

MAGMATIC RESOURCES

Magmatic Resources Limited

ABN 32 615 598 322

**Half Year Financial Report – For the period ended
31 December 2022**

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**Magmatic Resources Limited
Corporate Directory**

Board of Directors

David Richardson – Executive Chairman
Adam McKinnon – Managing Director
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 the trading code MAG.

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 2022.

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
Adam R McKinnon
David W Berrie
Andrew J Viner

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 \$3,802,676 (31 December 2021: \$1,347,860).

Corporate

Securities Issued

On 13 September 2022, the Company issued 8,000,000 fully paid ordinary shares upon the conversion of 8,000,000 unlisted options, exercisable at \$0.0722 and expiring 30 November 2022. The Company received \$577,600 upon the conversion of these options.

On 14 October 2022, the Company issued 3,000,000 fully paid ordinary shares upon the conversion of 3,000,000 unlisted options, exercisable at \$0.0722 and expiring 14 October 2022. The Company received \$216,600 upon the conversion of these options.

On 23 November 2022, the Company issued 30,206,000 new fully paid ordinary shares to sophisticated investors by way of a placement at a subscription price of \$0-10 per share to raise \$3,020,600.

On 25 November 2022 the Company issued 2,500,000 unlisted options exercisable at \$0.1440 and expiring 31 December 2025 under the Company's employee incentive scheme.

On 25 November 2022, the Company issued 4,000,000 unlisted options to Directors exercisable at \$0.1440 and expiring 31 December 2025, pursuant to shareholder approval received at the Company's AGM on 25 November 2022.

On 30 November 2022 the Company cancelled 8,000,000 unlisted options, exercisable at \$0.2322 expiring on 30 November 2022, which had lapsed on that date.

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 ~60km north and along strike from the Northparkes copper-gold Mining District (China Molybdenum/Sumitomo). 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.

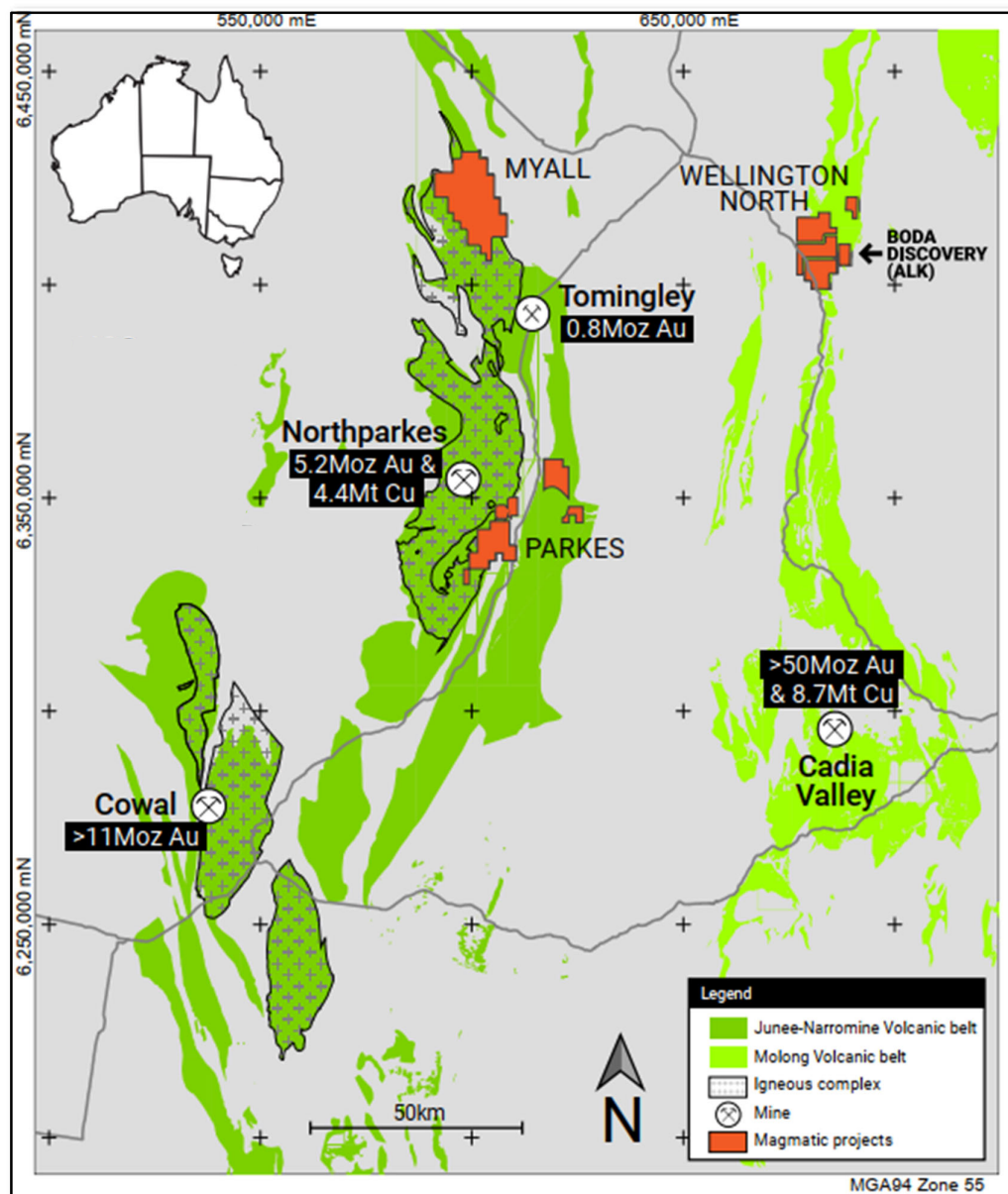


Figure 1. Regional MAG East Lachlan Project Location Map (Resources from Phillips 2017)

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

Myall Project (Copper-Gold)

Magmatic Resources Limited 100%

The Myall Copper-Gold Project covers the northern extension of the Junee-Narromine Volcanic Belt, located approximately 60 kilometres north and along strike from the China Molybdenum/Sumitomo's Northparkes Mine (**Figure 2**). The world-class Northparkes porphyry copper-gold deposits have a current combined Resource and Reserve base of **607Mt at 0.55% Cu & 0.21g/t Au** (CMOC, 2022) and Magmatic Resources is targeting similar Northparkes-style mineralisation and grades. The Myall project comprises a single exploration licence covering 245km² area, with Magmatic Resources commencing its largest ever drilling campaign at the Project in July last year.

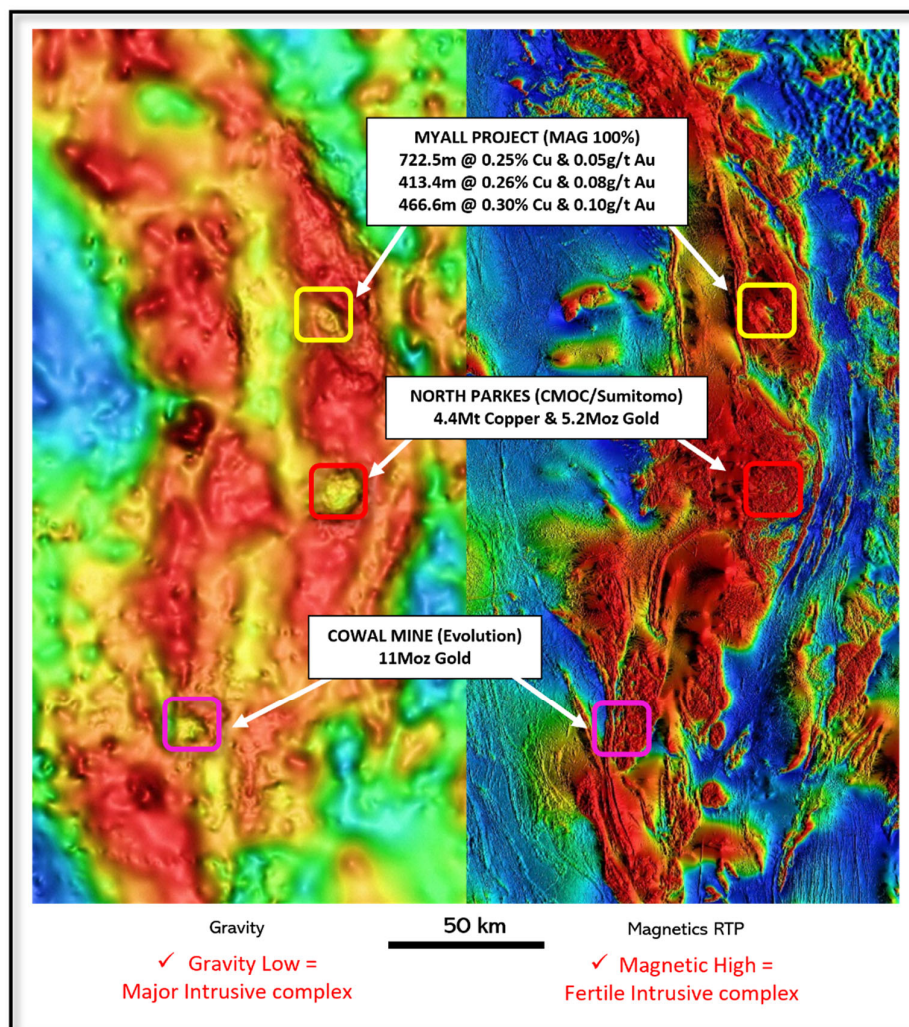


Figure 2. Regional gravity and magnetic imagery, highlighting the similarities between Myall Project and the major deposits of the Junee-Narromine Belt in the East Lachlan region. Metal endowment after Phillips (2017) and Evolution (2018).

Magmatic commenced the high impact program at the Corvette Prospect in July 2022 (ASX MAG 28 July 2022), where previous drilling completed in 2003 had established the presence of encouraging porphyry-associated copper/gold mineralisation. A total of eight consecutive diamond holes (totalling more than 6,000 metres) were completed during the period. Every hole drilled to date has intersected mineralisation, with some exceptionally wide intervals containing copper, gold and molybdenum

Magmatic Resources Limited
Directors' report
31 December 2022

returned from the Corvette Prospect: (ASX MAG 10 October 2022, 7 & 29 November 2022, 30 January 2023, 22 February 2023, **Figures 3 & 4**):

22MYDD415	722.5 metres at 0.25% Cu, 0.05g/t Au, 0.7g/t Ag & 14ppm Mo from 134.5m (base of cover), <i>including 151.5 metres at 0.37% Cu, 0.08g/t Au, 0.7g/t Ag & 43ppm Mo from 134.5m and 240.0 metres at 0.36% Cu, 0.07g/t Au, 1.1g/t Ag & 3ppm Mo from 499m including 111.0 metres at 0.55% Cu, 0.10g/t Au, 1.8g/t Ag & 5ppm Mo from 499m</i>
22MYDD416	413.4 metres at 0.26% Cu, 0.08g/t Au, 0.6g/t Ag & 21ppm Mo from 137.6m (base of cover), <i>including 207.4 metres at 0.36% Cu, 0.09g/t Au, 0.7g/t Ag & 39ppm Mo from 137.6m including 94.0 metres at 0.42% Cu, 0.14g/t Au, 0.8g/t Ag & 42ppm Mo from 230m</i>
22MYDD417	466.6 metres at 0.30% Cu, 0.07g/t Au, 0.7g/t Ag & 12ppm Mo from 134.4m (base of cover), <i>including 117.0 metres at 0.55% Cu, 0.12g/t Au, 1.1g/t Ag & 33ppm Mo from 137m and 100.0 metres at 0.39% Cu, 0.11g/t Au, 1.0g/t Ag & 2ppm Mo from 483m</i>
22MYDD418	165.7 metres at 0.32% Cu, 0.05g/t Au, 0.8g/t Ag & 17ppm Mo from 134.3m (base of cover) <i>including 70.7 metres at 0.51% Cu, 0.10g/t Au, 1.2g/t Ag & 24ppm Mo from 134.3m</i>
22MYDD420	104.0 metres at 0.22% Cu, 0.10g/t Au, 0.8g/t Ag & 13ppm Mo from 151m <i>including 14.0 metres at 0.52% Cu, 0.24g/t Au, 3.0g/t Ag & 5ppm Mo from 199m</i>
22MYDD421	168.0 metres at 0.18% Cu, 0.02g/t Au & 28ppm Mo from 146m <i>including 12 metres at 0.45% Cu, 0.08g/t Au & 302ppm Mo from 146m (high Mo zone) 11 metres at 0.30% Cu, 0.55g/t Au & 4ppm Mo from 460m (high Au zone) 70.6 metres at 0.36% Cu, 0.07g/t Au & 4ppm Mo from 538.1m 51.0 metres at 0.46% Cu & 0.33g/t Au from 797m (high Au zone)</i>

The Company has also received partial results for 23MYDD422 - the first drill hole completed for the March 2023 quarter - located approximately 105 metres north of 22MYDD416 (**Figure 3**). Highly variable, weak to moderate intensity visible sulphide mineralisation was observed over an interval of more than 950 metres in this hole, extending from the base of cover at 146.8 metres to 1,104 metres down hole. This hole returned the strongest mineralised intercept to date from the Corvette Prospect:

23MYDD422	355.2 metres at 0.38% Cu, 0.09g/t Au, 0.9g/t Ag & 5ppm Mo from 146.8m (base of cover) <i>including 241.0 metres at 0.45% Cu, 0.11g/t Au, 1.0g/t Ag & 7ppm Mo from 261m including 26 metres at 0.60% Cu, 0.44g/t Au, 1.4g/t Ag & 2ppm Mo from 316m (high Au zone) and 95 metres at 0.55% Cu, 0.07g/t Au, 1.1g/t Ag & 10ppm Mo from 375m</i>
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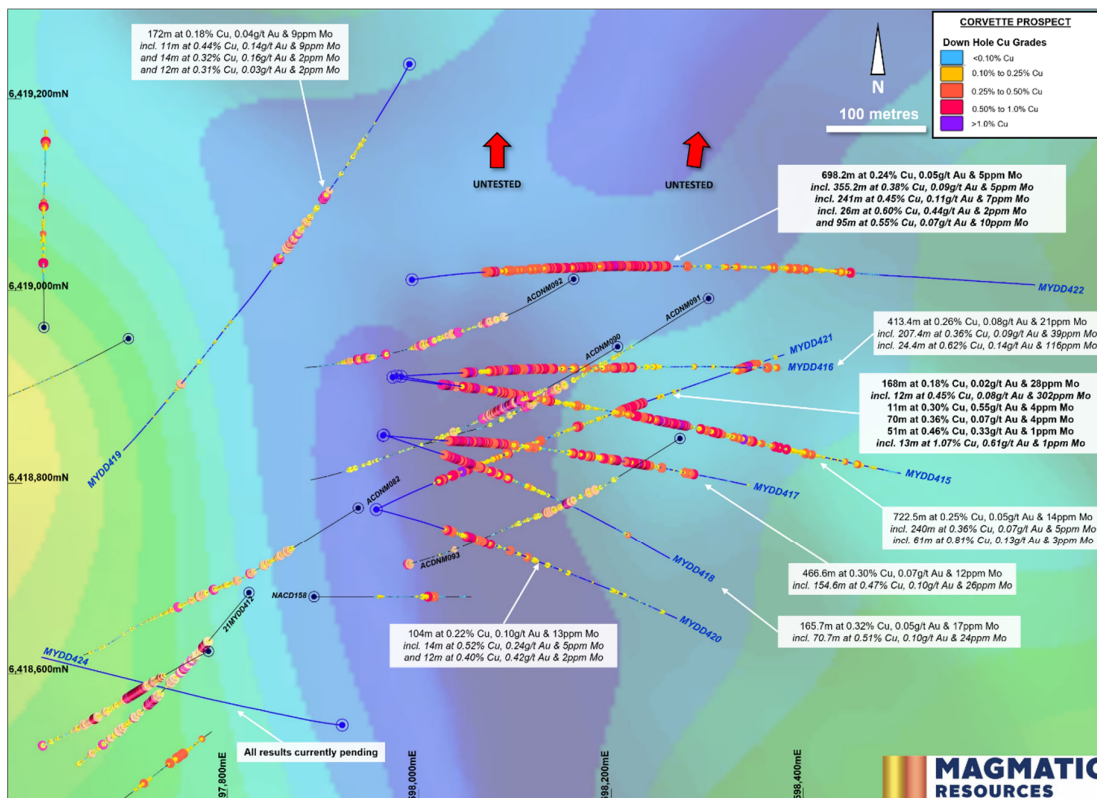


Figure 3. Plan of the Corvette Prospect over airborne magnetics (RTP) showing previous and recent diamond drilling with down hole copper mineralisation, along with visual sulphide intersections for 23MYDD422 (ASX MAG 22 February 2023). Vertical air core holes <math>< 150</math> metres depth are omitted for clarity.



Figure 4. HQ diamond core from Corvette diamond hole 22MYDD421 at 817.5 metres, highlighting the abundance of early quartz veins with a centre-line of sulphides (also known as B-veins) crosscut by later epidote-chalcopyrite veins. This mineralisation forms part of a zone that grades 13 metres at 1.07% Cu & 0.61g/t Au (ASX MAG 30 January 2023).

The recent assay results have pushed the known copper and gold mineralisation significantly further to the south and north, particularly in the relatively shallow zone immediately below the cover (Figure 5). The mineralised footprint at Corvette now extends for nearly 350 metres in a north-south trend, remaining open or untested in multiple directions.

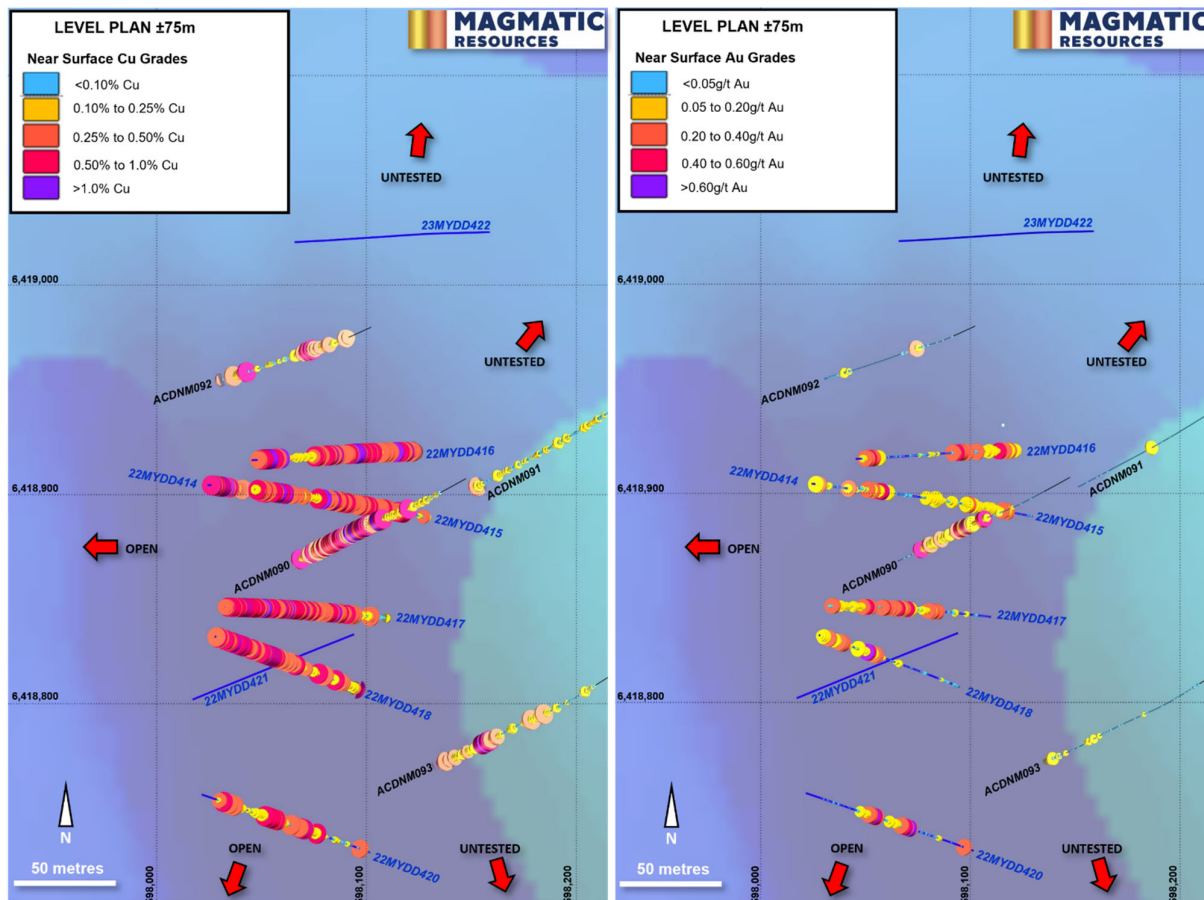


Figure 5. Level plan (35mRL) at the Corvette Prospect over airborne magnetics (RTP) showing drilling data in the 150 metres immediately below the base of cover (ASX MAG 30 January 2023). Down hole copper is displayed on the left and down hole gold on the right. Vertical air core holes <150 metres depth are omitted for clarity.

The strong prospectivity of the broader Corvette-Kingswood system has also been highlighted by encouraging results from 22MYDD419 (ASX MAG 30 January 2023), drilled several hundred metres northwest of Corvette (Figures 3 & 6):

22MYDD419 **172 metres at 0.18% Cu, 0.04g/t Au, 0.5g/t Ag & 9ppm Mo** from 289m
including 11.0 metres at 0.44% Cu, 0.14g/t Au, 0.8g/t & 9ppm Mo from 299m
and 19.3 metres at 0.32% Cu, 0.16g/t Au, 1.1g/t Ag & 2ppm Mo from 401m
and 14.0 metres at 0.31% Cu, 0.03g/t Au, 0.8g/t Ag & 2ppm Mo from 466m

The results from 22MYDD419 are comparable to a number of the intervals in the historic drill holes at Corvette, suggesting the alteration and mineralisation system at Myall is potentially very large in scale. The area to the north of this hole is currently untested, nor is the zone between the Kingswood Prospect and 22MYDD419 (and immediately west of Corvette, see Figure 6).

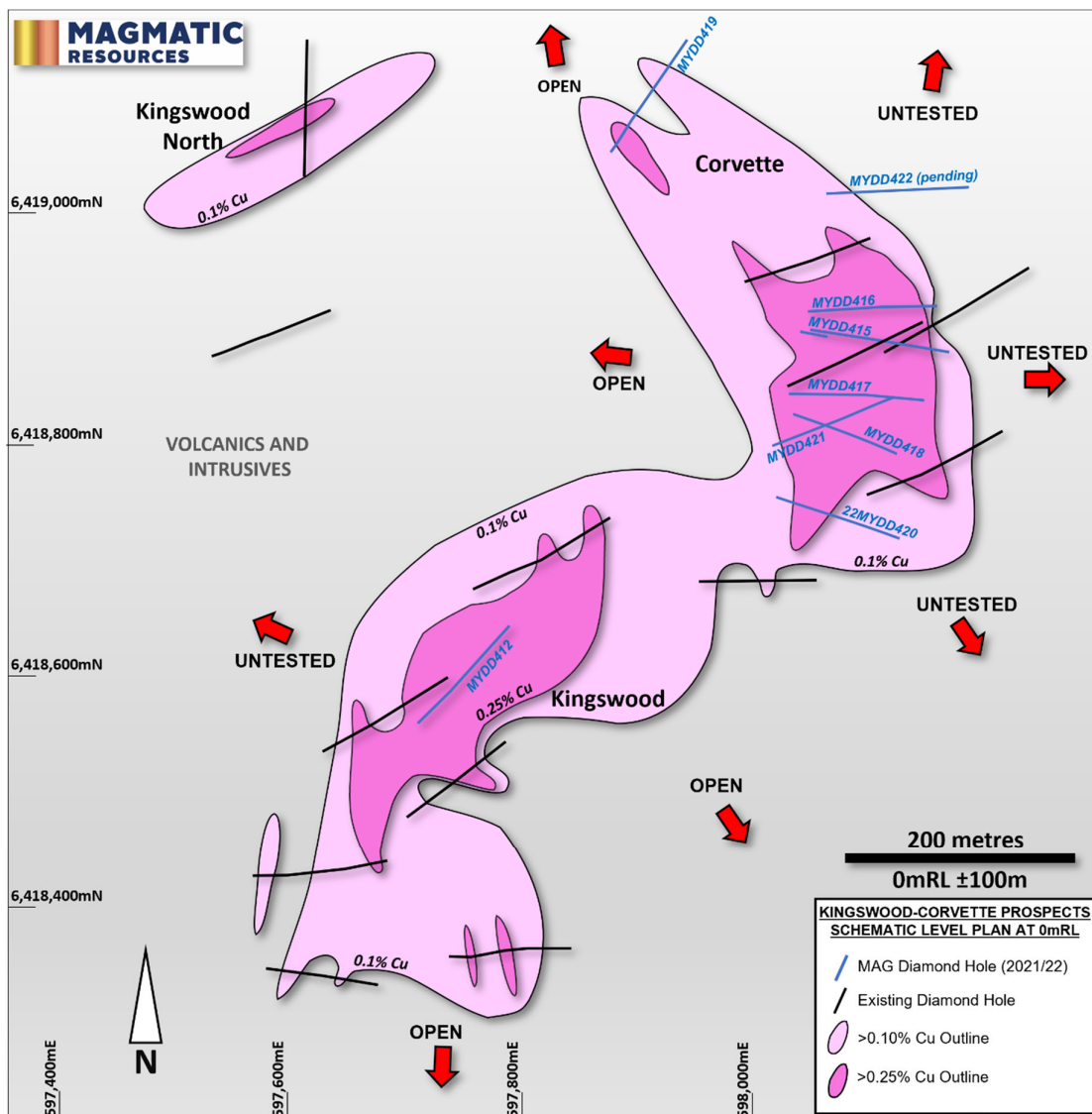


Figure 6. Schematic level plan of the 200 metres immediately below the base of cover in the Kingswood-Corvette area, showing the lateral extent of copper mineralisation defined by previous (black) and Magmatic (blue) diamond holes in the Kingswood-Corvette corridor.

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 immediately adjacent to Alkane's recent Boda porphyry gold-copper discovery (ASX:ALK).

The Wellington North Project includes the historic Bodangora Gold Field, where 230,000 ounces at ~26g/t Au were produced between 1869-1917 (ASX MAG 17 May 2017) alongside an extensive portfolio of both Boda-style porphyry gold-copper and Bodangora-style high grade gold targets (Figure 7).

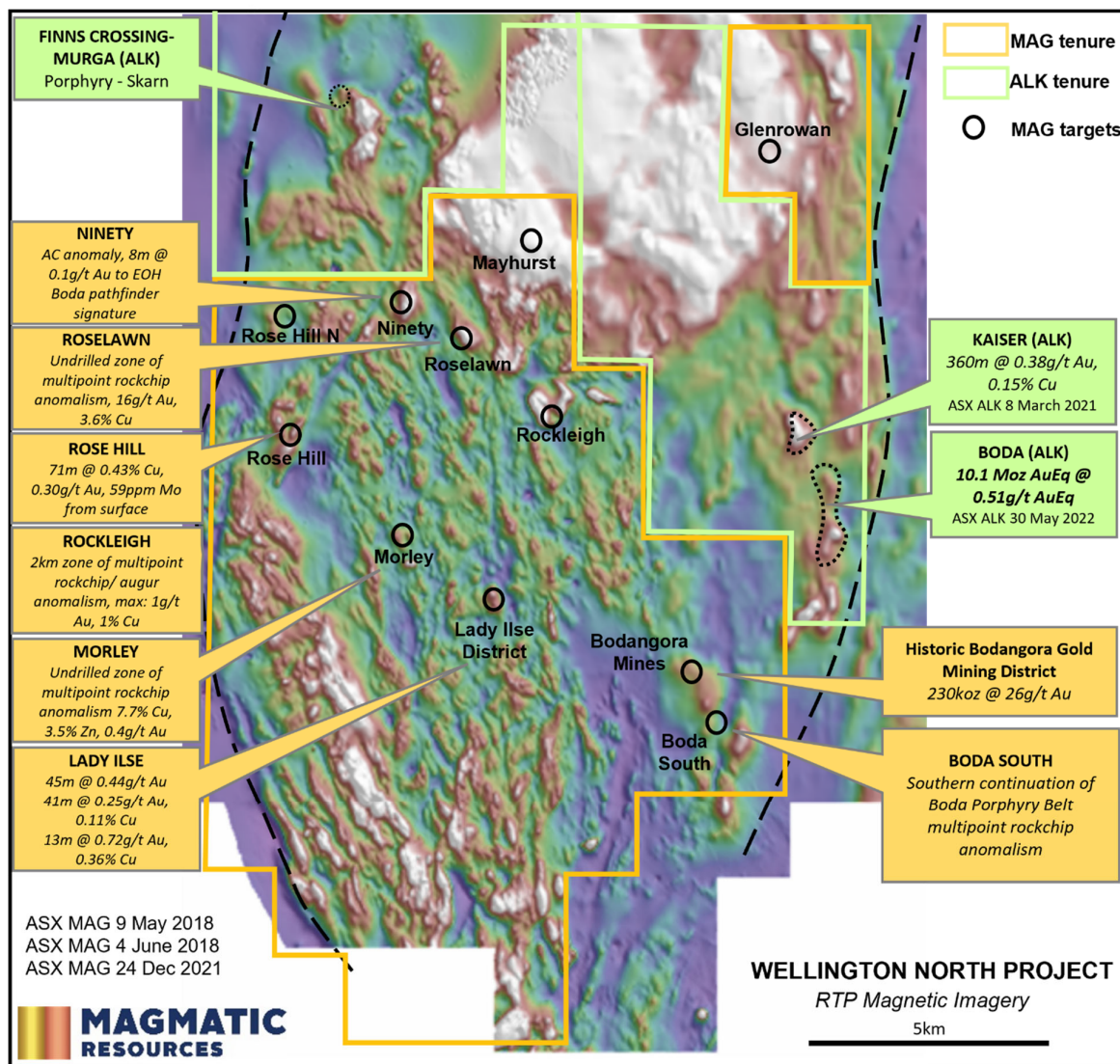


Figure 7. Aeromagnetic imagery (RTP) showing the Magmatic's target portfolio in the Wellington North Project area and highlighting the proximity to the 10.1Moz AuEq Boda discovery (ASX ALK 30 May 2022).

During the June quarter 2022 Magmatic Resources continued with intensive exploration at the historic Bodangora Goldfield, located only kilometres southwest of Alkane's 10.1Moz AuEq Boda discovery (ASX ALK 30 May 2022). Following on from earlier drilling at the nearby Mitchells Creek Mine (ASX MAG 25 March 2022), the Company completed five diamond holes totaling 714 metres at Dicks Reward, targeting extensions along strike to the northwest and southeast of the historic workings. Final assays for the Dicks Reward program were announced to the ASX in early in the period (ASX MAG 8 July 2022), including strong mineralisation on the northwestern side of the deposit (**Figure 8**). Standout intercepts from the program included **1.7 metres at 12.9g/t Au & 8g/t Ag** from 65.5m in hole 22BNDD023 and **0.35 metres at 10.7g/t Au & 12g/t Ag** in hole 22BNDD024.

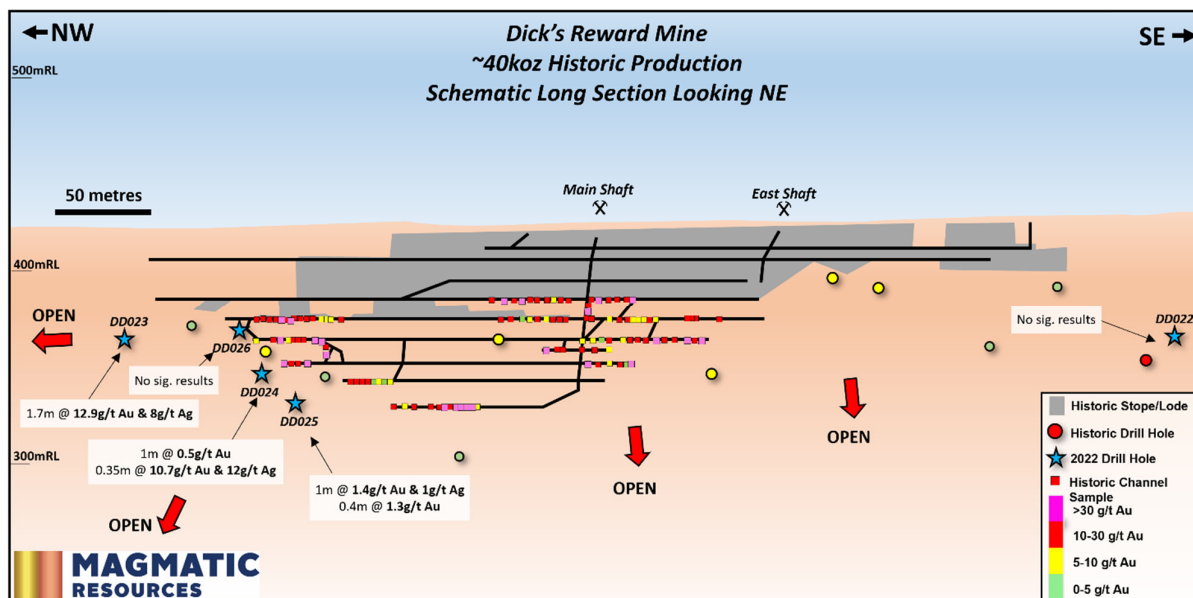


Figure 8. Schematic long section looking northeast showing the historic workings at the Dicks Reward mine in the Bodangora Goldfield with results from recent diamond drilling (ASX MAG 8 July 2022).

The Company was particularly encouraged by the results in hole 22BNDD023 (**1.7 metres at 12.9g/t Au**), which indicates that shallow, high grade mineralisation remains open to the northwest of the Dicks Reward workings (**Figure 8**). Further supporting the potential along strike, air core geochemical drilling (ASX MAG 8 June 2022) highlighted a shallow, single point gold anomaly in a similar position around 80 metres west of 22BNDD023.

The Company is reviewing the geological data collected from this program and the air core geochemical survey completed earlier in the year. Further work on the project will focus on extensions to the existing workings (particularly Dicks Reward) and the potential for high grade repeat lodes in the broader Bodangora region.

Parkes Project (Gold)

Magmatic Resources Ltd 100%

The Parkes Project comprises two exploration licences located within the Parkes Fault Zone, approximately 25 kilometres south from Alkane's Tomingley Gold Operations and recently defined resources at Roswell of 904,000oz of gold and 406,000oz of gold at San Antonio (ASX ALK 2 May 2022). 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)

Approximately 130 line-kilometres of a planned high resolution ground magnetics (GMAG) program was surveyed during the June Quarter of 2022 at the Stockmans target, with completion of the full survey delayed due to heavy rainfall, contractor availability and the extended drilling activities at Myall. The remaining GMAG data collection is yet to be completed and will be finalised in the future when ground access conditions allow.

Magmatic Tenure

Table 1: Tenement listing as at 31 December 2022. Note all tenements are held by Modeling Resources Pty Ltd which is a 100% owned subsidiary of Magmatic Resources Limited.

State	Project	Lease No	Lease name	Status	Holder	Magmatic interest	Area (km ²)	Expiry
NSW	Myall	EL6913	Myall	Granted	Modeling Resources	100%	243.7	18/10/2026
NSW	Parkes	EL7424	Alectown	Granted	Modeling Resources	100%	56.0	30/11/2026
NSW	Parkes	EL7676	Parkes East	Granted	Modeling Resources	100%	95.0	11/11/2027
NSW	Wellington North	EL6178	Duke	Granted	Modeling Resources	100%	113.0	19/1/2027
NSW	Wellington North	EL7440	Bodangora	Granted	Modeling Resources	100%	17.4	8/1/2027
NSW	Wellington North	EL8357	Combo	Granted	Modeling Resources	100%	46.4	8/4/2027

The

References

- Alkane, 2021., Reserve and Resource Statement 2021, ASX release dated 7 September 2021
- CMOC, 2022. Northparkes Mining and Technical Information. <http://www.northparkes.com/news/>
- 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 2022 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 4 January 2023, the Company issued 2,800,000 new fully paid ordinary shares to investors who subscribed, at a subscription price of \$0-10 per share, for the securities offered under the share purchase plan announced on 16 November 2022 to raise \$280,000.

On 19 January 2023, the Company issued 7,200,000 new fully paid ordinary shares to an investor who subscribed, at a subscription price of \$0-10 per share, for the securities offered under the share purchase plan announced on 16 November 2022 to raise \$720,000.

On 1 February 2023 the Company cancelled 2,800,000 unlisted options, exercisable at \$0.5772 expiring on 31 January 2023, which had lapsed on that date.

On 1 February 2023 the Company cancelled 5,700,000 unlisted options, exercisable at \$0.3352 expiring on 31 January 2023, which had lapsed on that date.

On 13 February 2023 the Company cancelled 2,000,000 unlisted options, exercisable at \$0.5262 expiring on 12 February 2023, which had lapsed on that date.

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 8,000,000 ordinary shares of the Company issued on the exercise of options during the period ended 31 December 2022 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

08 March 2023
Perth, Western Australia

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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 2022, 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
8 March 2023

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Magmatic Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Other income	3	81,204	34,357
Expenses			
Corporate and administrative expenses	4	(588,258)	(472,531)
Share based payment expense	5	(335,820)	174,438
Exploration and evaluation expenses	4	(2,903,166)	(857,176)
Finance expenses		(259)	(1,444)
Profit / (Loss) before income tax expense		(3,746,299)	(1,122,356)
Income tax expense		-	-
Profit / (Loss) after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		(3,746,299)	(1,122,356)
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	6	(56,377)	(225,504)
Profit / (Loss) after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		(3,802,676)	(1,347,860)
		Cents	Cents
Basic profit / (loss) per share		(1.29)	(0.53)
Diluted profit / (loss) per share		(1.29)	(0.53)

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 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		5,315,707	5,018,580
Trade and other receivables		240,053	116,948
Total current assets		<u>5,555,760</u>	<u>5,135,528</u>
Non-current assets			
Security bonds		122,300	74,300
Property, plant & equipment		124,717	134,986
Exploration and evaluation assets		1,368,350	1,368,350
Right-of-use assets		-	21,529
Financial assets held at fair value through other comprehensive income	6	338,254	394,631
Total non-current assets		<u>1,953,621</u>	<u>1,993,796</u>
Total assets		<u>7,509,382</u>	<u>7,129,324</u>
Liabilities			
Current liabilities			
Trade and other payables		610,974	375,016
Lease Liabilities		-	22,608
Total current liabilities		<u>610,974</u>	<u>397,624</u>
Total liabilities		<u>610,974</u>	<u>397,624</u>
Net assets		<u>6,898,408</u>	<u>6,731,700</u>
Equity			
Issued capital	7	20,728,407	17,094,843
Reserves	8	4,759,699	4,480,256
Accumulated losses		<u>(18,589,698)</u>	<u>(14,843,399)</u>
Total equity		<u>6,898,408</u>	<u>6,731,700</u>

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

Magmatic Resources Limited
Consolidated Statement of Cash Flows
For the Half-year ended 31 December 2022

	31 Dec 2022	31 Dec 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers and contract discontinuance fees received	32,648	21,755
Payments to suppliers and consultants	(560,277)	(461,967)
Payments for exploration expenditure	(2,781,955)	(1,318,042)
Interest (paid) / received	54,470	9,167
	<u>(3,255,114)</u>	<u>(1,749,086)</u>
Net cash (outflow) from operating activities		
Cash flows from investing activities		
Payments of tenement security deposits	(48,000)	-
Payments for property, plant and equipment	(10,715)	(6,927)
	<u>(58,715)</u>	<u>(6,927)</u>
Net cash (outflow) from investing activities		
Cash flows from financing activities		
Repayment of lease liabilities	(22,608)	(23,345)
Proceeds from issue of shares net of capital raising costs	3,633,564	2,514,561
Net cash inflow from financing activities	<u>3,610,956</u>	<u>2,491,216</u>
Net increase in cash and cash equivalents	297,127	735,202
Cash and cash equivalents at the beginning of period	<u>5,018,580</u>	<u>6,122,271</u>
Cash and cash equivalents at the end of the period	<u>5,315,707</u>	<u>6,857,473</u>

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2022

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 2022 were authorised for issue in accordance with a resolution of Directors on 8 March 2023.

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 2022 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 2022 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 2022.

(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.

(c) Critical accounting estimates and judgements

Classification of the investment in Australian Gold And Copper

The Group have classified the investment as a financial instrument held at fair value through other comprehensive income. Significant influence is the power to participate in financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence unless such influence can be clearly demonstrated. The Group have determined that they do not have significant influence over AGC for the following reasons:

- The Group holds significantly less than 20% interest in AGC
- Whilst two of the Directors from Magmatic sit on the board of AGC, they do not do so as representatives of Magmatic and do so independently, therefore Magmatic does not participate in the financial and operating policies of AGC
- There is no material transactions between Magmatic and AGC
- There is no interchange of managerial personnel between Magmatic and AGC
- There is no provision of essential technical information.

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2022

Note 3. Other income

	Half-year 31 December 2022 \$	Half-year 31 December 2021 \$
<i>Other income</i>		
Interest	54,729	10,611
Office sublease and shared services income	26,475	23,746
	81,204	34,357

Note 4. Expenses

	Half-year 31 December 2022 \$	Half-year 31 December 2021 \$
<i>Corporate and administration expenses</i>		
Consulting Fees	-	25,000
Depreciation	20,984	12,724
Right of Use Assets Amortisation	21,529	23,423
Directors and Company Secretarial Fees	110,850	79,343
Employee Expenses	215,110	157,330
Investor Relations	10,322	20,233
Legal Fees	7,621	35,815
Travel	39,759	6,143
Rental Expenses	18,135	15,295
Other	143,948	97,225
	588,258	472,531
<i>Share based payment expense</i>		
Employee options expense	273,887	140,698
Director options expense	61,933	45,247
Previously expensed employee options expense reversal after options lapsed	-	(360,383)
	335,820	(174,438)
<i>Exploration and evaluation expenses</i>		
Exploration expenses incurred	2,903,166	857,176
Net exploration and evaluation expense	2,903,166	857,176
Finance costs	259	1,444
	3,827,503	1,156,713

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2022

	Half-year 31 December 2022	Half-year 31 December 2021
Note 5. Share based payment expenses		
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	9,961
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	5,141
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)
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.	10,248	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.	51,609	8,975
10,000,000 \$0.1002 options expiring on 31 May 2025 with a Black Scholes valuation of \$599,684 were issued in accordance with the Company's employee ownership plan on 27 May 2022 to a Director of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	94,068	-
4,000,000 \$0.1440 options expiring on 31 December 2025 with a Black Scholes valuation* of \$124,491 were issued in accordance with the Company's employee ownership plan on 25 November 2022 to Directors of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	3,959	-
500,000 \$0.1440 options expiring on 31 December 2025 with a Black Scholes valuation* of \$15,561 were issued in accordance with the Company's employee ownership plan on 25 November 2022 to the Company Secretary of the Company which vest progressively throughout the period during which they can be exercised but lapse if their employment is terminated.	495	-
2,000,000 \$0.1440 options expiring on 31 December 2025 with a Black Scholes valuation* of \$62,246 were issued in accordance with the Company's employee ownership plan on 25 November 2022 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.	1,980	-
	335,820	(174,438)

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2022

**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	6.45	14.4	100	3.1	0.00	3.275	3.11
Company Secretary	6.45	14.4	100	3.1	0.00	3.275	3.11
Directors	6.45	14.4	100	3.1	0.00	3.275	3.11

Note 6. Investments

	31 December 2022	30 June 2022
	\$	\$
5,637,594 ordinary shares in Australian Gold and Copper Limited*	338,254	394,631
	338,254	394,631

*These shares were valued at their closing market price.

Note 7. Equity - issued capital

	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	295,692,798	254,486,798	20,728,407	17,094,843

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

	Shares	\$
Balance at the beginning of period	254,486,798	17,094,843
13 September 2022 – \$0-0722 options expiring 30 November 2022 exercised	8,000,000	577,600
14 October 2022 – \$0-0722 options expiring 14 October 2022 exercised	3,000,000	216,600
23 November 2022 – placement at a \$0-10 per share subscription price	30,206,000	3,020,600
23 November 2022 – placement capital raising costs	-	(181,236)
Balance at 31 December 2022	295,692,798	20,728,407

Note 8. Equity - reserves

	31 December 2022	30 June 2022
	\$	\$
Capital restructure reserve	250	250
Share based payments reserve	1,083,478	1,083,478
Options based payments reserve	4,465,236	4,129,416
Fair Value Other Comprehensive Income ("FVOCI") Reserve	(789,265)	(732,888)
Total reserves	4,759,699	4,480,256

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 2022 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 4 January 2023, the Company issued 2,800,000 new fully paid ordinary shares to investors who subscribed, at a subscription price of \$0-10 per share, for the securities offered under the share purchase plan announced on 16 November 2022 to raise \$280,000.

On 19 January 2023, the Company issued 7,200,000 new fully paid ordinary shares to an investor who subscribed, at a subscription price of \$0-10 per share, for the securities offered under the share purchase plan announced on 16 November 2022 to raise \$720,000.

On 1 February 2023 the Company cancelled 2,800,000 unlisted options, exercisable at \$0.5772 expiring on 31 January 2023, which had lapsed on that date.

On 1 February 2023 the Company cancelled 5,700,000 unlisted options, exercisable at \$0.3352 expiring on 31 January 2023, which had lapsed on that date.

On 13 February 2023 the Company cancelled 2,000,000 unlisted options, exercisable at \$0.5262 expiring on 12 February 2023, which had lapsed on that date.

Note 11. Related party transactions

The following options, valued in accordance with Note 5 above, were issued to the following key management personnel and directors during the period:

David Richardson	2,000,000 options with an exercise price of 14.4 cents, expiring on 31 December 2025
David Berrie	1,000,000 options with an exercise price of 14.4 cents, expiring on 31 December 2025
Andrew Viner	1,000,000 options with an exercise price of 14.4 cents, expiring on 31 December 2025
Michael Franklin	500,000 options with an exercise price of 14.4 cents, expiring on 31 December 2025

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2022

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 2022 on a recurring basis (30 June 2022: \$394,631):

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 December 2022				
5,637,594 ordinary shares in Australian Gold and Copper Limited [ASX:AGC]	338,254	-	-	338,254

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 of 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 2022, being the last traded price prior to year-end.

Magmatic Resources Limited
Directors' declaration
For the Half-year ended 31 December 2022

Directors' 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 2022 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

8 March 2023
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 subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 2022 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 2022 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



Dean Just

Director

Perth

8 March 2023

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