loss) after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		(1,347,860)	3,875,172
Basic profit / (loss) per share		Cents	Cents
Diluted profit / (loss) per share		(0.53)	2.21
		(0.53)	1.54

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

Magmatic Resources Limited
Consolidated Statement of Financial Position
31 December 2021

	Note	31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		6,857,473	6,122,271
Trade and other receivables		105,211	107,628
Total current assets		<u>6,962,684</u>	<u>6,229,899</u>
Non-current assets			
Security bonds		69,300	69,300
Property, plant & equipment		63,969	63,636
Exploration and evaluation assets		1,368,350	1,368,350
Right-of-use assets		45,343	68,765
Financial assets held at fair value through other comprehensive income	6	563,759	789,263
Total non-current assets		<u>2,110,721</u>	<u>2,359,314</u>
Total assets		<u>9,073,405</u>	<u>8,589,213</u>
Liabilities			
Current liabilities			
Trade and other payables		514,780	999,506
Lease Liabilities		43,067	41,378
Total current liabilities		<u>557,847</u>	<u>1,040,884</u>
Non-current liabilities			
Lease Liabilities		4,232	29,266
Total non-current liabilities		<u>4,232</u>	<u>29,266</u>
Total liabilities		<u>562,079</u>	<u>1,070,150</u>
Net assets		<u>8,511,326</u>	<u>7,519,063</u>
Equity			
Issued capital	7	17,094,843	14,580,282
Reserves	8	4,363,199	4,763,141
Accumulated losses		(12,946,716)	(11,824,360)
Total equity		<u>8,511,326</u>	<u>7,519,063</u>

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

Magmatic Resources Limited
Consolidated Statement of Changes in Equity
For the Half-year ended 31 December 2021

	Issued Capital \$	Share Based Payments Reserve \$	Options Based Payments Reserve \$	Fair Value Other Comprehensive Income ("FVOCI") Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2020	15,071,988	1,083,728	2,669,507	-	(13,012,374)	5,812,849
Profit after income tax expense for the period	-	-	-	-	3,875,172	3,875,172
Other comprehensive income for the period, net of tax						
Total comprehensive profit for the period	-	-	-	-	3,875,172	3,875,172
Transactions with owners recorded directly in equity						
Issue of ordinary shares upon exercise of options	229,391	-	-	-	-	229,391
Issue of options	-	-	292,921	-	-	292,921
Share issue cost adjustment	25,000	-	-	-	-	25,000
Capital Distributions to Shareholders	(4,872,482)	-	-	-	-	(4,872,482)
Total transactions with owners recorded directly in equity	(4,618,091)	-	292,921	-	-	(4,325,170)
Balance at 31 December 2020	10,453,897	1,083,728	2,962,428	-	(9,137,202)	5,362,851

	Issued Capital \$	Share Based Payments Reserve \$	Options Based Payments Reserve \$	Fair Value Other Comprehensive Income ("FVOCI") Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2021	14,580,282	1,083,728	4,017,669	(338,256)	(11,824,360)	7,519,063
Loss after income tax expense for the period	-	-	-	-	(1,122,356)	(1,122,356)
Other comprehensive income for the period, net of tax	-	-	-	(225,504)	-	(225,504)
Total comprehensive loss for the period	-	-	-	(225,504)	(1,122,356)	(1,347,860)
Transactions with owners recorded directly in equity						
Issue of ordinary shares upon exercise of options	2,514,561	-	-	-	-	2,514,561
Issue of options net of lapsed options previously expensed	-	-	(174,438)	-	-	(174,438)
Share issue cost adjustment	-	-	-	-	-	-
Capital Distributions to Shareholders	-	-	-	-	-	-
Total transactions with owners recorded directly in equity	2,514,561	-	(174,438)	-	-	2,340,123
Balance at 31 December 2021	17,094,843	1,083,728	3,843,231	(563,760)	(12,946,716)	8,511,326

Magmatic Resources Limited
Consolidated Statement of Cash Flows
For the Half-year ended 31 December 2021

	31 Dec 2021	31 Dec 2020
	\$	\$
Cash flows from operating activities		
Receipts from customers and contract discontinuance fees received	21,755	107,297
Payments to suppliers and consultants	(461,967)	(487,947)
Payments for exploration expenditure	(1,318,042)	(1,496,139)
Interest (paid) / received	9,167	5,572
	<u> </u>	<u> </u>
Net cash (outflow) from operating activities	<u>(1,749,086)</u>	<u>(1,871,217)</u>
Cash flows from investing activities		
Payments of tenement security deposits	-	(8,000)
Payments for property, plant and equipment	(6,927)	-
	<u> </u>	<u> </u>
Net cash (outflow) from investing activities	<u>(6,927)</u>	<u>(8,000)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(23,345)	(22,067)
Proceeds from issue of shares net of capital raising costs	2,514,561	229,391
Net cash inflow from financing activities	<u>2,491,216</u>	<u>207,324</u>
Net (decrease) in cash and cash equivalents	735,202	(1,671,893)
Cash and cash equivalents at the beginning of period	<u>6,122,271</u>	<u>4,234,820</u>
Cash and cash equivalents at the end of the period	<u>6,857,473</u>	<u>2,562,927</u>

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2021

Note 1. Corporate Information

The condensed consolidated interim financial statements of Magmatic Resources Ltd and its subsidiaries (collectively, the "Group") for the half year ended 31 December 2021 were authorised for issue in accordance with a resolution of Directors on 14 March 2022.

Magmatic Resources Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal activity is mineral exploration.

Operating segments

The Directors have determined the Group has one reportable segment, being mineral exploration in Australia. As the Group is focussed on minerals exploration, the Board monitors the Group based on the actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Note 2. Significant accounting policies

(a) Basis of preparation

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Magmatic Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021.

(b) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Note 3. Other income

		Half-year 31 December 2021 \$	Half-year 31 December 2020 \$
<i>Other income</i>			
Interest		10,611	8,105
Equipment hire income		-	500
Office sublease and shared services income		23,746	1,905
WA Government COVID-19 Subsidy		-	847
Federal Government COVID-19 Cash Boost Subsidy		-	103,995
Gain on the disposal of the fully owned subsidiary Australian Gold and Copper Ltd	13	-	6,243,740
		34,357	6,359,092

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2021

Note 4. Expenses

		Half-year 31 December 2021	Half-year 31 December 2020
	Note	\$	\$
Corporate and administration expenses			
Consulting Fees		25,000	50,000
Depreciation		12,724	15,473
Right of Use Assets Amortisation		23,423	23,047
Directors and Company Secretarial Fees		79,343	97,965
Employee Expenses		157,330	146,480
Investor Relations		20,233	10,141
Legal Fees		35,815	9,000
Travel		6,143	2,383
Rental Expenses		15,295	14,756
Other		97,225	297,469
		472,531	666,714
Share based payment expense			
Employee options expense		140,698	250,665
Director options expense		45,247	42,256
Previously expensed employee options expense reversal after options lapsed		(360,383)	-
		(174,438)	292,921
Exploration and evaluation expenses			
Exploration expenses incurred		857,176	1,521,751
Net exploration and evaluation expense		857,176	1,521,751
Finance costs			
		1,444	2,533
		1,156,713	2,188,465

Note 5. Share based payment expenses

	Half-year 31 December 2021	Half-year 31 December 2020
500,000 \$0.292 options expiring on 30 September 2023 with a Black Scholes valuation of \$59,603 were issued in accordance with the Company's employee ownership plan on 24 September 2020 to a key manager of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	9,961	5,305
250,000 \$0.292 options expiring on 30 September 2023 with a Black Scholes valuation of \$30,735 were issued in accordance with the Company's employee ownership plan on 25 September 2020 to a key employee of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	5,141	2,710
5,040,000 \$0.37395 options and 2,460,000 \$0.63225 options all expiring on 31 January 2023 with a Black Scholes valuation of \$950,156 were issued in accordance with the Company's employee ownership plan on 23 January 2020 to key management personnel of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	158,359	158,359
4,000,000 \$0.37395 options and 2,000,000 \$0.63225 options all expiring on 31 January 2023 with a Black Scholes valuation of \$759,281 were issued in accordance with the Company's employee ownership plan on 23 January 2020 to key management personnel which lapsed on 17 December 2021.	(360,383)	126,547
1,250,000 \$0.15 options expiring on 31 October 2024 with a Black Scholes valuation* of \$61,098 were issued in accordance with the Company's employee ownership plan on 01 December 2021 to key managers of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	3,509	-
4,050,000 \$0.1452 and 1,950,000 \$0.1936 options all expiring on 31 December 2024 with a Black Scholes valuation* of \$316,387 were issued in accordance with the Company's employee ownership plan on 01 December 2021 to Directors of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	8,975	-
	(174,438)	292,921

*Black-Scholes model assumptions for options granted during the period that were valued using that method.

The options vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.

Holder	Grant date share price (cents)	Exercise Price (cents)	Expected volatility (%)	Option Life (Years)	Dividend Yield (%)	Risk-free Rate (%)	Fair value per option (cents)
Key management personnel	9.3	15.0	100	3.01	0.00	1.320	4.89
Directors	9.9	14.52	100	3.09	0.00	0.929	4.89
Directors	9.9	19.36	100	3.09	0.00	0.929	5.46

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2021

Note 6. Investments

	31 December 2021 \$	30 June 2021 \$
5,637,594 ordinary shares in Australian Gold and Copper Limited*	563,759	789,263
	563,759	789,263

*These shares were valued at their closing market price (refer Note 13).

Note 7. Equity - issued capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	254,486,798	219,659,088	17,094,843	14,580,282

Movements in ordinary share capital during the current financial period were as follows:

	Shares	\$
Balance at the beginning of period	219,659,088	14,580,282
30 July 2021 – \$0-0722 options expiring 30 August 2021 exercised	5,000,000	361,000
06 August 2021 – \$0-0722 options expiring 30 August 2021 exercised	441,500	31,877
13 August 2021 – \$0-0722 options expiring 30 August 2021 exercised	3,058,410	220,817
17 August 2021 – \$0-0722 options expiring 30 August 2021 exercised	165,000	11,913
20 August 2021 – \$0-0722 options expiring 30 August 2021 exercised	2,777,356	200,525
27 August 2021 – \$0-0722 options expiring 30 August 2021 exercised	5,358,892	386,912
01 September 2021 – \$0-0722 options expiring 30 August 2021 exercised	5,886,552	425,009
03 September 2021 – \$0-0722 options expiring 30 August 2021 exercised	12,140,000	876,508
Balance at 31 December 2021	254,486,798	17,094,843

Note 8. Equity - reserves

	31 December 2021 \$	30 June 2021 \$
Capital restructure reserve	250	250
Share based payments reserve	1,083,478	1,083,478
Options based payments reserve	3,843,231	4,017,669
Fair Value Other Comprehensive Income ("FVOCI") Reserve	(563,760)	(338,256)
Total reserves	4,363,199	3,753,235

Note 9. Contingent liabilities

From time to time the Company may be party to claims from suppliers and service providers arising from operations in the ordinary course of business.

As at the date of this report there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the Company's financial position or results from operations.

Note 10. Events after the reporting period

There was no matter or circumstance arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the company's state of affairs in future financial years other than the following:

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

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2022.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

Note 11. Related party transactions

David Richardson is employed as the Company's executive chairman and managing director on the following basis:

Name	Term of agreement and notice period	Base salary (excl. superannuation)	Termination payments
David Richardson <i>Executive Chairman & Managing Director</i>	2 years 3 months	\$260,000	N/A

Note 12. Fair value measures

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

Fair value hierarchy

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

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2021 on a recurring basis (30 June 2021: \$789,263):

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 31 December 2021				
5,637,594 ordinary shares in Australian Gold and Copper Limited [ASX:AGC]	563,759	-	-	563,759

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

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

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

Valuation techniques used to determine fair values

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

Financial assets at fair value through other comprehensive income – equity securities

The fair value of the equity holdings held in ASX listed companies are based on the quoted market prices from the ASX on 31 December 2021, being the last traded price prior to year-end.

Note 13. Asset disposal

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

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

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

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

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

Key judgement: control and significant influence

In relation to AGC, the Group has determined it lost control of the entity on 31 December 2020. Due to the Group retaining an 11.275% minority interest, it was determined that the Group did not have control or significant influence over AGC at that date and accordingly AGC has been accounted for as an investment at fair value through other comprehensive income as disclosed in note 12.

Magmatic Resources Limited
Directors' declaration
For the Half-year ended 31 December 2021

Director's declaration

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) Complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date.
2. At the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



David Richardson
Executive Chairman

14 March 2022
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Magmatic Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Magmatic Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'Dean Just' written in a cursive, stylized script. Above the signature, the letters 'BDO' are handwritten in a simple, blocky font.

Dean Just

Director

Perth, 14 March 2022