

MAGMATIC RESOURCES

Magmatic Resources Limited

ABN 32 615 598 322

**Half Year Financial Report – For the period ended
31 December 2020**

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**Magmatic Resources Limited
Corporate Directory**

Board of Directors

David Richardson – Executive Chairman
Peter Duerden – Managing Director
David Berrie – Non-executive Director and joint Company Secretary

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
38 Station Street
Subiaco WA 6008

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 2020.

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
David N Flanagan (resigned 4 February 2021)
David W Berrie

Company Secretary

Andrea Betti (appointed 26 October 2020)
David W Berrie
Anthony M Walsh (resigned 26 October 2020)

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 profit for the period for the Group after providing for income tax amounted to \$3,875,172 (31 December 2019: \$2,299,417 loss).

Review of operations

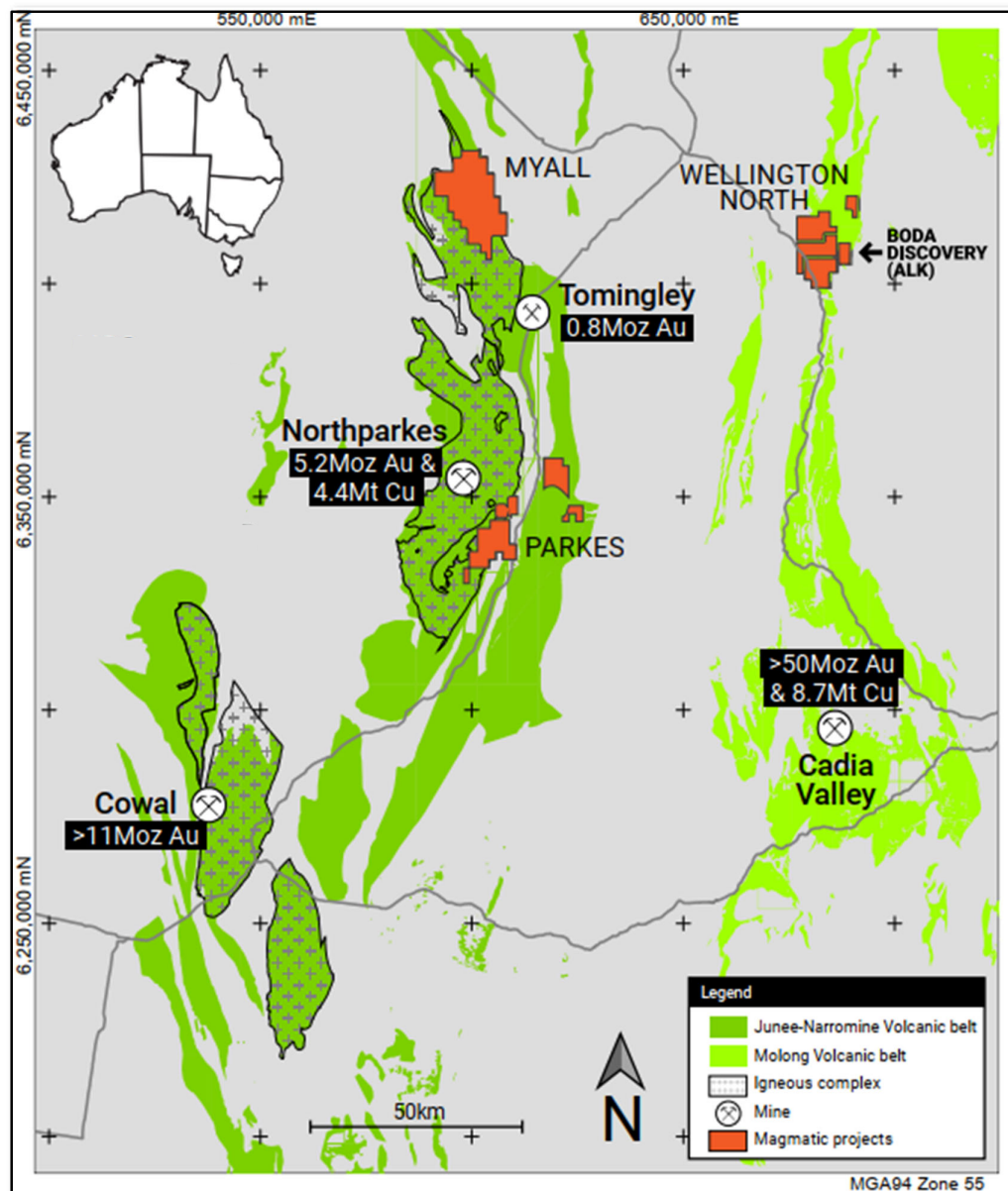
Magmatic Resources Ltd (ASX: MAG) is a New South Wales-focused gold and copper explorer that listed on the ASX in May 2017.

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). 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 recent Boda porphyry discovery by Alkane Resources Ltd (ASX ALK 9 September 2019) has highlighted the value of Magmatic's dominant surrounding tenure position in the northern Molong Belt, in what is emerging as a significant gold porphyry discovery hotspot. The Boda discovery has highlighted the surface signature of porphyry mineralisation in the area and has significantly upgraded Magmatic's target portfolio for Boda-style and Cadia East-style porphyry gold-copper mineralisation.

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



MAG East Lachlan Project Location Map (Resources from Phillips 2017)

Refocus on its East Lachlan projects

Magmatic has demerged its central Lachlan Moorefield Project and via its wholly owned subsidiary, Australian Gold and Copper Limited (AGC), with the entities entering into a binding term sheet (Term Sheet) to purchase two Central Lachlan gold/polymetallic projects from New South Resources Pty Ltd (NSR) (ASX MAG 4 November 2020).

Upon completion of the de-merger, Magmatic retained exposure to these projects as a major shareholder of AGC whilst allowing the company to focus on its East Lachlan gold and gold-copper porphyry projects.

Australian Gold and Copper Demerger and IPO

The Australian Gold and Copper Ltd (ASX code: AGC) IPO closed on 18 December 2020 and raised its maximum subscription of \$10,000,000 with the issue of 50,000,000 shares at an issue price of \$0.20 per share.

Subsequent to the end of the reporting period, on Wednesday, 20 January 2021, AGC was admitted to the official list of ASX (ASX MAG 20 January 2021).

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 ~110km north and along strike from Newcrest's world-class Cadia Valley porphyry gold-copper deposits and surrounding Alkane Resources' recent Boda porphyry discovery (ASX ALK 9 September 2019).

The recent Boda gold-copper porphyry discovery by Alkane Resources Ltd (ASX ALK 9 September 2019) has highlighted the value of Magmatic's dominant surrounding tenure position in the northern Molong Belt, in what is emerging as a significant gold-copper porphyry discovery hotspot. The Boda discovery has highlighted the surface signature of porphyry mineralisation in the area, as described in ASX ALK 15 August 2017 and has significantly upgraded Magmatic's target portfolio for Boda-style gold-copper porphyry mineralisation (Lady Ilse District, Boda North, Boda South, Rose Hill, Ninety, Rockleigh, Mayhurst and Mayhurst East).

Lady Ilse Drilling Activity (ASX MAG 19 October 2020, 23 December 2020)

Recent drilling activity was designed to test the along strike extents of the main Lady Ilse target zone.

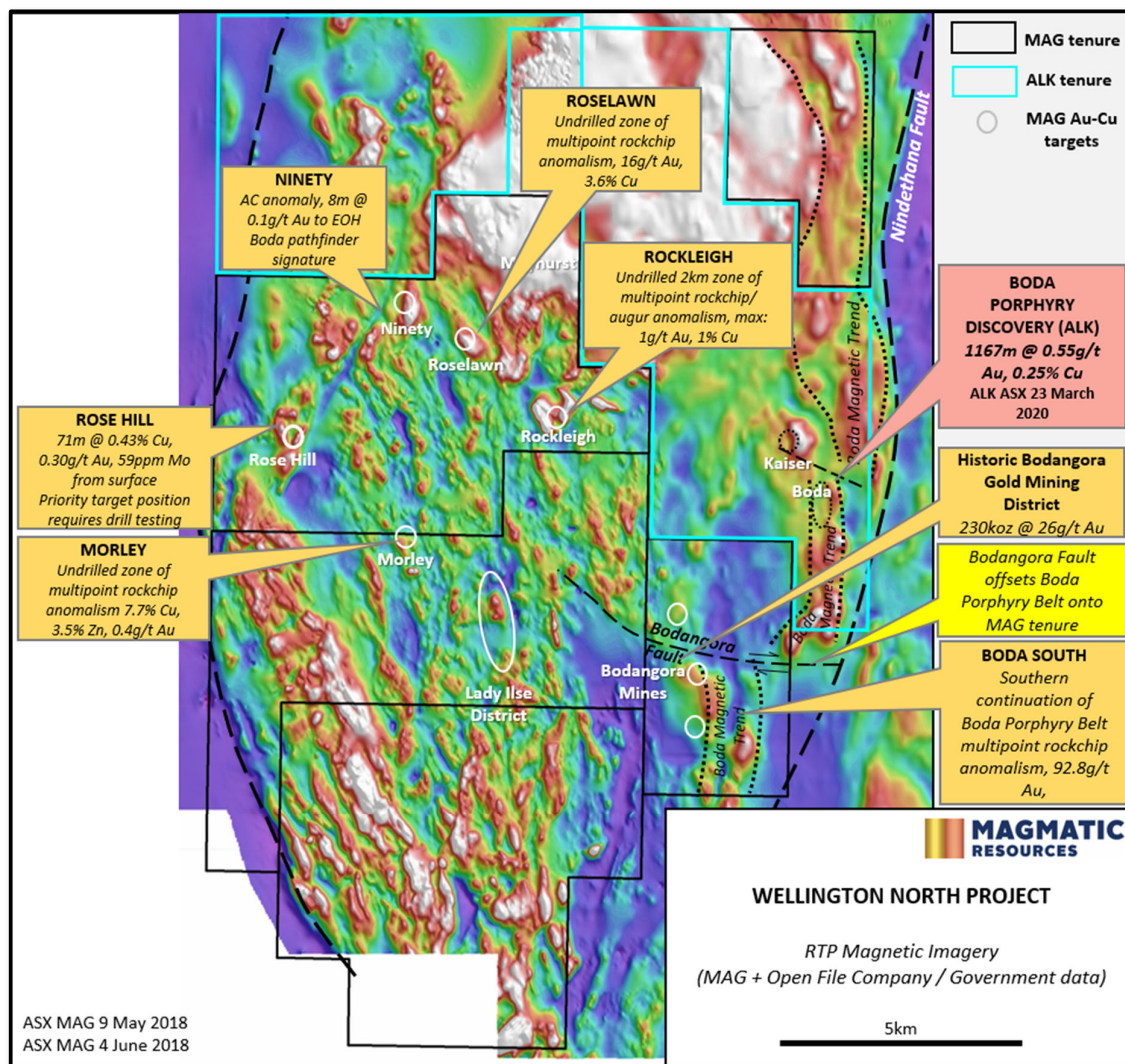
Ground magnetic surveying identified a priority southern porphyry target zone, coincident with wide zones of gold and porphyry pathfinder anomalism (67m @ 0.22g/t Au and 54m @ 0.18g/t Au, 20LIRC005, ASX MAG 10 September 2020).

The southern target was drill tested by drill hole 20LIDD015, which intersected multiple sulfide-rich zones associated with variably chlorite-epidote-hematite-albite porphyry altered basaltic volcanoclastics. Results received indicate broad zones of gold and porphyry pathfinder anomalism consistent with the periphery of a Boda-style porphyry system, including 45m @ 0.44g/t Au from 452m, 18m @ 0.48g/t Au from 357m, 51.8m @ 0.14g/t Au from 295.2m, 29m @ 0.19g/t Au from 192m (ASX MAG 24 December 2020).

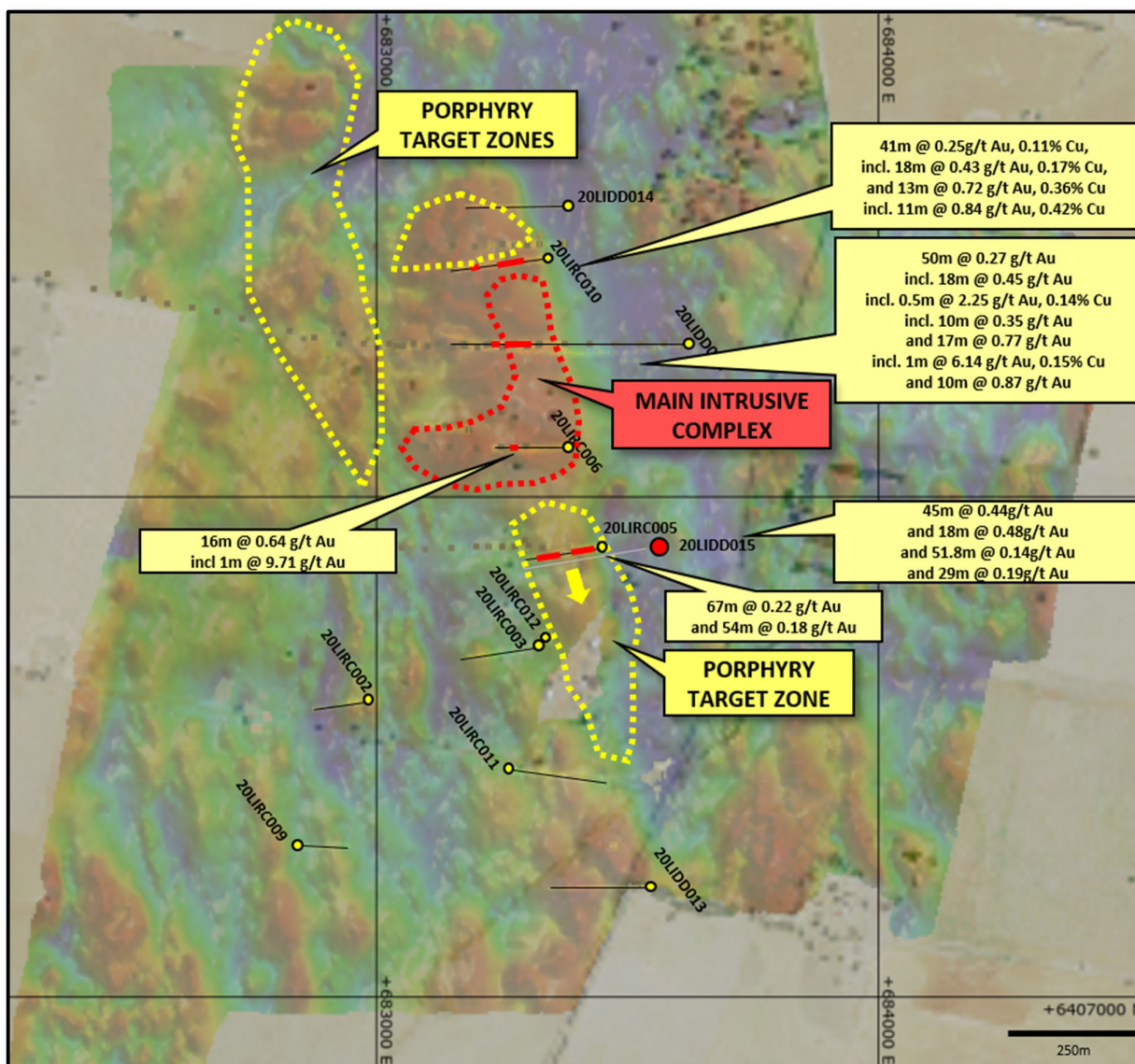
Lady Ilse Ground Magnetism (ASX MAG 19 October 2020)

Recent ground magnetic surveying has produced high resolution imagery aiding interpretation of the Lady Ilse District. Surveying activity involved 90 lines totalling 133 kilometres (ASX MAG 19 October 2020).

The magnetic survey results identified porphyry target zones, outboard from a main intrusive complex, consistent with the setting of mineralisation at major East Lachlan porphyry systems, including the Cadia East and Ridgeway gold-copper porphyry deposits at Cadia Valley.



Wellington North Project: Aeromagnetic imagery, RTP (Magmatic and Open File Company/Government) showing northern Molong Belt porphyry target portfolio, Wellington North Project, highlighting Boda Au-Cu Porphyry Discovery (ALK), extensions to the Boda Porphyry Belt (ASX MAG 17 May 2017, ASX MAG 9 May 2018, ASX MAG 4 June 2018)



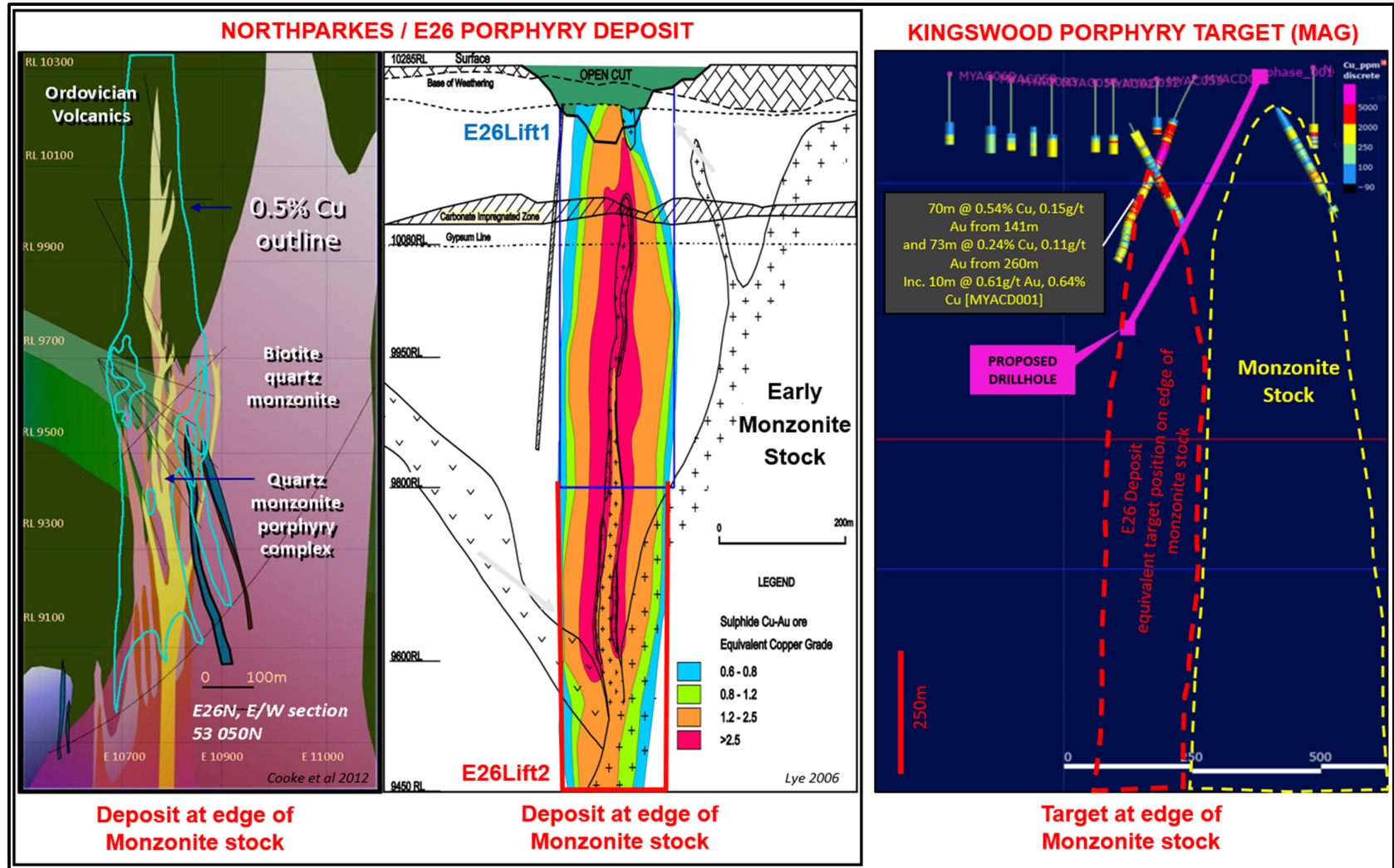
Lady Ilse District Summary Map, RTP ground magnetic imagery, showing target zones around main monzonite/intrusive complex, drilling coverage

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 porphyry mines (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.

Leveraging the ongoing encouraging work conducted by Magmatic's exploration team (ASX MAG 31 January 2019), recent 3D modelling and comparisons with the Northparkes Porphyry Mining District highlight a priority copper-gold porphyry discovery opportunity at the Kingswood target.



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

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Review of the Myall datasets indicates that the Kingswood target shows the dimensions, alteration, host rocks and intrusive margin setting consistent with the Northparkes E26 Porphyry Mine (China Molybdenum/Sumitomo) with an existing open zone of porphyry mineralisation providing a compelling drill target.

Subsequent to the end of the period, in early January 2021, drilling commenced at the Kingswood copper-gold target (ASX MAG 12 January 2021).

Parkes Project (Gold)

Magmatic Resources Ltd 100%

The Parkes Project is located within the Parkes Fault Zone, located along strike from Alkane's recently defined Inferred Mineral Resources at Roswell, 445koz (ASX ALK 28/2/2020) and San Antonio, 453koz (ASX ALK 20/4/2020) and is considered prospective for orogenic-style gold mineralisation.

Exploration activities included data review and preparation for future exploration activity.

Moorefield Project (Gold-Copper-Zinc)

Australian Gold and Copper Ltd 100%

As a condition precedent of the AGC IPO, ministerial approval of transfer of the Moorefield tenements (EL7675, EL8669) into AGC was requested and approved during the period.

Yamarna/Mt Venn Projects (Gold-Copper-Nickel)

Magmatic Resources Ltd 100%

Ongoing tenement management activity resulted in the surrender of E38/3351 'Mt Venn North', E38/2918 'Yamarna' and E38/3327 'Yamarna North' during the reporting period.

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 2020 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 8 February 2021 10,000 ordinary shares of the Company were issued upon the exercise of a similar number of \$0.10 options.
- on 11 March 2021 750,000 unlisted options having an exercise price of \$0.292 and expiring 30 September 2023 were issued to key management personnel.
- on 11 March 2021 the Company issued a further 41,666,667 ordinary shares at \$0.12 cents per share to raise \$4,670,000 after capital raising costs of \$300,000 plus GST were incurred.
- on 11 March 2021 250,000 ordinary shares of the Company were issued upon the exercise of a similar number of \$0.0722 options.

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

Magmatic Resources Limited
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rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

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

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

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 2,293,919 ordinary shares of the Company issued on the exercise of options during the period ended 31 December 2020 and a further 260,000 ordinary shares of the Company were issued as a subsequent event on the exercise of options from 31 December 2020 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

15 March 2021
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 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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, 15 March 2021

Magmatic Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Other income	3,14	6,359,092	114,208
Expenses			
Corporate and administrative expenses	4	(666,714)	(670,990)
Share based payment expense	5	(292,921)	(1,423,919)
Exploration and evaluation expenses	4	(1,521,751)	(315,094)
Finance expenses		(2,533)	(3,622)
Profit / (Loss) before income tax expense		3,875,172	(2,299,417)
Income tax expense		-	-
Profit / (Loss) after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		3,875,172	(2,299,417)
Other comprehensive income for the period, net of tax		-	-
Profit / (Loss) after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		3,875,172	(2,299,417)
Basic profit / (loss) per share		Cents 2.21	Cents (1.90)
Diluted profit / (loss) per share		Cents 1.54	Cents (0.92)

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

Magmatic Resources Limited
Consolidated Statement of Financial Position
31 December 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		2,562,927	4,234,820
Trade and other receivables	6	332,297	73,677
Total current assets		<u>2,895,224</u>	<u>4,308,497</u>
Non-current assets			
Security bonds		99,300	91,300
Property, plant & equipment		74,149	89,623
Exploration and evaluation assets		1,628,350	1,628,350
Right-of-use assets		92,188	115,235
Investments	7,14	1,127,519	-
Total non-current assets		<u>3,021,506</u>	<u>1,924,508</u>
Total assets		<u>5,916,730</u>	<u>6,233,005</u>
Liabilities			
Current liabilities			
Trade and other payables		460,427	304,637
Lease Liabilities		40,590	39,200
Total current liabilities		<u>501,018</u>	<u>343,837</u>
Non-current liabilities			
Lease Liabilities		52,862	76,319
Total non-current liabilities		<u>52,862</u>	<u>76,319</u>
Total liabilities		<u>553,880</u>	<u>420,156</u>
Net assets		<u>5,362,851</u>	<u>5,812,849</u>
Equity			
Issued capital	8	10,453,897	15,071,988
Reserves	9	4,046,156	3,753,235
Accumulated losses		(9,137,202)	(13,012,374)
Total equity		<u>5,362,851</u>	<u>5,812,849</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 2020

	Issued Capital \$	Share Based Payments Reserve \$	Options Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2019	6,733,855	2,187,728	969,021	(8,694,348)	1,196,256
Loss after income tax expense for the period	-	-	-	(2,299,417)	(2,299,417)
Other comprehensive income for the period, net of tax					
Total comprehensive loss for the period	-	-	-	(2,299,417)	(2,299,417)
Transactions with owners recorded directly in equity					
Issue of ordinary shares	3,474,000	(1,104,000)	1,327,919	-	3,697,918
Share issue costs	(126,000)	-	-	-	(126,000)
Total transactions with owners recorded directly in equity	3,348,000	(1,104,000)	1,327,919	-	3,571,918
Balance at 31 December 2019	10,081,855	1,083,728	2,296,940	(10,993,765)	2,468,757
	Issued Capital \$	Share Based Payments Reserve \$	Options Based Payments 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

Magmatic Resources Limited
Consolidated Statement of Cash Flows
For the Half-year ended 31 December 2020

	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities		
Receipts from customers and contract discontinuance fees received	107,297	123,325
Contract discontinuance fees paid	-	(60,000)
Payments to suppliers and consultants	(487,947)	(787,903)
Payments for exploration expenditure	(1,496,139)	(711,879)
Interest (paid) / received	5,572	(3,432)
Proceeds from / (returned to) earn-in partner	-	(38,427)
	<u> </u>	<u> </u>
Net cash (outflow) from operating activities	(1,871,217)	(1,478,316)
	<u> </u>	<u> </u>
Cash flows from investing activities		
Payments of tenement security deposits	(8,000)	-
Payments for property, plant and equipment	-	(11,257)
	<u> </u>	<u> </u>
Net cash (outflow) from investing activities	(8,000)	(11,257)
	<u> </u>	<u> </u>
Cash flows from financing activities		
Proceeds from short-term borrowings	-	550,000
Repayment of short-term borrowings	-	(450,000)
Repayment of lease liabilities	(22,067)	(23,747)
Proceeds from issue of shares net of capital raising costs	229,391	2,034,000
Net cash inflow from financing activities	207,324	2,110,253
	<u> </u>	<u> </u>
Net (decrease) in cash and cash equivalents	(1,671,893)	620,680
Cash and cash equivalents at the beginning of period	4,234,820	233,431
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the period	2,562,927	854,111
	<u> </u>	<u> </u>

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2020

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 2020 were authorised for issue in accordance with a resolution of Directors on 15 March 2021.

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 2020 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 2020 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 2020.

(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) Changes in Accounting policies

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

In-specie distribution

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

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2020

Note 3. Other income

		Half-year 31 December 2020	Half-year 31 December 2019
	Note	\$	\$
<i>Other income</i>			
Interest		8,105	190
Equipment hire income		500	1,500
JV management fee		-	-
Office sublease income		1,905	12,518
Contract discontinuance fee		-	100,000
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	14	6,243,740	-
		<u>6,359,092</u>	<u>114,208</u>

Note 4. Expenses

		Half-year 31 December 2020	Half-year 31 December 2019
	Note	\$	\$
<i>Corporate and administration expenses</i>			
Consulting Fees		50,000	103,115
Depreciation		15,473	14,793
Right of Use Assets Amortisation		23,047	23,047
Directors and Company Secretarial Fees		97,965	32,622
Employee Expenses		146,480	168,471
Investor Relations		10,141	26,320
Legal Fees		9,000	103,478
Travel		2,383	33,148
Rental Expenses		14,756	22,356
Contract Discontinuance Settlements		-	60,000
Other		297,469	83,640
		<u>666,714</u>	<u>670,990</u>
<i>Exploration and evaluation expenses</i>			
Exploration expenses incurred		1,521,751	323,860
Less reimbursement (from) / to JV partner		-	(8,766)
Net exploration and evaluation expense		<u>1,521,751</u>	<u>315,094</u>
		<u>2,188,465</u>	<u>986,084</u>

Note 5. Share based payment expenses

	Half-year 31 December 2020	Half-year 31 December 2019
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.	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.	2,710	-
9,040,000 \$0.37395 options and 4,460,000 \$0.63225 options all expiring on 31 January 2023 with a Black Scholes valuation of \$1,709,438 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.	284,906	-
Securities issued in prior period	-	1,423,919
	292,921	1,423,919

*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 manager	21.5	29.2	100	3.02	0.00	0.178	11.92
Key employee	22.0	29.2	100	3.01	0.00	0.182	12.29

Note 6. Trade and other receivables

	31 December 2020 \$	30 June 2020 \$
Short term loan to former subsidiary Australian Gold and Copper Ltd*	243,740	-
Prepayments	41,676	32,912
GST Paid	28,610	29,493
Other receivables	18,272	11,272
	332,297	73,677

*The short term loan to Australian Gold and Copper Ltd was repaid in full in early February 2021.

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2020

Note 7. Investments

	31 December 2020	30 June 2020
	\$	\$
5,637,594 ordinary shares in Australian Gold and Copper Limited*	1,127,519	-
	1,127,519	-

*These shares were valued at their \$0.20 issue price (refer Note 13).

Note 8. Equity - issued capital

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	175,409,217	173,115,298	10,453,897	15,071,988

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

	Shares	\$
Balance at the beginning of period	173,115,298	15,071,988
31 August 2020 – reclassification of prior period capital raising costs		25,000
02 November 2020 – \$0-10 options expiring 30 August 2021 exercised	305,000	30,500
27 November 2020 – \$0-10 options expiring 30 August 2021 exercised	16	1
16 December 2020 – \$0-10 options expiring 30 August 2021 exercised	15,000	1,500
17 December 2020 – \$0-10 options expiring 30 August 2021 exercised	229,411	22,941
18 December 2020 – \$0-10 options expiring 30 August 2021 exercised	63,576	6,358
21 December 2020 – \$0-10 options expiring 30 August 2021 exercised	18,666	1,866
23 December 2020 – \$0-10 options expiring 30 August 2021 exercised	570,000	57,000
24 December 2020 – \$0-10 options expiring 30 August 2021 exercised	1,000,000	100,000
29 December 2020 – \$0-10 options expiring 30 August 2021 exercised	92,250	9,225
30 December 2020 – in-specie capital distribution relating to the listing of former wholly owned subsidiary Australian Gold and Copper Limited		(4,872,482)
Balance at 31 December 2020	175,409,217	10,453,897

Note 9. Equity - reserves

	31 December 2020	30 June 2020
	\$	\$
Capital restructure reserve	250	250
Share based payments reserve	1,083,478	1,083,478
Options based payments reserve	2,962,428	2,669,507
Total reserves	4,046,156	3,753,235

Note 10. Contingent liabilities

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

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

Mt Venn project

The Group has the following deferred consideration obligations with respect to the Mt Venn project:

Event	Consideration	Relevant condition (if any)
Performance hurdle 1	\$350,000 cash; and \$350,000 in ordinary fully paid Magmatic shares	Magmatic defining a JORC 2012 Mineral Resource of 20Mt @ >= 1% CuEq
Performance hurdle 2	\$350,000 cash; and \$350,000 in ordinary fully paid Magmatic shares	Magmatic making a Decision to Mine
Royalty payment	2% Net Smelter Royalty (NSR) on production	Magmatic has been granted a buyback option over the NSR in return of a payment of \$5,000,000

The consideration will become due and payable in the event that the relevant conditions are met. As at the reporting date, the conditions in respect of each of the items have not been met and therefore the amounts are recognised as contingent liabilities.

Note 11. Events after the reporting period

There was no matter or circumstance arisen since 31 December 2020 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 8 February 2021 10,000 ordinary shares of the Company were issued upon the exercise of a similar number of \$0.10 options.
- on 11 March 2021 750,000 unlisted options having an exercise price of \$0.292 and expiring 30 September 2023 were issued to key management personnel.
- on 11 March 2021 the Company issued a further 41,666,667 ordinary shares at \$0.12 cents per share to raise \$4,670,000 after capital raising costs of \$300,000 plus GST were incurred.
- on 11 March 2021 250,000 ordinary shares of the Company were issued upon the exercise of a similar number of \$0.0722 options.

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

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

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2020

responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

Note 12. Related party transactions

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

Name	Term of agreement and notice period	Base salary (excl. superannuation)	Termination payments
David Richardson <i>Executive Chairman</i>	2 years 3 months	\$180,000	N/A
Peter Duerden <i>Managing Director</i>	Indefinite 6 months	\$260,000	N/A

David Berrie is engaged by the Company as a non-executive director and joint company secretary and his daughter was engaged on a casual basis during the period at a cost of \$500.

Note 13. 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 2020 on a recurring basis (30 June 2020: none):

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 December 2020				
5,637,594 ordinary shares in Australian Gold and Copper Limited [ASX:AGC]	1,127,519	-	-	1,127,519

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 2020, being the last traded price prior to year-end.

Note 14. 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 13.

Magmatic Resources Limited
Directors' declaration
For the Half-year ended 31 December 2020

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 2020 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

15 March 2021
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 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 Company 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 2020 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 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 Company's financial position as at 31 December 2020 and its 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 style. Above the signature, the letters 'BDO' are handwritten in a simple, blocky font.

Dean Just

Director

Perth, 15 March 2021