



magnetic resources^{NL}

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2021

ABN 34 121 370 232

Magnetic Resources NL
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31 December 2021



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The Directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2021.

Directors

The following persons were directors of Magnetic Resources NL ("**Magnetic**") during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Eric Lim
 Mr George Sakalidis
 Mr Julien Sanderson
 Mr Hian Siang Chan

Review of operations

The loss for the company after providing for income tax amounted to \$4,028,983 (31 December 2020: \$4,511,612).

The Company's activities during the six-month period are summarised in this report which unless otherwise stated, should be read as if dated 31 December 2021.

Laverton Area

Magnetic Resources NL has 261km² in the Laverton region comprising E38/3127 Hawks Nest, E37/3100 Mt Jumbo, E38/3205 Hawks Nest East, E38/3209 Mt Ajax, P38/4317–24 Mt Jumbo East, E39/2125, P39/6134-44 Little Well and P38/4346, P38/4379-84, P38/4170 Lady Julie (Figure 1). Table 1 shows the exploration completed to date and recent/proposed exploration.

Table 1. Laverton region drilling summary

Project/Tenements	Surface sampling completed	Drilling & ground magnetics completed	Proposed exploration
Hawks Nest E38/3127, M38/1041	5,411 soils 117 rock chips	1,105 RC for 70,014m 201 RAB holes for 2,726m 4 Diamond holes for 431m 2 AC holes for 66m 507km ground magnetics	27 RC drillholes for 1,807m
Lady Julie P38/4346, P38/4379-84, E38/3127, P38/4170	2,148 soils 15 rock chips	479 RC for 39,446m 290 shallow RAB for 1,691m 81 AC holes for 2,951m 23km ground magnetics	59 RC drillholes for 5,700m 4 Diamond drillholes for 406m
Mt Jumbo E38/3100, E38/3127	3 rock chips 43 lags	3 RC holes for 563m 2 DDH for 457m 143km ground magnetics	
Mt Jumbo East P38/4317–24	23 rock chips 155 lags	22 RC holes for 1,646m 229km ground magnetics	13 RC holes for 755m
Kowtah P39/5594–97, 5617	484 soils 1 rock chip	186km ground magnetics	

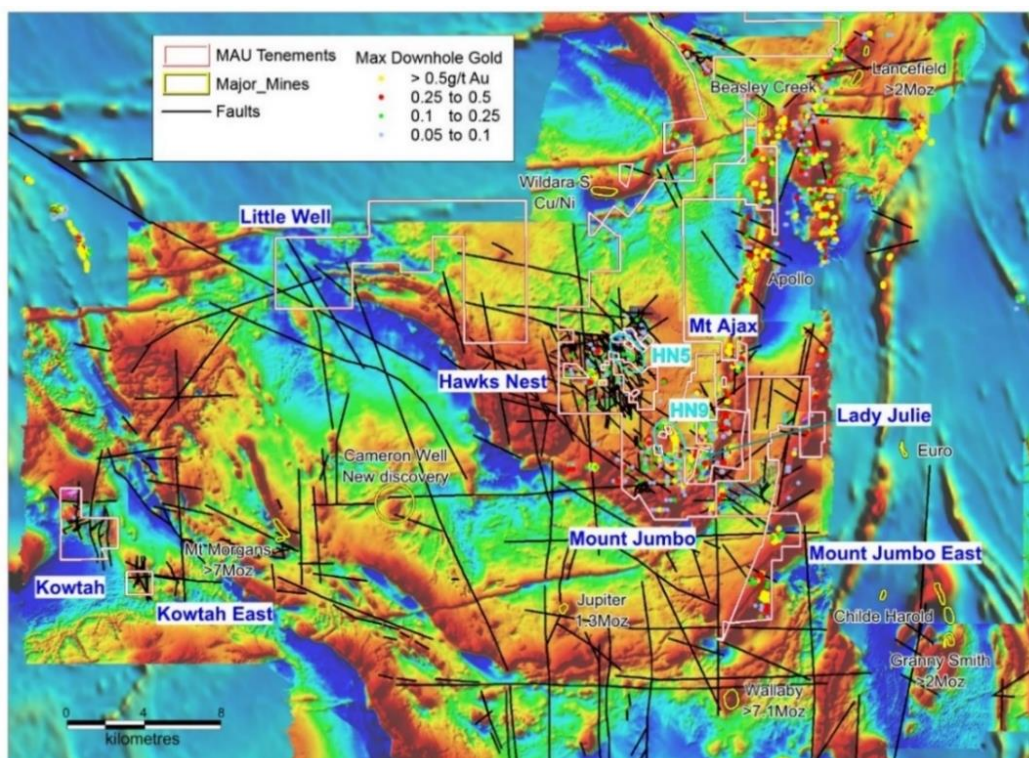


Figure 1. Hawks Nest, Hawks Nest East, Lady Julie, Little Well, Mt Ajax, Mt Jumbo, Mt Jumbo East and Kowtah projects, showing tenements, major shear zones, targets and gold deposits and historic workings

Lady Julie (P38/4346, P38/4379–4384)

Multiple both thick and high-grade zones starting from surface are found at Lady Julie after our most recent infill and extension drill programme (Figures 2-3). These promising anomalous gold zones are still open to the SE as shown up by MLJRC448 with an intersection of 88m at 1.3g/t from 68m. This promising southern part of the Lady Julie North 1 target zone area is being tested in detail over a 1km length with 33 RC holes planned for 3518m averaging 107m per hole. Highlights of recent drill programmes completed are shown in Table 2.

Table 2. Highlights of recent drill programmes

HoleID	East	North	From	To	Width	Gold	
	MGAz51	MGAz51	m	m	m	g/t	
MLJRC45 8	431800	6823915	21	57	36	1.48	
		including	53	57	4	7.38	
MLJRC45 7	431770	6823915	0	61	61	1.73	
		including	0	22	22	4.14	
		including	0	10	10	7.96	
MLJRC45 5	431804	6823890	33	45	12	4.53	
MLJRC45 4	431833	6823882	36	108	72	0.86	
MLJRC45 3	431804	6823881	20	36	16	5.59	
MLJRC45 1	431883	6823870	24	52	28	1.90	
MLJRC44 8	431926	6823860	68	156	88	1.33	
		including	92	128	36	2.04	

MLJRC40 6	431956	6823820	116	150	34	1.80	*
		including	116	118	2	11.3	*
		including	148	150	2	15.16	*
MLJRC40 5	431912	6823820	95	118	23	1.24	*
MLJRC40 4	431955	6823842	142	160	18	4.74	*
MLJRC36 9	431372	6821486	18	25	7	3.71	*

*Previously drilled with new 1m splits

The Lady Julie 1 mineralisation (Figure 2) can be unusually thick with associated higher grades, 41m at 2.6g/t Au from 31m in MLJRC162, 52m at 1.7g/t Au from 52m in MLJRC352, 52m at 1.5g/t Au from 15m and 88m at 1.3g/t Au from 68m, which augers well for the potential economics considering a lot of the intersections also start from surface, 25m at 4.4g/t Au from 0m in MLJRC348, 22m at 4.1g/t Au from 0m in MLJRC457. This 1km-long zone is being infill drilled to get it to an Indicated Category (Figure 2). There are at least 2 separate stacked lodes present in this current drilling area, which dip 20° to 45° to the east.

The gold mineralisation at Lady Julie 1 can occur within the porphyry or along the porphyry/mafic and porphyry/ultramafic unit contacts. Locally there is a strong concentration within the ultramafic as well, where there is higher grade mineralisation. Also, the alteration is usually a strong pervasive silicification alteration and numerous quartz veins as well.

Thickened porphyry zones (up to 70m) are common on the eastern part of the Lady Julie North1 strongly mineralised zones, on the edge of a major 6km-long NS thrust zone. These porphyries are also steeper dipping in this area and may represent conduits for deeper mineralisation to come closer to the surface. These underlying intrusions are also targets for deeper mineralisation similar to the deeper intrusions at depth at the world class Sunrise Dam gold mine.

The next drill programme of 33 RC holes for 3518m will be testing between 100 to 250m depth looking for further enriched zones, defining the different stacked zones and vertical mineralised shoots. This programme will also assist in the location of deeper holes into the underlying porphyry and porphyry contact positions.

Infill RC drilling within the very high-grade intersection zones have shown that they are associated with pervasive vertical zones (shoots) with grades greater than 10g/t as shown in Table 3. Some of these intersections include 2m at 21.4g/t Au from 43m in MLJRC292 and 2m at 21.0g/t Au from 3m in MLJRC457 and 1m at 59.5g/t Au from 22m in MLJRC348 and 4m at 15.1g/t Au from 32m in MLJRC453. Further infill RC and diamond drilling is designed to define the true extent and distribution of these enriched high-grade shoots that lie within the promising thicker intersections (Figure 2).

Table 3. Lady Julie North1 Gold > 10g/t

HoleID	Easting	Northing	From	To	Width	Gold	
	MGAz51	MGAz51	metres	metres	metres	ppm	
MLJRC073	431940	6823058	15	16	1	18.18	
MLJRC162	431845	6823860	54	55	1	16.32	
			64	65	1	11.40	
			66	67	1	10.17	
MLJRC292	431820	6823880	43	45	2	21.35	
MLJRC295	431823	6823860	25	26	1	15.15	
MLJRC296	431820	6823842	56	57	1	12.92	
MLJRC298	431880	6823842	58	59	1	21.37	
MLJRC341	431775	6823925	19	20	1	13.28	
MLJRC342	431800	6823925	61	62	1	30.65	
MLJRC346	431781	6823900	1	2	1	10.64	
MLJRC348	431791	6823880	17	18	1	11.50	
			22	23	1	59.48	
MLJRC352	431910	6823842	87	88	1	14.32	

MLJRC400	431746	6823900	47	48	1	15.11	*
MLJRC404	431955	6823842	144	146	2	14.63	*
MLJRC406	431956	6823820	117	118	1	19.91	*
			148	150	2	15.16	*
MLJRC453	431804	6823881	32	36	4	15.12	*
MLJRC455	431804	6823890	40	41	1	22.08	*
			41	42	1	11.84	*
MLJRC457	431770	6823915	3	5	2	20.95	*
MLJRC458	431800	6823915	55	56	1	20.84	*

* New 1m or 4m assay

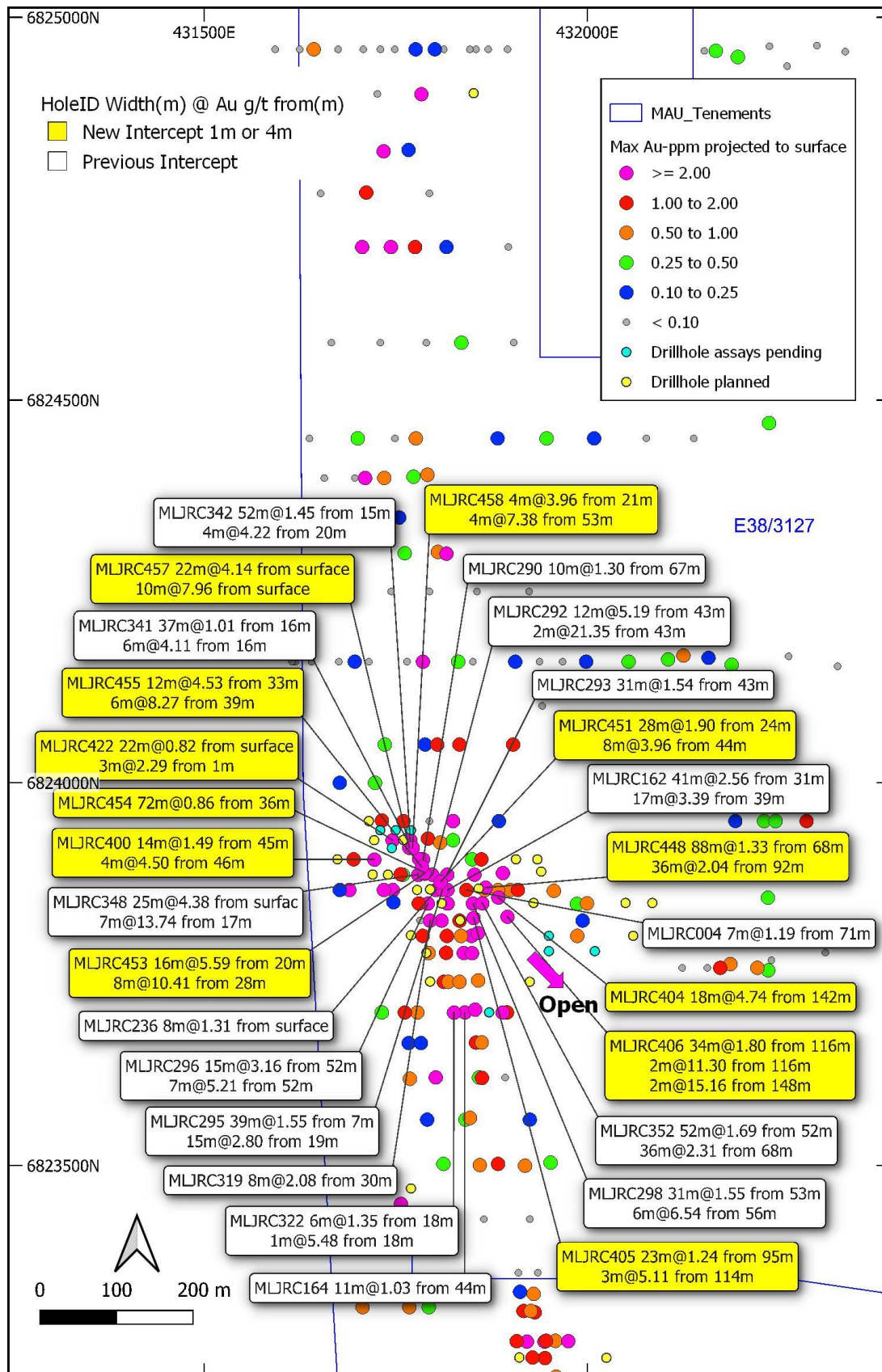


Figure 2. The southern 1km part of the Lady Julie North1 area highlighting significant thick intersections from the latest drill programme (yellow large rectangular label) and previous drilling (white label) with maximum gold projected to surface and drillholes with assays pending (in blue) and planned drillholes (in yellow)

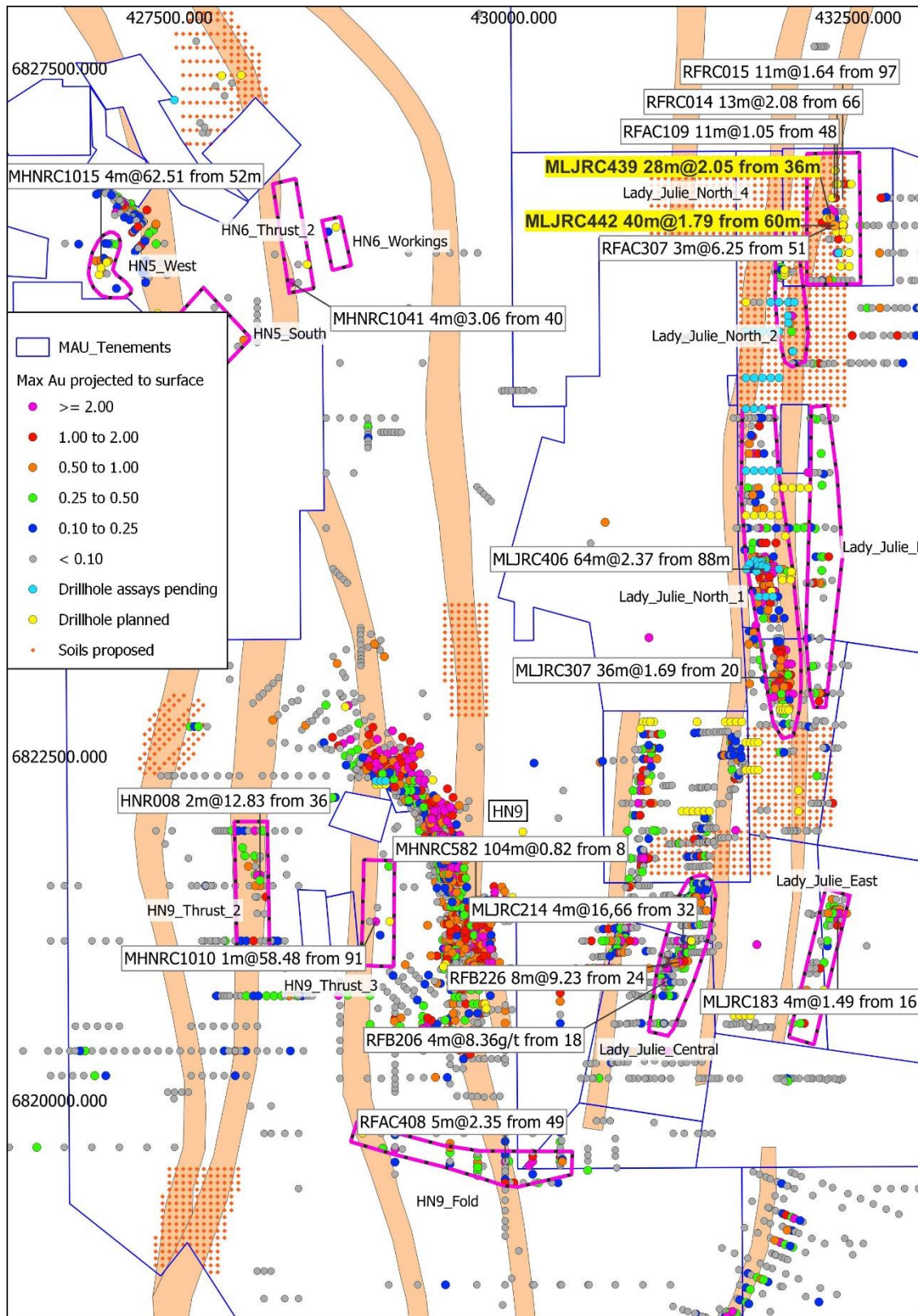


Figure 3 Gold intersection overview covering the HN5, HN6, HN9 and adjacent Lady Julie Projects showing ten additional gold targets covering 15km (purple outlines) with highlighted intersections (white label). Significant historical and Magnetic intercepts (maximum Au projected to surface), assays pending in blue and planned RC holes in yellow.

Lady Julie North 4 (P38/4170)

Initial RC drilling completed at Lady Julie 4 have resulted in two excellent thick intersections, 28m at 2.0g/t Au from 36m including 16m at 3.37g/t Au from 40m in MLJRC439 and 40m at 1.79g/t Au from 60m including 8m at 6.67g/t from 60m in MLJRC442. This early result is very encouraging and a follow up programme of 14 RC holes for 1720m over a large 700m strike length is being carried out (Figure 4).

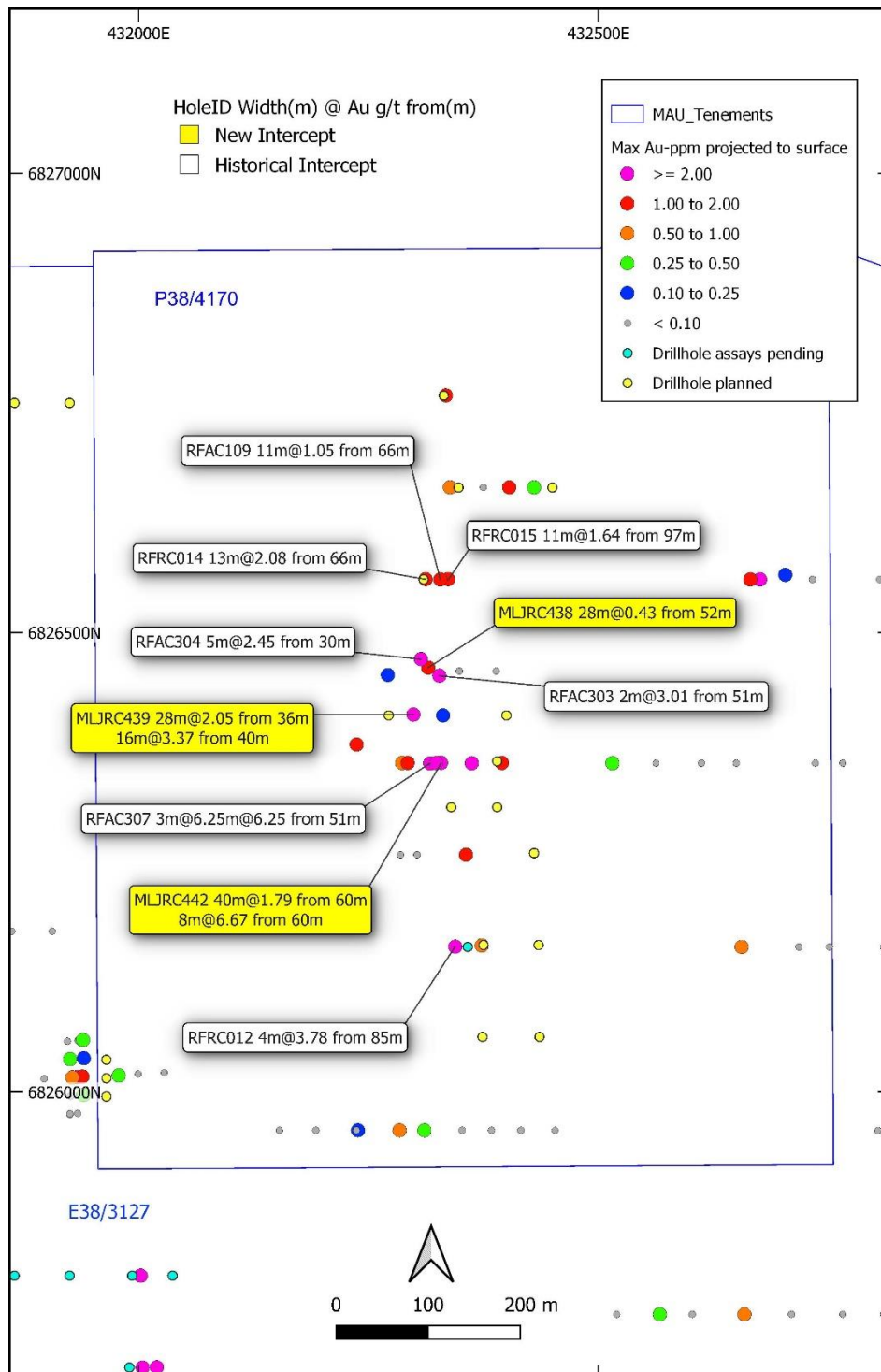


Figure 4. Lady Julie North 4 area highlighting significant thick intersections from the latest drill programme (yellow large rectangular label) and historical drilling (white labels) with maximum gold projected to surface and drillholes with assays pending (in blue) and planned drillholes (in yellow)

Lady Julie 4 is only 2.5km north of Lady Julie 1 (Figure 4) where we have intersected a significant number of seventeen thick high-grade intersections (September 2021 Quarterly). Two of these include 25m at 4.38g/t Au from 0m in MLJRC348 and 36m at 4.01g/t Au from 116m in MLJRC406

Within the HN5, HN6, HN9 and Lady Julie areas there are many new shallow intersections (Fig 2-4 and Table2-4) with a total of 1,626 intersections (ranging from 1 to 30m) greater than 0.5g/t Au, which includes 717 greater than 1g/t Au, 269 greater than 2g/t Au, 148 greater than 3g/t Au and 91 greater than 4g/t Au.

The results from the 2D seismic survey and the recent major drill programmes as well as historical drillings results have led to the interpretation of 15km of gold targets in 10 areas within HN5, HN6, HN9 and Lady Julie outlined in purple in Figure 3 and summarised in Table 4.

This zone between the two thrusts is very prospective and there are numerous NS workings, mineralised drillholes and anomalous soil geochemical areas, which are in the process of being further drilled (Figures 2-4).

Both the mineralised targets at HN9 and Lady Julie North appear to straddle two deep seated thrusts, with HN9 being a major 3km-long mineralised zone. The eight thrust zones that come to surface continue to the north and south over an extensive 6km length and shallow RAB and or soil geochemistry is being planned to help outline any further anomalous gold areas worthy of follow up drilling (Figure 3).

Table 4. Target Summary HN5, HN6, HN9 and Lady Julie

Target	Length Km	Significant gold intersection	Description
Lady Julie North (1-4)	3.9	MLJRC406 64m @ 2.37g/t from 88m MLJRC404 20m @ 4.29g/t from 140m MLJRC295 39m @ 1.55g/t from 7m MLJRC162 41m @ 2.56g/t from 31m	Several wide and high-grade intersections starting from surface associated 50ppb soil anomaly
Lady Julie Central	1.5	MLJRC214 4m @ 16.66g/t from 32m	New NNE-trending gold zone with some excellent high-grade intersections.
Lady Julie East	1.7	MLJRC183 4m @ 1.49g/t from 16m	Southern extension of near-surface high-grade results
HN9 thickened zone	1.5	MHNRC582 104m @ 0.82g/t from 8m	Open 1km to the NE. New holes planned.
HN9 fold	1.5	RFAC408 5m @ 2.35g/t from 49m	Unusual EW trend, part of large regional folding
HN9 Thrust 2	1.2	HNR008 2m @ 12.83g/t from 36m	Drilling extension of high-grade intersection planned.
HN9 Thrust 3	1.2	MHNRC1010 1m @ 58.48g/t from 91m	Drilling extension of new intersection
HN5 West	0.3	MHNRC1015 4m @ 62.51g/t from 52m	Drilling of very high-grade intersection planned
HN5 South	0.7	No drilling to-date	NW extension of Eagles Nest workings
HN6 Thrust 2	1.5	MHNRC1041 1m @ 3.06g/t from 40m	Extension of intersection and initial testing of workings planned.
Total	15.0		

At Hawks Nest 5, 6, 9 and Lady Julie extensive drilling programmes have been completed, including 1,552 RC holes totaling 107,147m (average 69m depth) 26,344 2–5m composites and 16,231 1m splits and 4 Diamond holes totaling 431m. This release is mainly reporting on 645 composite assays (2-5m) and 994 1m splits from 45 RC holes (MLJRC369,372,374,375,377,379-384,399-413,422,427-429,445-458) totaling 5,154m. A further 25 RC holes for 2,640m have assays pending.

An RC rig is starting in January 2022 with a programme of 33 RC drillholes for 3,518m (shown in yellow in Figure 2) following up the new assays reported on at Lady Julie North 1, which is designed to test and extend all the gold mineralisation found with the aim of ultimately converting to an Indicated Resource.

There are now at least two discernible mineralised lodes recognised that mostly dip shallowly between 20-45° to the east at Lady Julie. These multi-stacked thickened lodes show similarities with the adjacent Wallaby, Sunrise Dam and Jupiter major gold deposits.

The multiple shallow dipping extensive thickened lodes at HN9 are a potential indicator for deeper mineralisation because all the numerous nearby large deposits in the region including Wallaby (7Moz), Sunrise Dam (10Moz) and Jupiter (1.3Moz)

have persistent internal shallow-dipping mineralised lodes that are often called shear zones or thrust zones, which are ubiquitous throughout these deposits and have been defined down to 1500m depth at the Wallaby deposit. In addition, many discoveries in recent times have been made by drilling below 100m because the historical drilling was far too shallow. At HN5, 6, 9 and Lady Julie the average hole depth is only 69m providing tremendous scope for upside potential. In addition, the length of our 3km mineralised shear zone is like the length of the large Jupiter, Wallaby and Sunrise Dam Deposits.

With the Australian gold price at near record levels of \$2503, the HN9 Project area encompassing HN5, HN6, HN9 and Lady Julie being only 15km NW of the Granny Smith Operations owned by Gold Fields Australia Pty Ltd and only 10km NE of the Jupiter Operations owned by Dacian Gold Ltd and 35km north of the Sunrise Dam deposit owned by AngloGold Ashanti Ltd at Laverton, WA, is shaping up and has potential for large-scale shallow deposits.

The thicker porphyry zones on the eastern side of the Lady Julie¹ mineralised zones are being tested at depth looking for underlying deeper mineralised intrusions similar to Sunrise Dam.”

[Homeward Bound South \(P39/5928, 5929, 5932-5934,5455,6175, P37/9144\)](#)

Magnetic Resources announced on 29 November 2021 that after its RC drilling programme completed for 14 holes for 1780m, a 1km prospective zone has been identified with the best intersection to date at Homeward Bound South of 20m at 2.98g/t from 64m in MHBSRC025 (Table 5).

The prospectivity of this shear zone (called the Federation shear zone) has increased as it is now recognised that the dip of the mineralised zone is close to 90° rather than 60° to the east and some of the previous drilling did not drill deep enough to intersect this prospective shear. As a result, 11 further holes are planned for 780m to help better define the gold-rich prospective shear zone as shown in Figure 5. The shear zone shows up as a distinct aeromagnetic low zone interpreted to result from alteration within the shear zone.

Most of the intersections are within broad strong alteration zones, shown up in the logging of RC chips, that indicate some size potential from drilling. Some of the better intersections include:

- MHBSRC025 20m at 2.98g/t from 60m including 8m at 2.53g/t from 64m (4m composite)
- MHBSRC007 6m at 4.61g/t from 62m including 1m at 24.22g/t 66m (1m splits)
- MHBSRC010 31m at 0.98g/t from 20m including 4m at 2.71g/t from 20m (1m splits)
- ABR060 19m at 1.1g/t from 32m ending in mineralisation*
- ABR066 25m at 1.3g/t from 12m ending in mineralisation *
- ABR041 17m at 0.9g/t from 4m ending in mineralisation *

*Historical drilling

The Homeward Bound South Project is comprised of 7 tenements (13km²) shown on Figure 6. It is situated 50km west of the very promising HN9 and Lady Julie projects.

A number of M&A situations have occurred within the region. St Barbara, who own the Sons of Gwalia Mine (>7.3Moz) at Leonora, having taken a 19.8% position in Kin Mining in July 2021. Kin Mining have a number of gold projects in the Cardinia area. In addition, Dacian Gold, who own the Jupiter Mine (1.3Moz) merged with NTM in March 2021 with numerous gold deposits north of Mertondale 5 (Figure 6).

Managing Director George Sakalidis commented: “Homeward Bound South shows excellent upside with the recent reinterpretation of the dip of the gold mineralised Federation shear and the strong intersection of 20m at 3g/t from 64m in MHBSRC025 within a 1km prospective zone. Also, this Project is strategically located and is 40km east of Leonora and 60km west of HN9 at Laverton and is in an area where there has been some recent M&A activity.”

Table 5 Significant Drilling Intercepts Gold

Holeid	Drillhole	Easting	Northing	From	To	Width	Gold	Tenement
	Type	MGA	MGA	metres	metres	metres	g/t	
Magnetic Resources NL RC and RAB drillhole assays								
MHBSRC007	RC	380250	6809060	25	68	43	0.98	P39/5455
				including	62	68	4.61	P39/5455
				including	66	67	24.22	P39/5455

MHBSRC009	RC	380210	6808860	14	23	9	0.76	P39/5455
			including	14	16	2	1.35	P39/5455
MHBSRC010	RC	389210	6808803	20	51	31	0.98	P39/5455
			including	20	24	4	2.71	P39/5455
MHBSRC011	RC	380120	6808400	40	41	1	0.98	P39/5455
				64	66	2	1.56	P39/5455
MHBSRC017	RC	380290	6808860	116	121	5	1.05	P39/5455
MHBSRC024	RC	380240	6808860	20	48	20	0.53	P39/5455
			including	20	24	4	1.32	P39/5455
MHBSRC025	RC	380240	6808800	60	80	20	2.98	P39/5455
			including	64	72	8	4.58	P39/5455
MHBSRB042	RAB	380130	6808800	20	24	4	2.53	P39/5455
MHBSRB066	RAB	379960	6808000	12	37	25	1.25	P39/5933
			including	12	24	12	2.21	P39/5033
Historical RC and RAB drillhole assays								
HBC43	RC	380194	6808939	14	16	2	1.47	P39/5455
HBC44	RC	380187	6808909	8	9	1	1.19	P39/5455
				13	14	1	1.91	P39/5455
				18	20	2	1.37	P39/5455
HBC45	RC	380177	6808860	17	18	1	3.33	P39/5455
				19	20	1	1.33	P39/5455
ABR41	RAB	379937	6809758	4	21	17	0.86	P39/5455
ABR59	RAB	379887	6809558	3	5	2	1.61	P39/5455
				9	10	1	2.03	P39/5455
ABR60	RAB	379987	6809558	32	51	19	1.1	P39/5455
			including	32	33	1	10.51	P39/5455
			including	35	37	2	1.27	P39/5455
ABR67	RAB	379937	6809358	13	18	5	4.58	P39/5455
			including	13	14	1	11.4	P39/5455
			including	15	16	1	10.56	P39/5455
ABR112	RAB	379887	6809908	5	7	2	2.52	P39/5934
				17	18	1	1.41	P39/5934
				19	20	1	1.62	P39/5934
				25	26	1	1	P39/5934

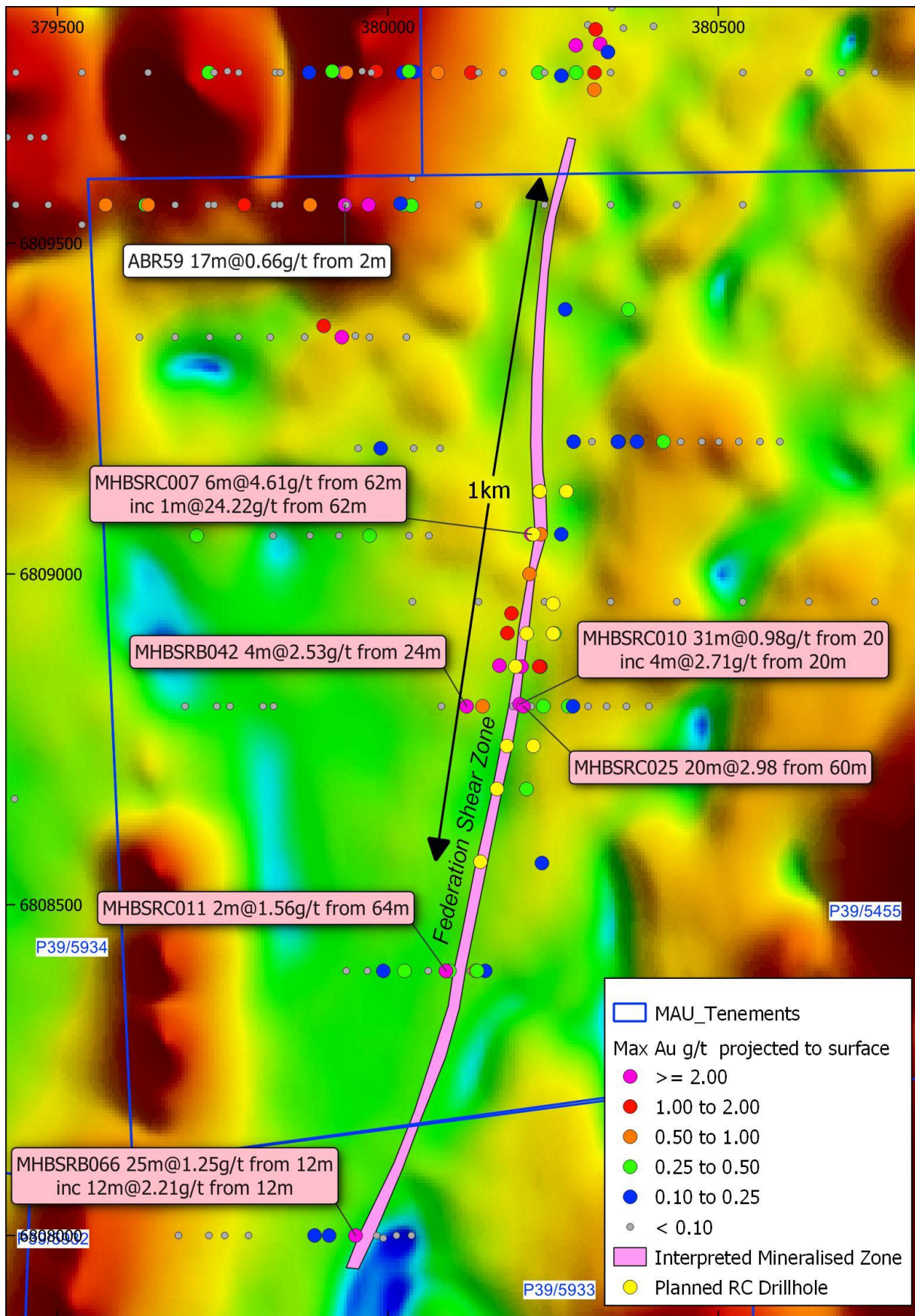


Figure 5 Homeward Bound South showing the wide Federation shear with thick gold RAB and RC intersections and planned RC holes in yellow on an aeromagnetic image

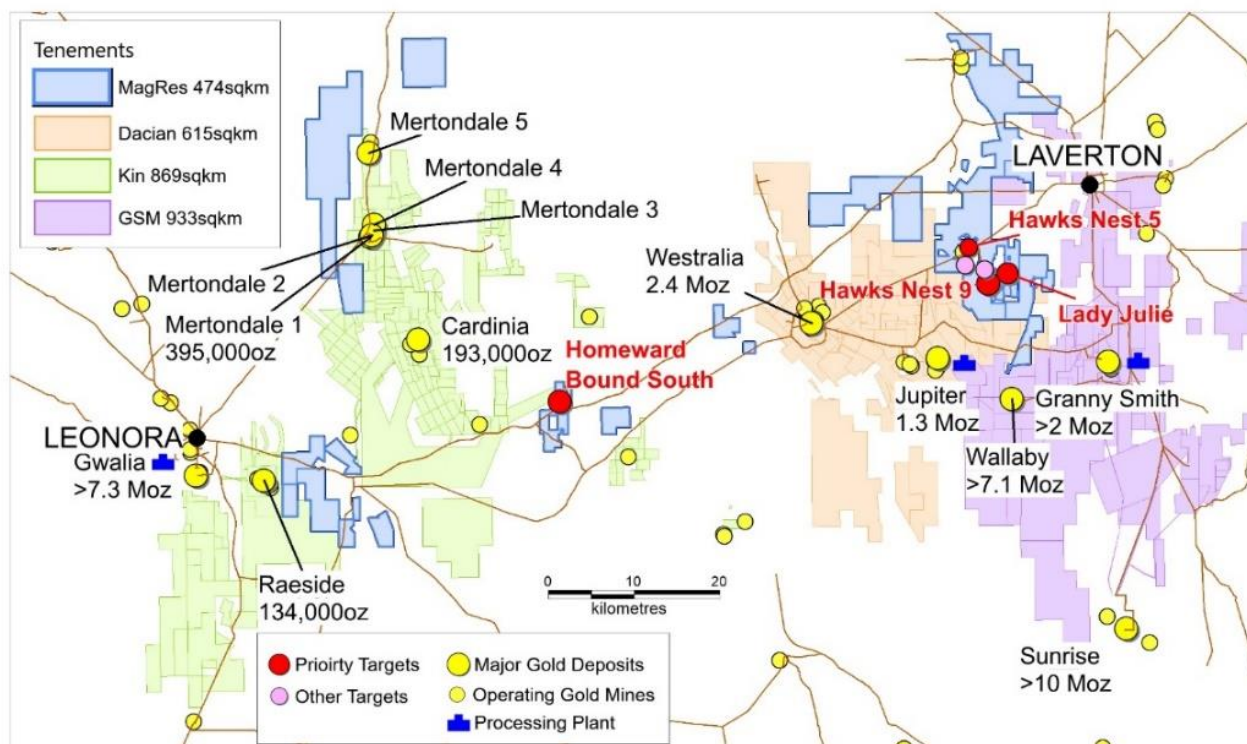


Figure 6 Homeward Bound South tenement 50km west of the HN9 and Lady Julie projects and 40km east of Leonora

Nickel-Cu-PGE Projects

Four separate projects totaling 322sq.km including Benjabbering E70/5537, Trayning E70/5534, Goddard E70/5538 and Korrellocking ELA70/5771 (Figure 7) are held 100% by Magnetic Resources starting from 90km out to 150km northeast of Chalice Gold Mines Limited's Julimar Ni-Pd Discovery.

These projects were selected based on aeromagnetic interpretation after noting the structural setting of the Julimar complex and the Gonneville mineralised discrete magnetic mineralised Ni-Cu-PGE rich intrusion. The Julimar discovery in March 2020 has led to a massive pegging rush covering 30,000 sq. km. The Julimar Intrusive Complex flags the existence of a new and unexplored West Yilgarn Ni-Cu-PGE Province along the western margin of the Archean Yilgarn Craton.

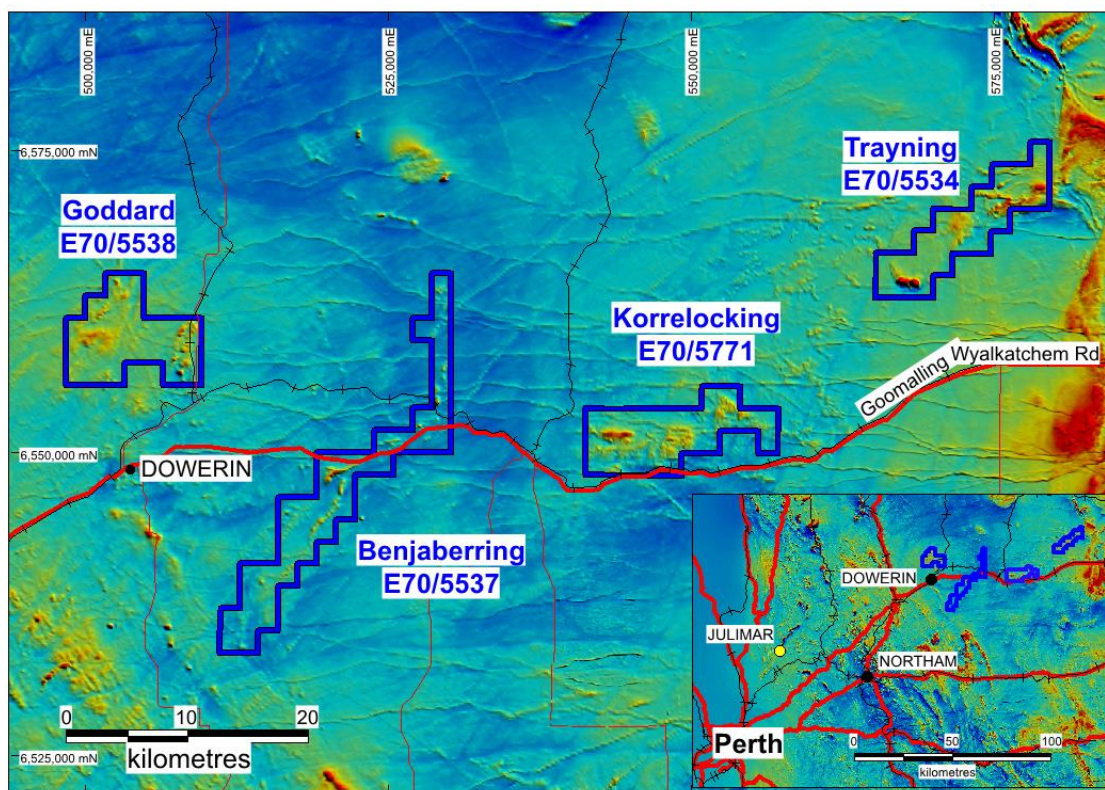


Figure 7. Coverage of Magnetics four projects NE of Julimar overlaid on the regional aeromagnetics

Benjabbering E70/5537

The 111sq. km Benjabbering Project has a large 25km long sinuous aeromagnetic pattern that trend in a NE and N direction and is very similar to the Julimar trends and structures as shown in Figure 8. Several thickened zones have been Identified (shown as circles in Figure 9), which represent possible feeder areas for potential Ni-Cu-PGE mineralisation.

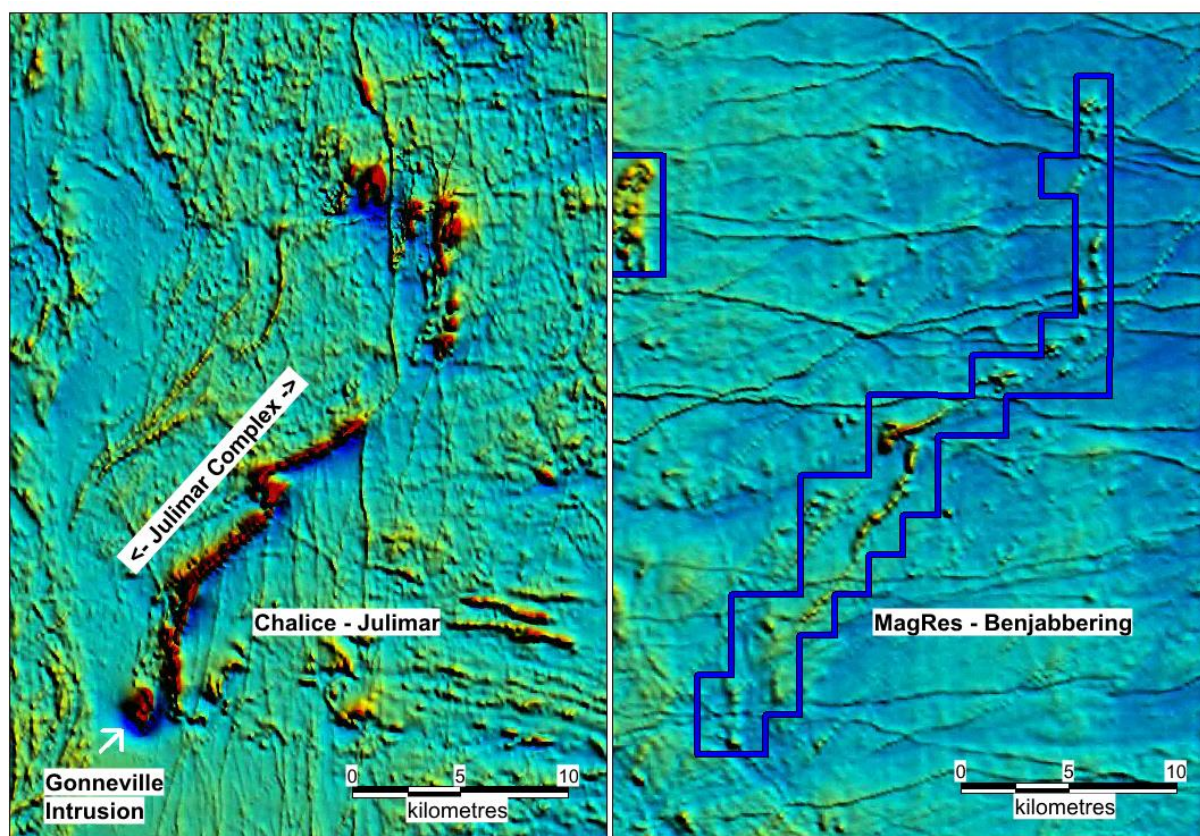


Figure 8. Regional Aeromagnetics comparing the Julimar intrusion held by Chalice and Magnetic's Benjabbering area. The length of the magnetic trends is around 25km in both areas.

These target areas will be followed up in the field with initial roadside drilling and subsequent more detailed AC drilling after access agreements with landowners are finalized.

The geology at Julimar comprises a 26km-long layered mafic-ultramafic sill which at its southern end (Gonneville) dips at 45°W with a flat northerly plunge. The main host at Gonneville is serpentinite, with only limited gabbro evident on the drill sections. Although the new Hartog area is to the north of the Gonneville magnetic intrusion and is expected to have less magnetic mafic rocks associated.

The bedrock geology at Benjabbering is mapped as comprising a series of granitic rocks ranging including biotite granite, and granodiorite plus more metamorphosed rocks such as banded and tonalitic gneiss. However, bedrock outcrops are sparse, most of the area being covered with Quaternary aeolian, alluvial and colluvial deposits overlying Tertiary sand and rare laterite. The sinuous aeromagnetics is interpreted to be caused by a mafic unit under cover.

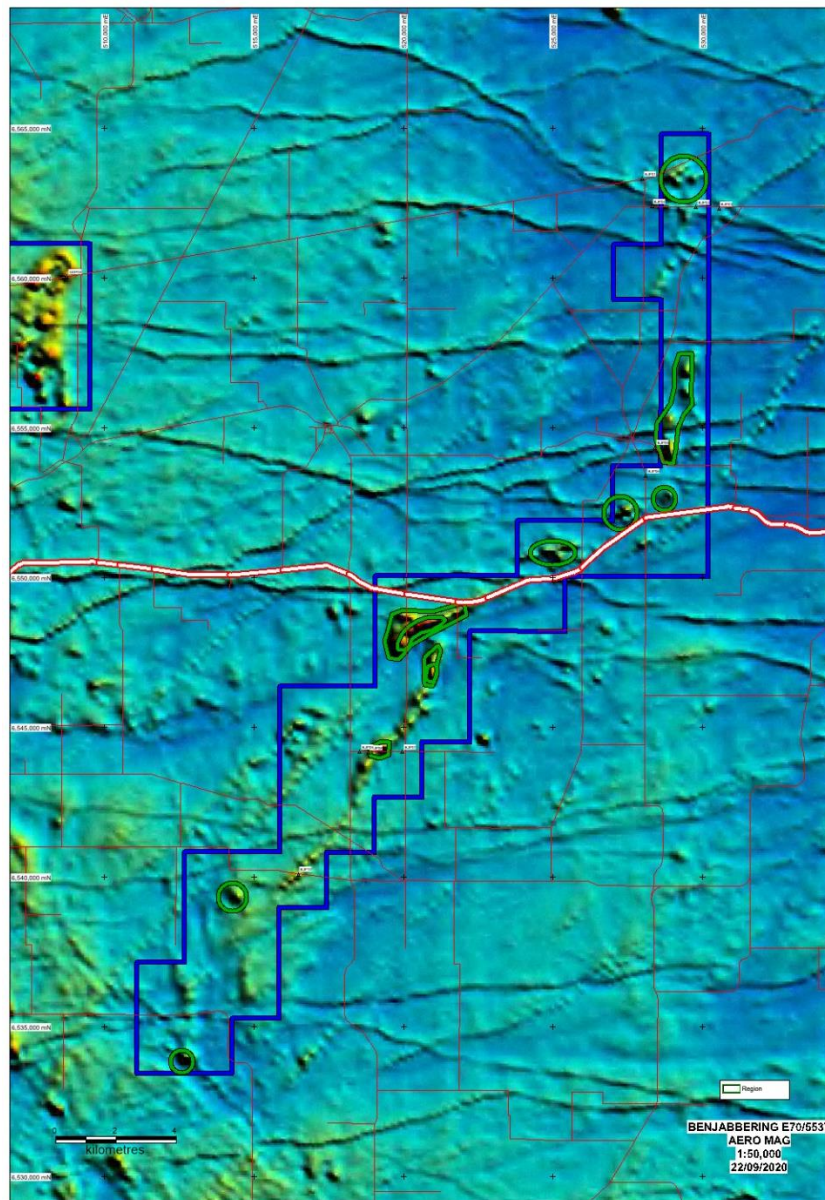


Figure 9. Benjabbering Project showing sinuous aeromagnetic trend with circled areas representing potential thickened zones and targets for Ni-Pd mineralisation

Traying E70/5534

The 68sq. km Traying tenement (Figure 10) covers a broad series of NE-trending magnetic zones, which are crosscutting the NS Archean fabric further to the east.

In several locations there are linear features containing distinctive magnetic highs up to 2km in length representing possible ultramafic feeder zones prospective for Ni-Pd. Land access has been completed for most of the target areas and DIMRS Pow has recently been approved and planning for initial drilling has now commenced.

Most of the tenement is covered by Tertiary sandplain with rare pisolitic laterite remnants which in places is overlain by Quaternary colluvium.

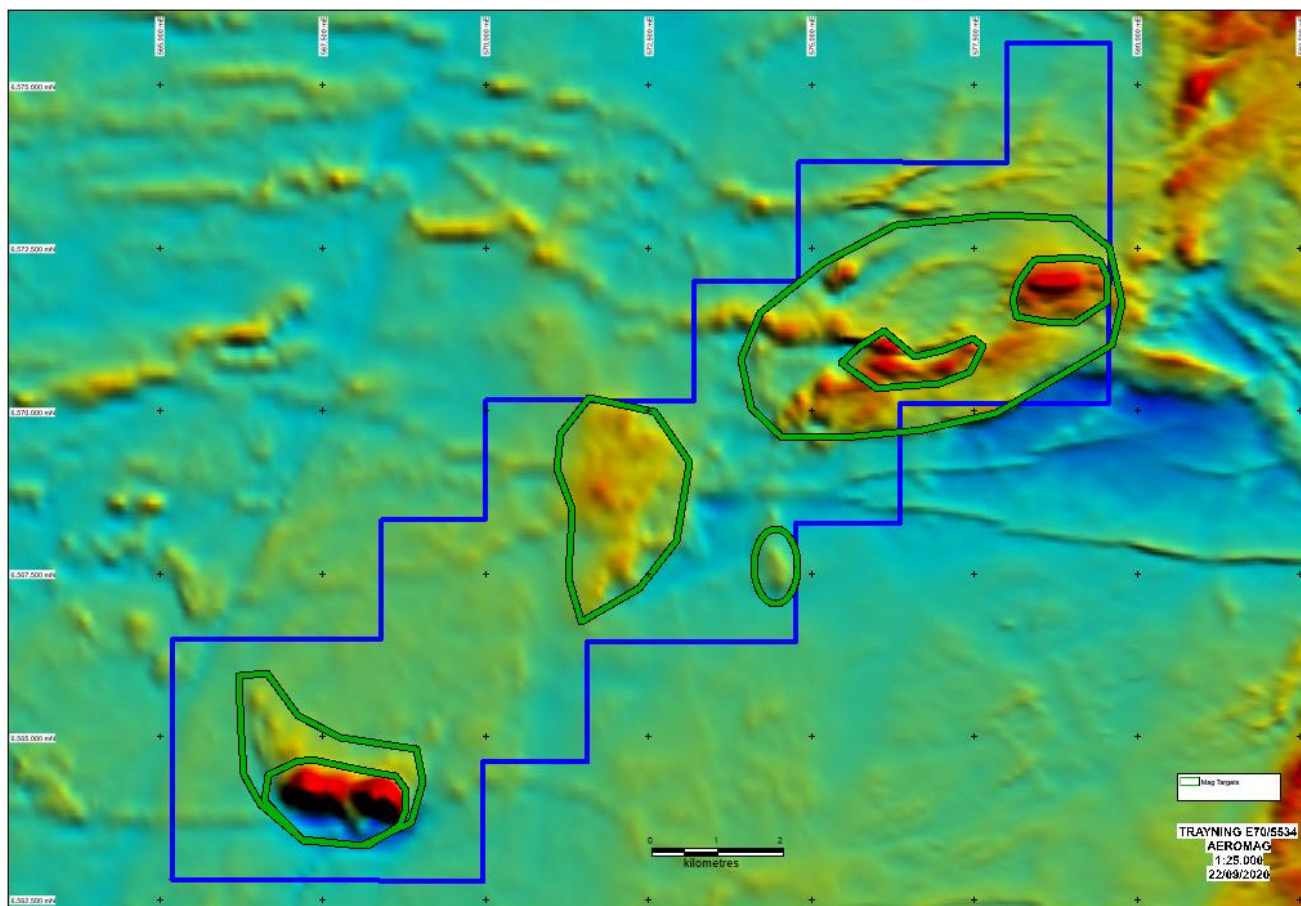


Figure 10. Traying Project showing sinuous aeromagnetic trend with circled areas representing potential thickened zones and targets for Ni-Pd mineralisation

Goddard E70/5538

The 70sq. km Goddard tenement (Figure 11) contains a pronounced inverted U-shaped magnetic zone in the eastern part of the tenement, which could be a possible fold structure. Several circled areas will be initially tested with roadside drilling followed with more drilling after access agreements are finalized.

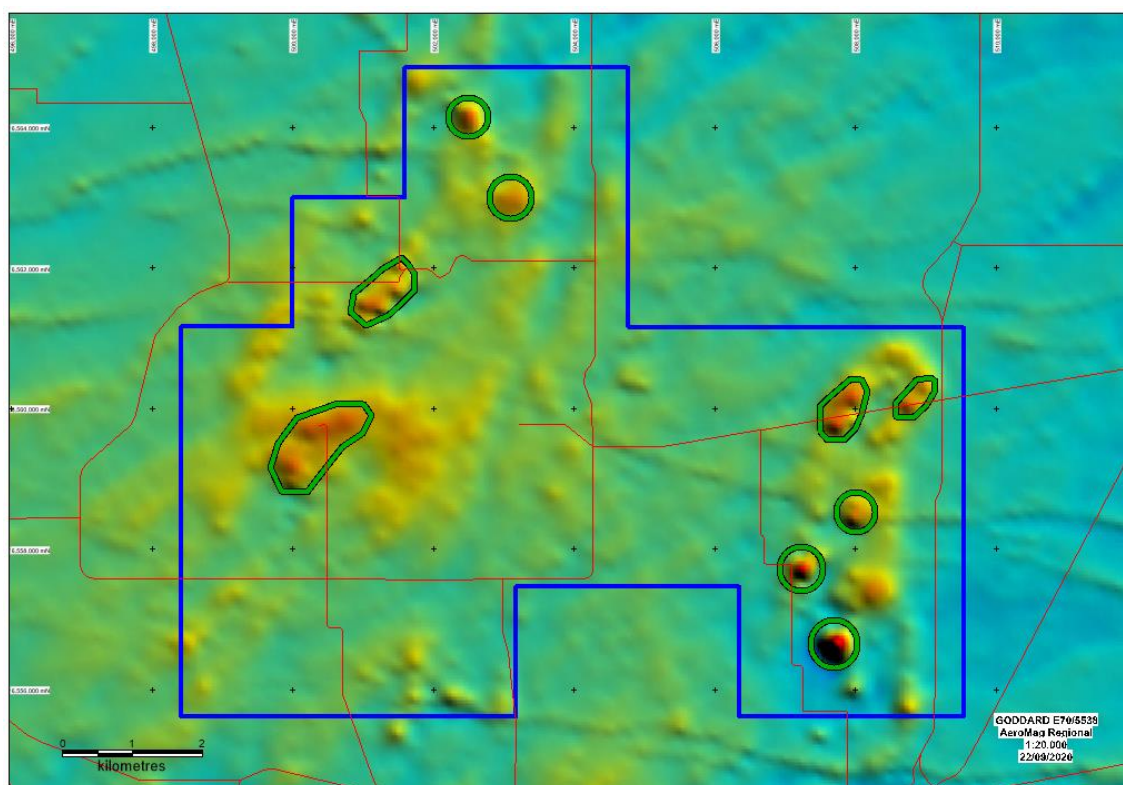


Figure 11. Goddard Project showing inverted U-shaped folded aeromagnetic trend with circled areas representing potential thickened zones and targets for Ni-Pd mineralisation

A series of circular Quaternary salt pans comprising lacustrine deposits of sand and clay occupies the central part of the tenement, associated with Lake Koombekine situated on the western margin of the licence. Very limited outcrops of granitic rocks occur, ranging from biotite granite to migmatite. The remainder of the tenement is covered with Quaternary colluvium and alluvium overlying Tertiary sand deposits.

Korrelocking E70/5771

The 73sq.km Korrelocking tenement (Figure 12) covers a pronounced 2km-long E-W trending magnetic anomaly, which may represent an ultramafic feeder zone prospective for NI-Pd. There are also numerous localized EW dykes located here. This 2km EW target may be exploiting reactivated older structures which may have influenced or controlled the intrusion of Julimar-type mafic-ultramafic bodies. Thus, there may be a structural relationship between some Proterozoic dykes and Julimar-type intrusions. This area is well traversed by roads and initial AC drilling is recommended over the road verges that are along the 2km long EW magnetic anomaly, which is under cover. The bedrock is mapped as scattered outcrops of adamellite and biotite granite overlain by Tertiary sandplain with isolated patches of lateritic gravel in turn overlain by Quaternary silt, sand and gravel derived from underlying and adjacent laterite and bedrock.

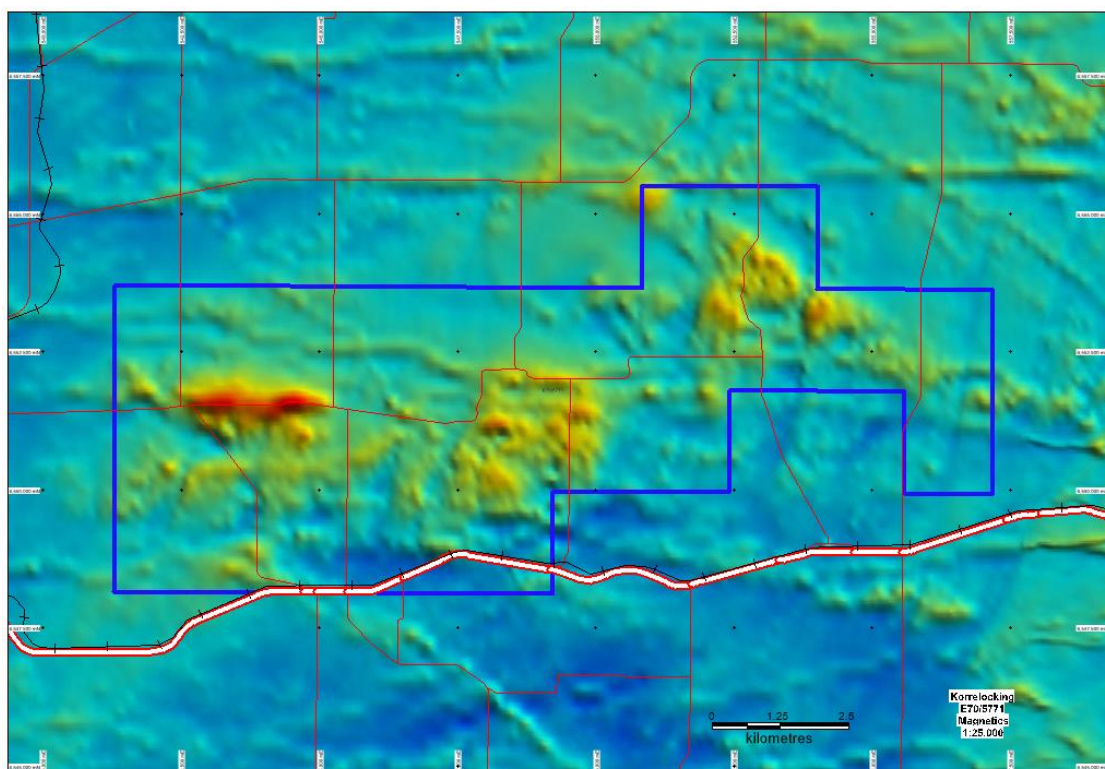


Figure 12. Korrelocking Project showing pronounced 2km long EW intrusive associated with numerous EW Proterozoic dykes and access via a number of roads

Melita-Malcom Tenements

A number of tenements 15km east of Leonora were sold to Mt Malcom Mines NL, in return for the issue of 1 million shares, and a further 1 million deferred shares upon all of the prospecting licences to be vended to the Mt Malcom Mines by the Company that were due to expire on 20 August 2021 being extended on terms and conditions acceptable to the Company (acting reasonably) by 31 December 2021. On 31 January 2022, the Company received the 1 million deferred shares. The Company also holds a 2% royalty. **Other Projects**

The Company actively reviews other projects and tenements for acquisition and development within the Leonora–Laverton region.

Iron Ore

The Company has an agreement signed with Northam Iron Pty Ltd (now Northam Resources Pty Ltd regarding the sale of the Company's iron ore assets, with the agreement providing for further payments totalling \$500,000 and a sliding scale royalty with payments starting at \$0.25/t for a sale price of \$80.00/t or less, and thereafter, for every increase in the sale price of \$10.00/t the royalty rate will increase by \$0.25/t.

This announcement has been authorised for release by the Board of Magnetic Resources NL.
For more information on the company visit www.magres.com.au

George Sakalidis
Managing Director
Phone (08) 9226 1777
Mobile 0411 640 337
Email george@magres.com.au

The information in this report is based on information compiled by George Sakalidis BSc (Hons), who is a member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a Director of Magnetic Resources NL. George Sakalidis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

The Information in this report that relates to:

- . Promising 200m wide 0.7g/t soil geochemistry associated with extensive 1km long NS porphyries at newly named Hawks Nest 9. MAU ASX Release 15 October 2018
- . 1.1km NNW Mineralised Gold Intersections at HN9. MAU ASX Release 7 November 2018
- . Surface drilled Mineralisation extends to significant 1.5km at HN9. MAU Release 20 November 2018
- . Hawks Nest Delivers with 8m@4.2g/t Gold from 4m MAU Release 29 January 2018
- . Robust Near Surface High-grade Zone of 7m @ 4.5g/t Gold from 5m from 1m splits. MAU Release 5 March 2018
- . Hawks Nest Geochemical Survey Outlines Potential Extensions to the Prospective 7m @ 4.5g/t Gold Intersected. MAU Release 20 March 2018
- . An 865m RC drilling programme started testing promising 7m at 4.5g/t gold and eight separate anomalous soil geochemical targets at HN5. MAU Release 10 May 2018
- . Large Gold Mineralised Shear Zone Greater Than 250m at Hawks Nest 5. MAU Release 9 June 2018
- . Gold Geochemical Target Zone Grows to Significant 2km in Length at HN9. MAU Release 7 January 2019
- 0. Significant 2km Gold Target is open to the East on 83% of the 24 Lines Drilled at HN9. MAU Release 4 February 2019
- 1. Significant 2.1km Gold Target Still open to North, South, East and at Depth. MAU Release 25 March 2019
- 2. Gold Target Enlarged By 47% to Significant 3.1km and is still open to the North, East and at Depth. MAU Release 22 May 2019
- 3. HN9 Prospective Zone Enlarged by 170% with Lady Julie Tenements. MAU Release 24 June 2019
- 4. 200m-Wide Gold Zone Open to The Northeast and Very Extensive Surface Gold Mineralisation Confirmed at HN9 Laverton. MAU Release 27 June 2019
- 5. 200m Wide Gold Zone Open to the North and New 800m Anomalous Gold Zone defined at HN9 Laverton. MAU Release 4 September 2019
- 6. Highest Grades Outlined at HN9 and are being Followed Up and Lady Julie Shallow Drilling Commencing Shortly. MAU Release 14 October 2019
- 7. Central Part of HN9 Shows Significant Thickening of The Mineralised Zone to 28m. MAU Release 28 November 2019
- 8. Multiple Silicified Porphyry Horizons from Deep Drilling and 57m Mineralised Feeder Zone at MAU Release 17 January 2020
- 9. Very High-Grade Intersection of 4m at 49g/t Adjacent to 70m Thick Mineralised Feeder Zone MAU Release 5 February 2020
- 0. 20 km of thickened porphyry units outlined by ground magnetic interpretation at Hawks Nest 9. MAU Release 9 March 2020
- .1. Further Thick Down Plunge Extensions and NW Extension Shown up at HN9. MAU Release 18 May 2020
- .2. Four Stacked Thickened Porphyry Lodes at HN9. MAU Release 3 August 2020
- .3. High-Grade Intersections in Thickened Zone at HN9. MAU Release 18 September 2020
- .4. Follow up of 16m at 1.16g/t gold from 64m at Lady Julie MAU Release 2 November 2020
- .5. Shallow Seismic searching for multiple thickened lodes MAU Release 16 November 2020
- .6. New thicken zone in southern part of Hawks Nest 9. MAU Release 1 December 2020
- .7. Two RC rigs now operating at HN9 and Lady Julie. MAU Release 11 January 2021
- .8. Nine gold targets defined over 14km at HN5, HN6, HN9 and Lady Julie MAU Release 3 June 2021
- .9. Lady Julie Delivers with best wide intersection of 38m at 3.6g/t gold from 32m MAU Release 23 June 2021
- .0. Lady Julie North expanded to 4.6km with addition of P38/4170 MAU Release 8 July 2021.
- .1. Multiple thick and high-grade zones located at Lay Julie MAU Release 16 August 2021
- .2. Multiple thick high-grade intersections from surface located at Lady Julie MAU Release 14 September 2021
- .3. Thick high-grade intersections are open to the SE at Lady Julie MAU Release 22 October 2021
- .4. Thick high-grade intersections at Lady Julie4 MAU Release 17 November 2021
- .5. Homeward Bound South shapes up with 20m at 3g/t from 64m MAU Release 28 November 2021
- .6. Thick high-grade intersections and very high-grade vertical shoots at Lady Julie MAU Release 10 January 2022

All of which are available on www.magres.com.au

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward

Corporate

On 12 November 2021, the Company held its annual general meeting where all resolutions were passed.

On 2 December 2021, the Company raised \$1,021,447 via a placement of shares at \$1.42 each to new and existing shareholders.

On 13 December 2021, the Directors contributed approximately \$1.66m in funding via the exercise of options (5.45m options).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial half-year.

Matters subsequent to the end of the financial half-year

Other than noted in this report, no matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

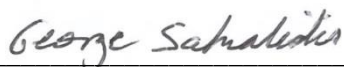
On 27th January 2022 the company appointed Jeffries (Australia) Pty Ltd, a leading international investment bank, as its financial adviser in relation to a strategic review of the Company's assets including alternative ownership options,

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



GEORGE SAKALIDIS
MANAGING DIRECTOR

15 March 2022
Perth

ELDERTON

AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with the governance of Magnetic Resources NL

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

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd
Elderton Audit Pty Ltd



Rafay Nabeel
Audit Director

15 March 2022

Magnetic Resources NL
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



	Note	Half year ended 31 Dec 2021 \$	Half year ended 31 Dec 2020 \$
Revenue			
Other income	4	909	38,291
Interest income		2,353	7,991
Sale of tenement		-	500,000
Expenses			
Other expenses	5	(662,621)	(581,152)
Exploration and tenement expense		(3,354,614)	(2,115,284)
Depreciation and amortisation expense		(15,010)	(24,158)
Loss on disposal of assets		-	-
Share based payments		-	(2,337,300)
Loss before income tax expense		(4,028,983)	(4,511,612)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Magnetic Resources NL		(4,028,983)	(4,511,612)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		122,595	30,005
Loss on the revaluation of financial assets at fair value through other comprehensive income, net of tax		-	-
Other comprehensive income for the half-year, net of tax		<u>122,595</u>	<u>30,005</u>
Total comprehensive income for the half-year attributable to the owners of Magnetic Resources NL		<u>(3,906,388)</u>	<u>(4,481,607)</u>
		Cents	Cents
Basic earnings per share		(1.85)	(2.13)
Diluted earnings per share		(1.75)	(2.13)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Magnetic Resources NL
Statement of changes in equity
For the half-year ended 31 December 2021



	Note	31 Dec 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents	6	5,689,698	6,993,607
Trade and other receivables		179,231	186,189
Other		58,990	66,384
Total current assets		<u>5,927,919</u>	<u>7,246,180</u>
Non-current assets			
Other financial assets		254,473	131,878
Property, plant and equipment	8	63,356	78,049
Right-of-use assets		-	-
Total non-current assets		<u>317,829</u>	<u>209,927</u>
Total assets		<u>6,245,748</u>	<u>7,456,107</u>
Liabilities			
Current liabilities			
Trade and other payables		399,322	332,805
Lease liabilities		-	-
Total current liabilities		<u>399,322</u>	<u>332,805</u>
Total liabilities		<u>399,322</u>	<u>332,805</u>
Net assets		<u>5,846,426</u>	<u>7,123,302</u>
Equity			
Issued capital	10	43,446,485	40,230,146
Reserves	11	2,541,186	3,005,418
Accumulated losses		(40,141,245)	(36,112,262)
Total equity		<u>5,846,426</u>	<u>7,123,302</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Magnetic Resources NL
Statement of changes in equity
For the half-year ended 31 December 2021



	Issued capital \$	Share based payments reserve \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	30,926,838	604,462	60,167	(27,484,106)	4,107,361
Loss after income tax expense for the half-year	-	-	-	(4,511,612)	(4,511,612)
Other comprehensive income for the half-year, net of tax	-	-	30,005	-	30,005
Total comprehensive income for the half-year	-	-	30,005	(4,511,612)	(4,481,607)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 17)	-	2,337,300	-	-	2,337,300
Options exercised during the year	21,800	-	-	-	21,800
Shares issued during the year	7,098,249	-	-	-	7,098,249
Capital raising costs	(326,336)	-	-	-	(326,336)
Options issued during the year	-	4,000	-	-	4,000
Balance at 31 December 2020	<u>37,720,551</u>	<u>2,945,762</u>	<u>90,172</u>	<u>(31,995,718)</u>	<u>8,760,767</u>
Balance at 1 July 2021	40,230,146	2,921,073	84,345	(36,112,262)	7,123,302
Loss after income tax expense for the half-year	-	-	-	(4,028,983)	(4,028,983)
Other comprehensive income for the half-year, net of tax	-	-	122,595	-	122,595
Total comprehensive income for the half-year	-	-	122,595	(4,028,983)	(3,906,388)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 17)	-	-	-	-	-
Options converted during the year	2,251,927	(586,827)	-	-	1,665,100
Shares issued during the year	1,021,447	-	-	-	1,021,447
Capital raising costs	(57,035)	-	-	-	(57,035)
Options issued during the year	-	-	-	-	-
Balance at 31 December 2021	<u>43,446,485</u>	<u>2,334,246</u>	<u>206,940</u>	<u>(40,141,245)</u>	<u>5,846,426</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Magnetic Resources NL
Statement of cash flows
For the half-year ended 31 December 2021



	Note	Half year ended 31 Dec 2021 \$	Half year ended 31 Dec 2020 \$
Cash flows from operating activities			
Payments to suppliers and contractors		(588,586)	(806,787)
Interest received		2,321	7,554
Other revenue		-	791
Government grants received		-	50,000
		<hr/>	<hr/>
Net cash used in operating activities		(586,265)	(748,442)
Cash flows from investing activities			
Payments for property, plant and equipment	8	(317)	(1,882)
Payments for exploration and evaluation		(3,222,690)	(2,092,351)
Purchase of new tenements		(124,957)	(22,933)
Proceeds from Disposal of Plant & Equipment		808	-
		<hr/>	<hr/>
Net cash used in investing activities		(3,347,156)	(2,117,166)
Cash flows from financing activities			
Proceeds from issue of shares and exercise of options	10	2,686,547	7,120,049
Proceeds from issue of options		-	4,000
Capital Raising costs		(57,035)	(326,336)
Repayment of lease liabilities		-	(11,293)
		<hr/>	<hr/>
Net cash from/(used in) financing activities		2,629,512	6,786,420
Net increase/(decrease) in cash and cash equivalents		(1,303,909)	3,920,812
Cash and cash equivalents at the beginning of the financial half-year		6,993,607	4,063,232
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year		<u>5,689,698</u>	<u>7,984,044</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Magnetic Resources NL as an individual entity. The financial statements are presented in Australian dollars, which is Magnetic Resources NL's functional and presentation currency.

Magnetic Resources NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1st Floor
44A Kings Park Road
West Perth WA 6005
T: (08) 9226 1777

A description of the nature of the company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 March 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company 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.

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Company accounting.

Going concern

The directors have prepared the financial statements of the company on a going concern basis. In arriving at this position, the directors have considered the following pertinent matters:

- cash on hand at the date of this report is approximately \$5,689,698 (30 June 2021: \$6,993,607)
- current cash resources are considered adequate to fund the entity's immediate operating and exploration activities however, given the state of the equity markets, the rate of expenditure on exploration as a whole has been reduced; and
- the company has the ability to raise additional funds by the issue of additional shares or the sale of assets if a high level of exploration activity is to be undertaken.

Based on the above, the directors consider the going concern basis to be appropriate.

Note 3. Operating segments

Identification of reportable operating segments

The Company has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company's principal activity is mineral exploration.

Revenue and assets by geographical region

The Company's revenue is received from sources and assets which are located wholly within Australia.

Major customers

Due to the nature of its current operations, the Company does not provide products and services.

Note 4. Other income

	Half year ended 31 Dec 2021 \$	Half year ended 31 Dec 2020 \$
Government grants	-	37,500
Profit on Sale of Assets	909	-
Tribute gold sales	-	791
	<hr/>	<hr/>
Other income	909	38,291
	<hr/> <hr/>	<hr/> <hr/>

Note 5. Other expenses

	Half year ended 31 Dec 2021 \$	Half year ended 31 Dec 2020 \$
Occupancy costs	21,538	8,197
Filing and ASX fees	42,337	50,554
Corporate and management	315,929	271,468
Other expenses from continuing operations	282,817	250,933
	<hr/>	<hr/>
	662,621	581,152
	<hr/> <hr/>	<hr/> <hr/>

Note 6. Cash and cash equivalents

	31 Dec 2021 \$	30 June 2021 \$
<i>Current assets</i>		
Cash at bank	5,664,873	6,968,782
Cash on deposit	24,825	24,825
	<hr/>	<hr/>
	5,689,698	6,993,607
	<hr/> <hr/>	<hr/> <hr/>

Note 7. Right-of-use assets

	31 Dec 2021	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Cost	-	-
Less: Accumulated depreciation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The company leases its premises. The Current lease term is less than one year. The entity has elected not to recognise a right of use asset and corresponding lease liability for short term leases with a term of 12 months or less. Lease payments on these assets are expensed to the profit or loss as incurred.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Premises	Total
	\$	\$
Balance at 1 July 2021	-	-
Depreciation expense	-	-
	<u>-</u>	<u>-</u>
Balance at 31 December 2021	<u>-</u>	<u>-</u>

Note 8. Property, plant and equipment

	31 Dec 2021	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	142,328	142,112
Less: Accumulated depreciation	(113,417)	(110,068)
	<u>28,911</u>	<u>32,044</u>
Motor vehicles - at cost	161,285	161,285
Less: Accumulated depreciation	(126,840)	(115,280)
	<u>34,445</u>	<u>46,005</u>
	<u>63,356</u>	<u>78,049</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	\$
Balance at 1 July 2021	78,049
Additions	317
Depreciation expense	(15,010)
	<u>63,356</u>
Balance at 31 December 2021	<u>63,356</u>

Note 9. Lease liabilities

	31 Dec 2021 \$	30 June 2021 \$
<i>Current liabilities</i>		
Lease liability	-	-
	Premises \$	Total \$
Reconciliation		
Opening balance	-	-
Principal repayments	-	-
Closing balance	-	-

The company leases its premises. The current lease term is less than 1 year.

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	< 1 year \$	1-2 years \$	Lease payments due			Total \$
	\$	\$	2-3 years \$	3-4 years \$	>5 years \$	\$
Lease payments	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Net present values	-	-	-	-	-	-

Note 10. Issued capital

	31 Dec 2021 Shares	30 June 2021 Shares	31 Dec 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	224,342,819	218,173,490	43,446,485	40,230,146
Contributing shares - partly paid	20,418,862	20,418,862	-	-
	<u>244,761,681</u>	<u>238,592,352</u>	<u>43,446,485</u>	<u>40,230,146</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	218,173,490		40,230,146
Shares Issued – Capital Raising	2 December 2021	719,329	\$1.42	1,021,447
Options Exercised	13 December 2021	3,000,000	\$0.377	1,131,000
Options Exercised	13 December 2021	2,450,000	\$0.218	534,100
Transfer from Share Based Reserve for 5,450,000 options converted to shares				586,827
Capital raising costs			-	(57,035)
Balance	31 December 2021	<u>224,342,819</u>		<u>43,446,485</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 10. Issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Contributing shares

Contributing shares require a further payment of \$0.20 to become fully paid.

On a show of hands, every holder of contributing shares present at a meeting in person or by proxy, is entitled to vote and upon a poll, each member present in person or by proxy or by attorney or duly authorised representative shall have a fraction of a vote for each partly-paid contributing share held. The fraction must be equivalent to the proportion which any amount paid (not credited) is of the total amounts paid (if any) and payable (excluding amounts credited). Any amounts paid in advance of a call are ignored when calculating these fractional voting rights.

Share buy-back

There is no current on-market share buy-back.

Note 11. Reserves

	31 Dec 2021	30 June 2021
	\$	\$
Financial assets at fair value through other comprehensive income reserve ("FVOCI reserve")	206,940	84,345
Share-based payments reserve	2,334,246	2,921,073
	<u>2,541,186</u>	<u>3,005,418</u>

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	FVOCI reserve \$	Share based payments reserve \$	Total \$
Balance at 1 July 2021	84,345	2,921,073	3,005,418
Other comprehensive income	122,595	-	122,595
Transfer from Share Based Payments Reserve for 5,450,000 options converted during the half year	-	(586,827)	(586,827)
	<u>206,940</u>	<u>2,334,246</u>	<u>2,541,186</u>

Note 12. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Contingent assets

Tenement Sales Agreement

Tenement Sales Agreement

The following relates to a contingent consideration in terms of the sale of tenements agreement for tenements (Jubuk – E70/3536, Ragged Rock E70/4243, Kauring – E70/4508, Kauring – E70/4528, Mt Joy – E70/4692) sold in July 2017. The terms of the agreement state:

- (a) If the Development Conditions are satisfied on or before the third anniversary of the Effective Date (the “Effective Date” being 14 July 2017), the Purchaser must make a payment of \$1,000,000 to an account nominated by the Vendor (Milestone Payment).
- (b) The Milestone Payment is conditional on the following conditions precedent being satisfied or waived before the third anniversary of the Effective Date:
 - (i) a minimum of a 100,000,000 tonne JORC 2012 compliant iron ore inferred resource being certified by a competent person as existing within any of the Tenements or the area of Mutual Interest (AM1), in any number of deposits in any one or more of the Tenements or the AM1 provided that in aggregate the total resources is equal to or greater than 100,000,000 tonnes of iron ore;
 - (ii) the Purchaser receiving all approvals, consents and authorities required under the Mining Act to commence mining of at least 2,000,000 tonnes per annum on any one or more of the Tenements or within the AM 1;
 - (iii) the Purchaser receiving all approvals, consents and authorities required under all Environmental Laws to commence mining and development on any one or more of the Tenements or the AM1; and
 - (iv) the Purchaser receiving all other statutory approvals, consents and authorities required to commence mining and development on any one or more of the Tenements or the AM together, the Development Conditions).
- (c) The Purchaser will give the Vendor written notice of the satisfaction of the Development Conditions within 14 days of the satisfaction of the last Development Condition (Development Notice) and make the payment into an account nominated by the Vendor within 14 days of the Development Notice.
- (d) In its absolute discretion, the Purchaser may waive the requirement for the satisfaction of the Development Conditions in writing and make the Milestone Payment at any time on or before the third anniversary of the Effective Date.

Note 13. Contingent assets (continued)

Development Delay Payments

- (a) If the Purchaser has not issued a Development Notice:
- (i) by the third anniversary of the Effective Date and provided that:
 - (A) the condition in clause (b) is satisfied; and
 - (B) the Purchaser has not exercised its rights under clause (c)the Purchaser will pay the Vendor a payment of \$500,000 into an account nominated by the Vendor within 30 days of the third anniversary of the Effective Date (**14 July 2020**); and
 - (ii) by the sixth anniversary of the Effective Date and provided that the purchaser has not exercised its rights under clause 4(d), the Purchaser will pay the Vendor a payment of \$500,000 into an account nominated by the Vendor within 30 days of the sixth anniversary of the Effective Date (**14 July 2023**), (**together, the Development Delay Payments**). For the avoidance of doubt, if the Purchaser makes the first Development Delay Payment, the Milestone Payment will not be payable by the Purchaser.
- (b) The obligation to make the First Development Delay Payment is contingent upon a minimum amount being spent on the Tenements by the Purchaser being equal to the total of the:
- (i) minimum statutory expenditure under the Mining Act;
 - (ii) rates and rents; and
 - (iii) any fees associated with the Option and any access fees payable to landowners; calculated from the Completion Date to the third anniversary of the Completion Date.
- (c) At any time before the third anniversary of the Completion Date, the Purchaser, in its sole discretion, may hand back the Tenements by:
- (i) subject to the receipt of all relevant consents and approvals under the Mining Act, including the consent of the Minister, transferring its interest in the Tenements and the AMI (or any successor tenements) to the Vendors for nil consideration; and
 - (ii) procuring that all security granted over the Tenements by the Purchaser is released.
- (d) At any time between the third and sixth year anniversary of the Completion Date, the Purchaser, in its sole discretion, may hand back the Tenements by:
- (i) subject to the receipt of all relevant consents and approvals under the Mining Act, including the consent of the Minister, transferring its interest in the Tenements (or any successor tenements) to the Vendors for nil consideration; and
 - (ii) procuring that all security granted over the Tenements by the Purchaser is released.
- (e) If the Purchaser exercises its right to hand back the Tenement to the Vendor:
- (i) under clause (c), the Purchaser will not be required to make the Development Delay Payments.
 - (ii) under clause (d), the Purchaser will not be required to make the Second Development Delay Payment.
- (f) If the Purchaser exercises its rights under clauses (c) or 4(d) of this Agreement, both parties agree to do all things necessary or convenient to procure that the Tenements (or any successor tenements) are transferred to the Vendor as expeditiously as possible.
- (g) In the event that the Purchaser does not pay either of the Development Delay Payments when they are due and payable, the Development Delay Payments will be a debt due and payable by the Purchaser under this Agreement.

The Company has received the first development delay payment of \$500,000.

Note 14. Contingent liabilities

Native Title

The Company's activities may be subject to the Native Title Act and Aboriginal heritage legislation.

The Native Title Act recognises the title rights of indigenous Australians. State and Commonwealth native title legislation regulates the recognition, application and protection of native title. Native title may affect the status, renewal and conversion of existing tenements and the granting of new tenements. Indigenous land use agreements, including terms of compensation, heritage survey and protection agreements or other agreement types may need to be negotiated with affected parties.

The Native Title Act prescribes procedures applicable to the grant of tenements which may apply even in the case of, for instance, a granted exploration licence being "converted" to, say, a mining lease. Compensation may become payable in respect of any impact which the grant of any tenements or other activities have on native title. A tenement holder may be liable for the payment of compensation for the affect of mining and exploration activities on any native title rights and interests that exist in the area covered by a tenement. Compensation may be payable in forms other than money, including the transfer of property and the provision of goods and services.

It is not currently possible to assess whether compensation will be payable by the Company to native title holders in relation to any of the tenements but such compensation could be significant.

There may be sites and objects of significance to indigenous Australians located on the land relating to the Company's tenements. State and Commonwealth Aboriginal heritage legislation aims to preserve and protect these sites and objects from use in a manner inconsistent with Aboriginal tradition. The Company proposes carrying out 'clearance surveys' if it considers this to be appropriate before conducting any exploration work that would disturb the surface of the land.

The Company's tenements may contain some such sites or objects of significance, which would need to be avoided or cause delays. It is possible that areas containing mineralisation or an economic resource may also contain sacred sites, in which case exploitation thereof may be entirely frustrated. Access agreements will need to be negotiated with affected parties.

Native title, Aboriginal heritage or other indigenous matters are matters of substantial risk (giving rise to the threat that certain tenements may not be granted, access to certain tenements may be denied or delayed in addition to potentially significant cost exposure in respect of things such as negotiations, surveys, incentive payments and compensation to name but a few) as the legislative frame works provide torturous and frequently uncertain routes to the endeavour by both stakeholders (that is explorers/miners and indigenous peoples) to attain certainty.

It is not possible to quantify the financial or other impact native title and Aboriginal heritage will have upon the Company as, amongst other things, the processes involved with:

- (a) identify all and only indigenous peoples with a relevant interest;
- (b) registering an indigenous land use agreement;
- (c) obtaining access to land without infringing the provisions of the Aboriginal Heritage Act.

are open ended, can involve substantial delay and cost and there can be no certainty as to the outcome with it being possible for projects to be entirely frustrated.

This could be the case, for instance, even in circumstances where:

- (a) a native title party consents to the grant of an exploration licence and assists the exploration endeavour thereon (and the discovery of an otherwise economic deposit);
- (b) the company, in order to exploit that discovery, applies for a mining lease (or other required approval, consent, authority etc.) but such grant, approval, consent or authority is not forthcoming by reason of an objection by the same or another native title party.

Note 14. Contingent liabilities (continued)

Freehold Access

The interests of holders of freehold land encroached by tenements are given special recognition by the Mining Act (WA). As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations on the freehold land. There can be no assurance that the Company will secure rights to access those portions of the tenements encroaching freehold land either at all or for all purposes but, importantly, the grant of freehold extinguished native title so wherever the tenements encroach freehold the Company is in the position of not having to abide by the Native Title Act albeit aboriginal heritage matters will still be a consideration.

Note 15. Commitments

Tenement expenditure commitments

The Company has entered into certain obligations to perform minimum exploration work on tenements held or joint ventured into. These obligations vary from time to time in accordance with contracts signed. Tenement rentals and minimum expenditure obligations which may be varied or deferred on application to the Department of Mines and Petroleum are expected to be met in the normal course of business.

There is no minimum statutory expenditure requirement on the granted tenements for the next twelve months required. The Company continues to adopt a strategy of prioritising and significantly rationalising its tenement holdings. The tenements are located in Western Australia and are subject to legislative requirements with respect to the processes for application, grant, conversion and renewal. The tenements are also subject to the payment of annual rent and the meeting of minimum annual expenditure commitments. There is no guarantee that any applications, conversions or renewals for the Company's tenements will be granted. The inability of the Company to meet rent and expenditure requirements may adversely affect the standing of its tenements.

Note 16. Events after the reporting period

Other than set out in this report, no matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 17. Share-based payments

On 30 November 2020, 4,900,000 options were granted to Key Management Personnel ("KMP"), employees and contractors following approval at the AGM . The options were issued with an exercise price of \$1.515 and expiry of 31 December 2024. Options were issued for \$0.001 per option, the options vested immediately and a total of \$2,337,300 was expensed.

The options were issued to KMP, employees and contractors as follows:

	Options
Key Management Personnel:	
George Sakalidis	1,800,000
Eric Lim	900,000
Julien Sanderson	900,000
	<u>3,600,000</u>
Employees & contractors	<u>1,300,000</u>
	<u><u>4,900,000</u></u>

Note 17. Share-based payments (continued)

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/11/2020	31/12/2024	\$1.150	\$1.515	64.36%	-	0.11%	\$0.477

Total expense of the share based payments for the year was:

	Half year ended 31 Dec 2021	Half year ended 31 Dec 2020
	\$	\$
Total expense recognised as key management personnel expenses	-	1,717,200
Total expense recognised as employee and contractors expenses	-	620,100
	<u>-</u>	<u>2,337,300</u>

Magnetic Resources NL
Directors' declaration
31 December 2021



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in cursive script that reads 'George Sakalidis'.

GEORGE SAKALIDIS
MANAGING DIRECTOR

15 March 2022
Perth

ELDERTON

AUDIT PTY LTD

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Magnetic Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Magnetic Resources NL (the 'Company'), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed 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:

(a) giving a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) 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 our 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 in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of Management 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 Company's financial position as at 31 December 2021 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*.

Limited liability by a scheme approved under Professional Standards Legislation

T +61 8 6324 2900
ABN 51 609 542 458

E info@eldertongroup.com
W www.eldertongroup.com

A Level 2, 267 St Georges Terrace, Perth WA 6000

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.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Rafay', with a stylized flourish extending to the right.

Rafay Nabeel

Audit Director

15 March 2022

Perth