



**magnetic resources**<sup>NL</sup>

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**HALF-YEAR FINANCIAL REPORT**  
**31 DECEMBER 2019**

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**ABN 34 121 370 232**

**Authorised for release by the Managing Director, Mr George Sakalidis**



magnetic resources<sup>NL</sup>

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## DIRECTORS' REPORT



magnetic resources™

Your directors submit the financial report of the Company for the half-year ended 31 December 2019.

### DIRECTORS

The following persons were directors of Magnetic Resources NL ("Magnetic") during the half-year and up to the date of this report:

Mr Eric Lim  
Mr George Sakalidis  
Mr Julien Sanderson

### REVIEW OF OPERATIONS

The total loss from continuing operations for the half-year ended 31 December 2019 was \$2,148,628 (2018: \$1,911,727).

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 2019.

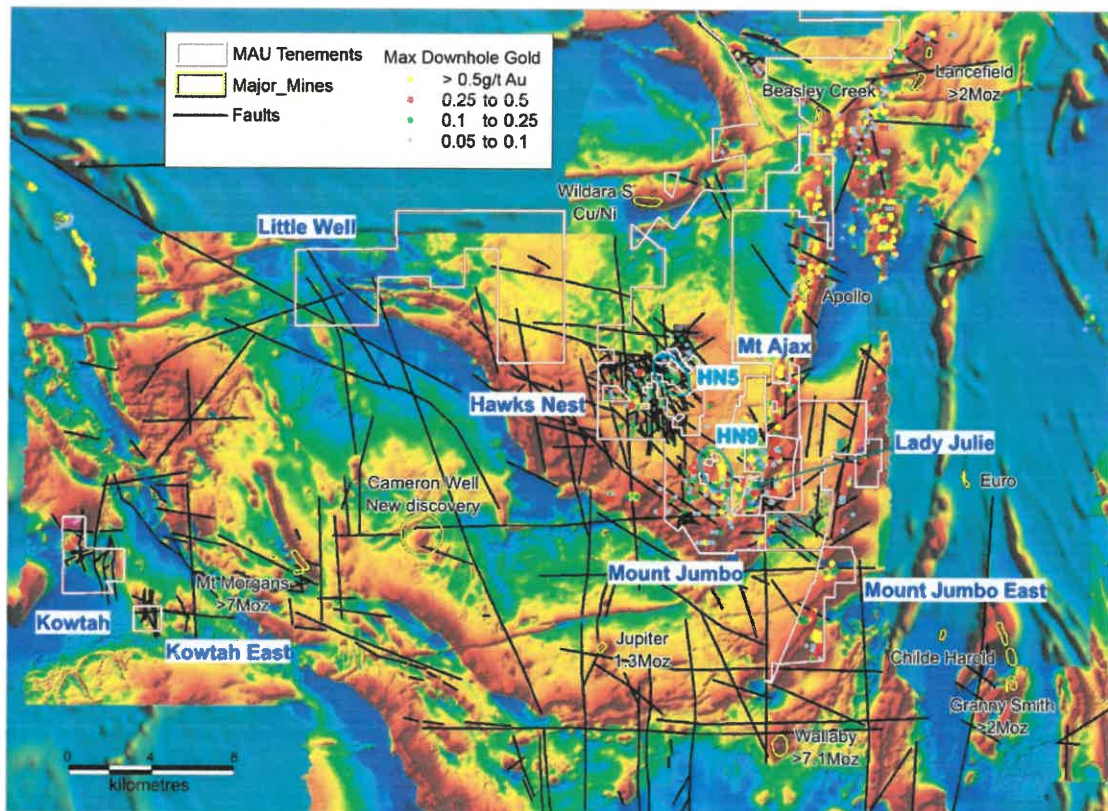
### INTRODUCTION:

#### Laverton Area

Magnetic Resources NL has 259km<sup>2</sup> in the Laverton region comprising E38/3127 Hawks Nest, E37/3100 & P38/4201 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 to P38/4384 Lady Julie (Figure 1). Table 1 shows the exploration completed to date and proposed exploration.

**Table 1. Summary of work completed and proposed in the Laverton Region**

Tenement	Surface sampling completed	Drilling & ground magnetics completed	Proposed exploration
Hawks Nest E38/3127	121 rock chips	164 RAB holes for 1814m	HN9 Extend 2 RC from 70 to 110m and plan deeper drilling.
M38/1041(Optioned)	4099 soils	595 RC for 28046m 2 AC holes for 66m 507km ground magnetics	
Lady Julie (Optioned) P38/4346, P38/4379-84	11 rock chips 61 soils	90 RC for 4421m 291 shallow RAB for 1689m	30 RC for 1520m 684 Soils
Mt Jumbo E38/3100	7 rock chips 67 lags	2 RC holes for 336m 2 DDH for 465m 143km ground magnetics	
Mt Jumbo East P38/4317–24	19 rock chips 131 lags	23 RC holes for 1646m 229km ground magnetics	
Kowtah P39/5594–97, 5617	1 rock chip	186km ground magnetics	RAB drilling planned



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

### Hawks Nest E38/3127

#### Hawks Nest 9 target

At Hawks Nest 9 (HN9) an extensive drilling programme of 465 RC holes totaling 20,384m (averaging 44m) including 3,971 2-5m composites and 2660 1m splits have been completed to date (**Figure 2**). There are 65 RC holes totaling 2,906m (MHNRC512–576), 735 2-5m composites and 82 1m splits mainly being reported in this release. There are three lots of assays pending for the deepening of MHNRC541 from 70 to 110m and a further 7 deep (150-250m) RC holes (MHNRC577–583) totaling 1,525m.

At HN9 historical drilling results for 21 RC holes for 780m and 43 RAB holes for 1,182m have been compiled from historic reports. A total of 1583 soil samples have been assayed over a 4.2km<sup>2</sup> area.

In the central part of HN9 there is a distinct bend in the shear zone from SSE to SSW and there is a considerable thickening of the mineralised zone within an altered silicified porphyry. This porphyry is delineated over a 400m strike length, is open and plunges shallowly to the NNE, and dramatically thickens from commonly 2-5m up to 10-57m (**Figure 3**). This newly identified silicified porphyry crosscuts the NNW-trending near-surface flat-dipping mineralisation and may represent a feeder zone of the entire 3km-long HN9 shallow-dipping sequence (**Figure 4**).

Some of the thicker gold-mineralised zones encountered within this porphyry include 28m at 0.645g/t from 4m in hole MHNRC497, 57m at 0.5g/t from 13m including 27m at 0.69g/t from 43m in MHNRC541, 14m at 0.7 g/t from 25m in MHNRC179, 11m at 1.82g/t from 18m in MHNRC211, 12m at 1.96g/t from 16m in hole RFR-31 and 14m at 0.70g/t from 25m in MHNRC179 (Table 2; see MAU ASX Release 17 January 2020, Multiple silicified porphyry horizons from deep drilling and 57m mineralised feeder zone at HN9).

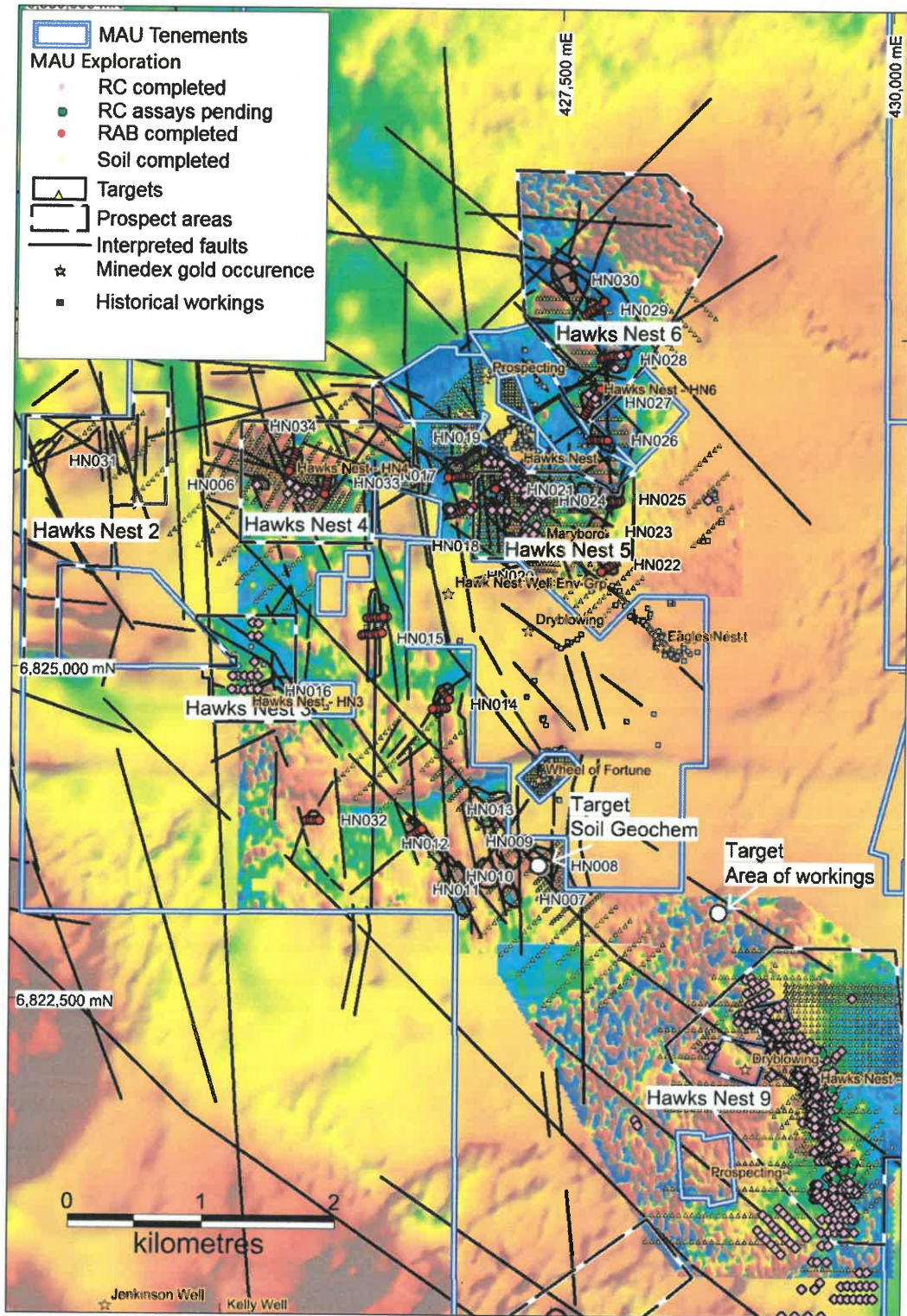
Table 2. HN9 Wide Porphyry Intersections

Hole ID	From	To	Width	Gold			
	MGaz51	MGaz51	metres	metres	metres	ppm	
MHNRC179	429669	6821219	25	39	14	0.70	*
MHNRC496	429677	6821249	48	50	2	0.88	*
MHNRC497	429675	6821202	3	32	29	0.65	
MHNRC541	429710	6821250	13	70	57	0.50	*
MHNRC541		including	3	10	7	0.22	
MHNRC541		including	13	37	24	0.38	
MHNRC541		including	43	48	5	0.39	
MHNRC541		including	51	70	19	0.86	*
MHNRC564	429722	6821289	60	70	10	0.92	*
* End of hole							

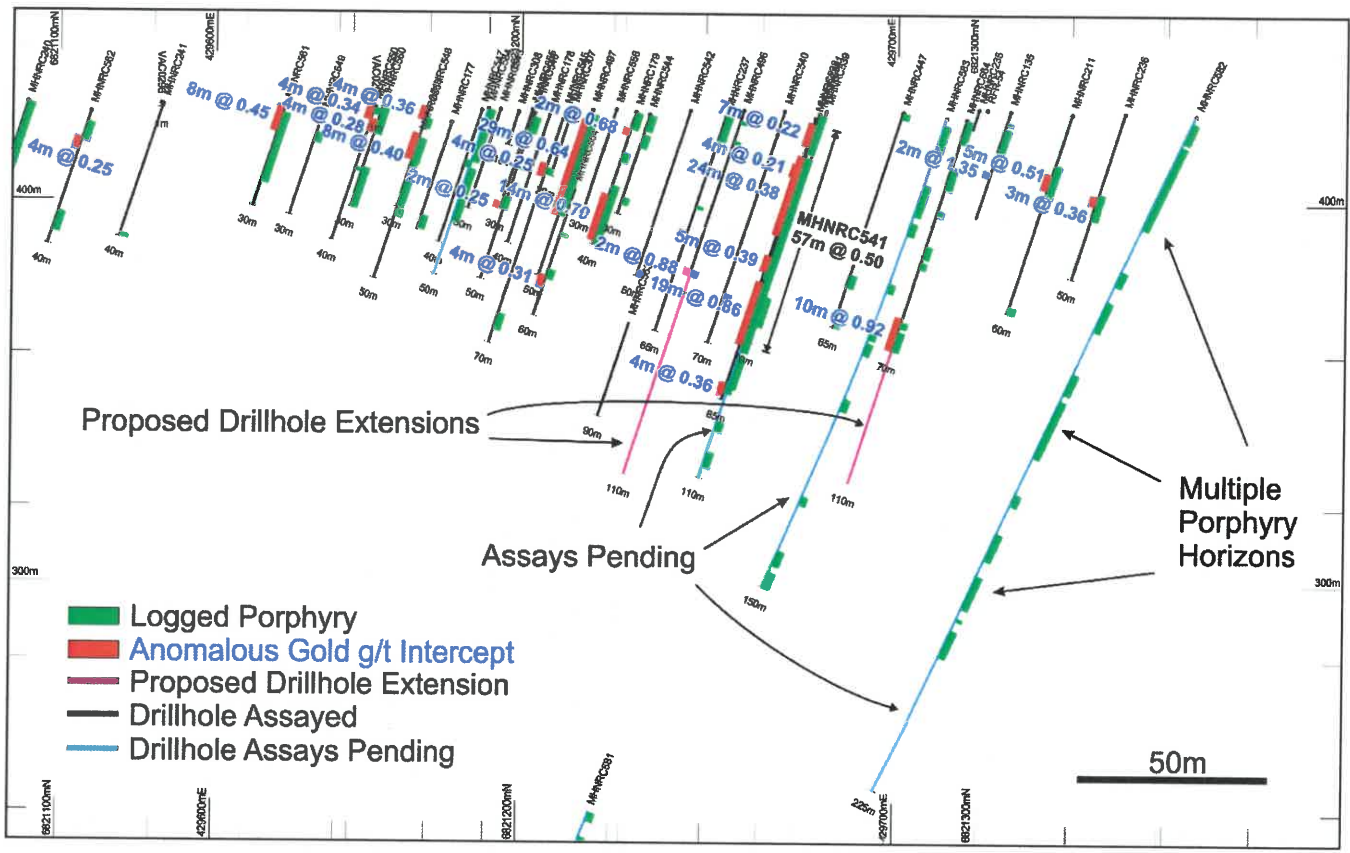
The new eight deeper holes (greater than 150m depth) have predominately intersected three thick fine-grained porphyry horizons, which can be silicified and are down-dip and below from mineralised porphyry from previous shallow drilling (**Figure 3**). This augers well for the continuity of the mineralisation and we are looking forward to our assay results on all eight deeper holes. Three sets of drilling results are pending for HN9.

There are many new shallow intersections (**Figures 3 and 4, Table 2 and 3**) with a total of 324 intersections (ranging from 1 to 8m) greater than 0.5g/t Au, which includes 149 greater than 1g/t Au, 55 greater than 2g/t Au, 27 greater than 3g/t Au and 19 greater than 4g/t Au. It should be noted that most of the intersections are very shallow and within the first 50m of the surface. There are now three discernible mineralised zones recognised that mostly dip shallowly around 20-30° to the east within the sheared porphyry and sheared mafic/porphyry contacts. Previously there was only one mineralised zone recognised.





**Figure 2. E38/3127 Hawks Nest ground and aeromagnetic interpretation showing major NW faults and Targets HN3–6, WoF & HN9, showing drill and soil programmes completed, 62 holes assays pending and 5 proposed deep RC holes**



**Figure 3. HN9 Central Area NNE Long Section showing multiple mineralised porphyry zones that thicken and plunge shallowly to the NNE (assays pending for deeper holes)**

The newly discovered multiple shallow dipping extensive zones 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, which are ubiquitous throughout these deposits and have been defined down to 1500m depth at the Wallaby deposit (Figure 5). In addition, many discoveries in recent times have been made by drilling below 100m because the historical drilling was far too shallow. At HN9 the average hole depth is only 44m 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 record levels of \$2,270 the HN9 Project 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 at Laverton, WA. (Figure 5), is shaping up and has potential for a large-scale shallow deposit. This significant 3km mineralised zone is coherent and is not closed off to the north, east and at depth and is so far defined by 465 RC holes totaling 20,484m (Figures 2 and 3 and Tables 2 and 3).

Also, the discovery of a thick mineralised intrusive porphyry feeder zone up to 57m thick and the multiple bands of silicified porphyry from deeper drilling, similar to the Wallaby and Jupiter Deposits, is a breakthrough and will be further investigated with an infill deeper drill programme planned after assay results for the eight deeper holes are received shortly.



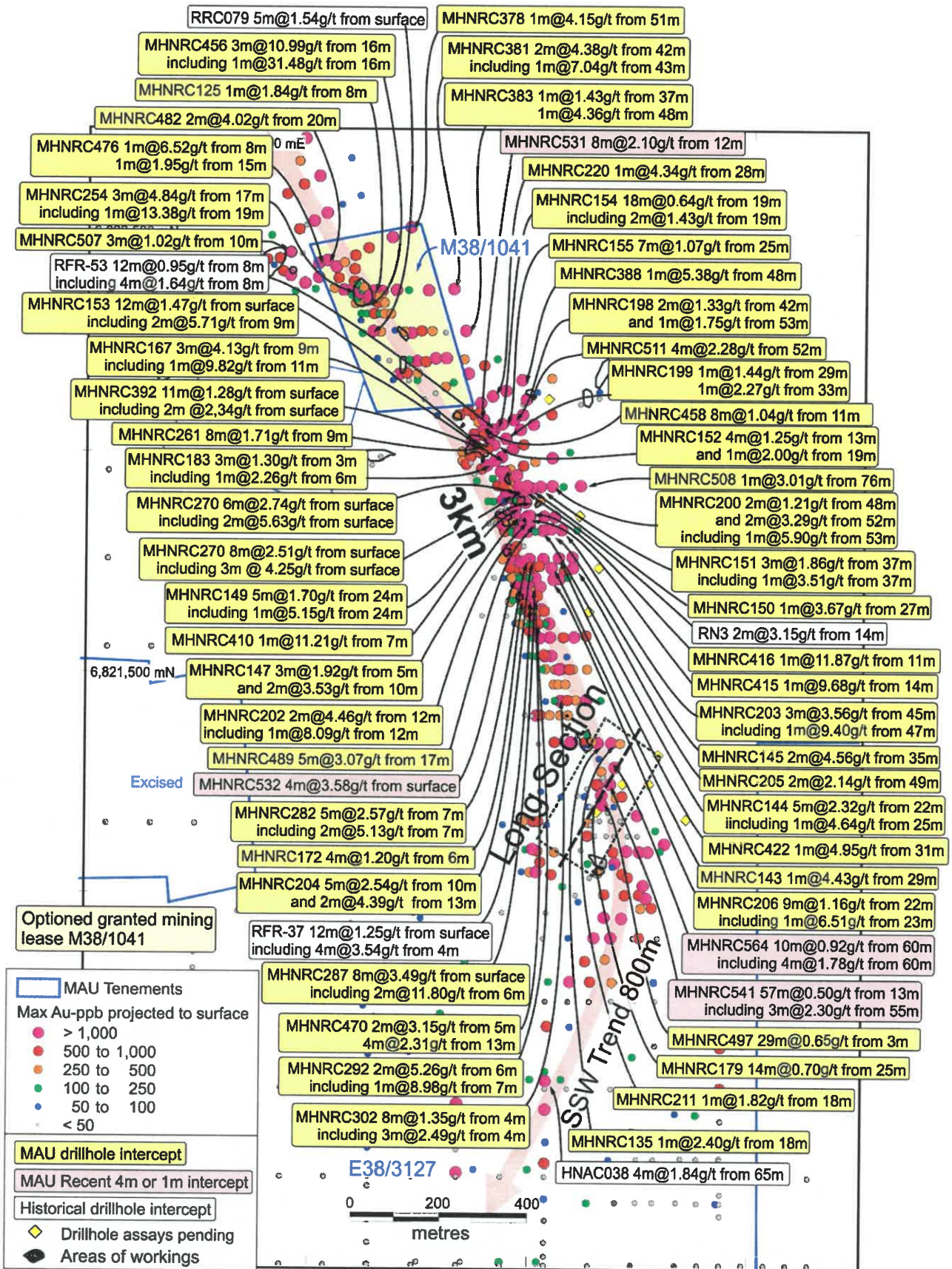


Figure 4. HN9 historical drilling (64 RAB/RC) and workings, MAU 465 RC drillholes (9 holes assays pending in yellow) within the 3km mineralised gold zone.



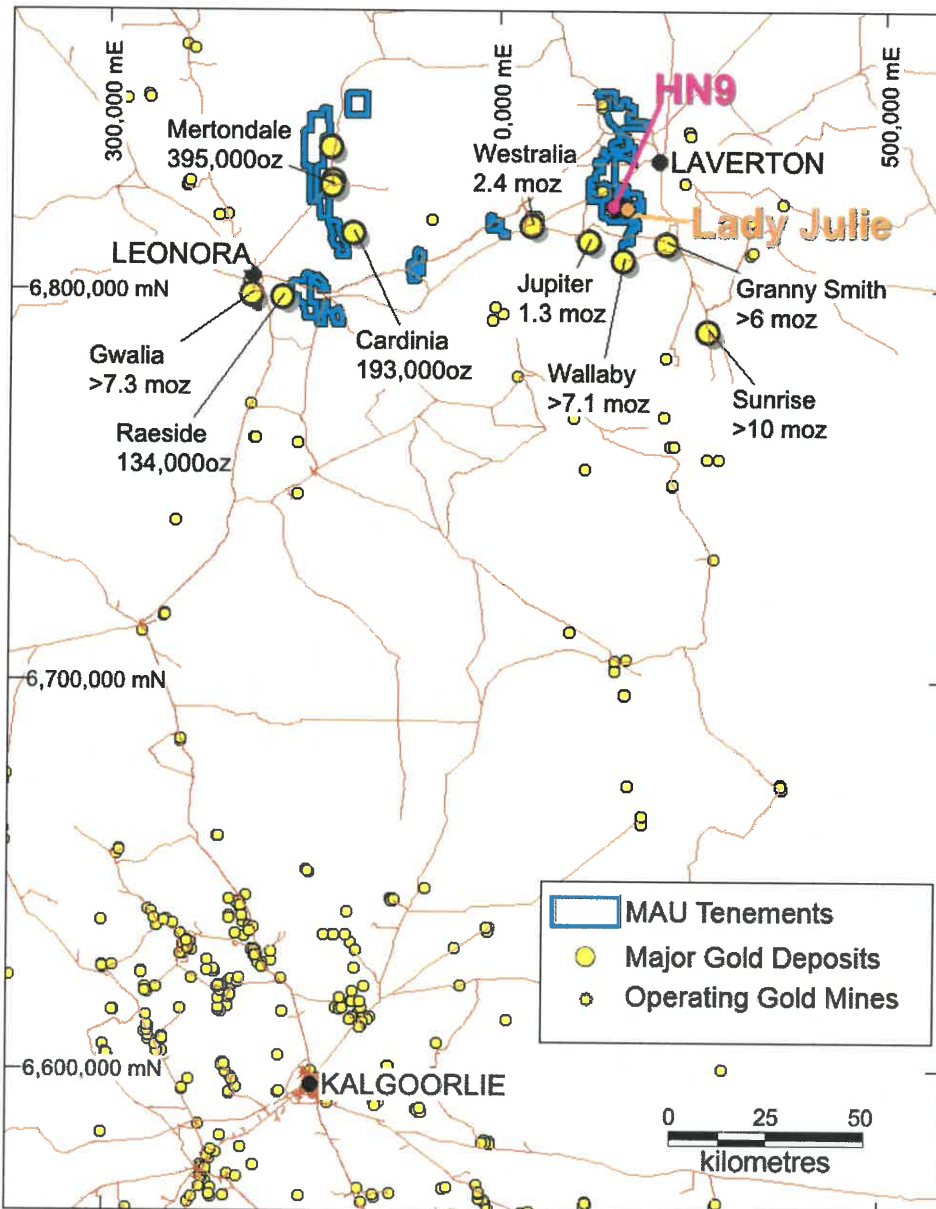


Figure 5. Location Map showing HN9 near major gold mines in the Laverton district

Table 3. HN9 Significant Drilling Intercepts Gold (>1g/t highlighted)

Hole_Id	Easting MGAz51	Northing MGAz51	From metres	To metres	Width metres	Gold ppm
<i>RC - Magnetic Resources NL 4m composites and 1m splits 14th Jan 2020</i>						
MHNRC124	428952	6822397	14	15	1	1.004
MHNRC125	429140	6822367	8	9	1	1.838
MHNRC126	429165	6822366	20	21	1	1.855
MHNRC127	429076	6822369	16	17	1	1.030
MHNRC129	429238	6822208	5	6	1	1.317
MHNRC131	429225	6822271	3	4	1	1.451
MHNRC135	429661	6821344	18	19	1	2.402
MHNRC136	429516	6821406	6	7	1	1.962
MHNRC139	429550	6821541	11	12	1	1.229



Hole_Id	Easting MGAz51	Northing MGAz51	From metres	To metres	Width metres	Gold ppm	
MHNRC139			16	17	1	1.158	*
MHNRC140	429550	6821615	20	23	3	2.624	*
MHNRC142	429524	6821702	14	15	1	4.265	*
MHNRC143	429558	6821740	29	30	1	4.426	*
MHNRC144	429536	6821825	22	27	5	2.319	*
MHNRC144		Including	23	24	1	3.422	*
MHNRC144		Including	25	26	1	4.637	*
MHNRC145	429560	6821828	35	37	2	4.560	*
MHNRC146	429463	6821761	5	6	1	2.223	*
MHNRC146			9	10	1	1.487	*
MHNRC147	429465	6821858	5	11	6	2.070	*
MHNRC147		Including	6	7	1	2.836	*
MHNRC147		Including	10	11	1	6.266	*
MHNRC149	429496	6821889	24	29	5	1.696	*
MHNRC150	429512	6821921	27	28	1	3.671	*
MHNRC151	429536	6821924	37	40	3	1.862	*
MHNRC152	429417	6822022	13	17	4	1.246	*
MHNRC152		Including	14	15	1	2.023	*
MHNRC152			19	20	1	1.997	*
MHNRC153	429378	6822014	3	6	3	1.257	*
MHNRC153			9	11	2	5.713	*
MHNRC153		Including	9	10	1	9.695	*
MHNRC154	429422	6822060	19	21	2	1.426	*
MHNRC154			26	30	4	1.054	*
MHNRC154		Including	26	27	1	2.563	*
MHNRC154			36	37	1	2.149	*
MHNRC155	429440	6822073	26	31	5	1.212	*
MHNRC167	429432	6821993	9	12	3	4.129	*
MHNRC167		Including	11	12	1	9.822	*
MHNRC170	429435	6821901	2	3	1	1.201	*
MHNRC172	429474	6821674	6	9	3	1.393	*
MHNRC175	429539	6821584	1	3	2	1.046	*
MHNRC179	429670	6821219	6	7	1	1.126	*
MHNRC179			27	29	2	1.498	*
MHNRC179			36	37	1	1.047	*
MHNRC182	429592	6821346	20	21	1	1.036	*
MHNRC182			35	36	1	1.032	*
MHNRC183	429395	6821973	4	7	3	1.298	*
MHNRC183		Including	6	7	1	2.262	*
MHNRC184	429414	6821984	2	3	1	1.471	*
MHNRC184			11	12	1	1.453	*
MHNRC191	429068	6822429	7	8	1	1.213	*
MHNRC193	428980	6822382	1	2	1	1.110	*
MHNRC194	429195	6822368	13	14	1	1.575	*
MHNRC196	429289	6822212	27	28	1	1.169	*
MHNRC197	429391	6822116	20	23	3	1.009	*
MHNRC198	429476	6822089	42	44	2	1.330	*
MHNRC198			53	54	1	1.746	*
MHNRC199	429451	6822040	29	30	1	1.442	*
MHNRC199			33	34	1	2.268	*



Hole_Id	Easting MGAz51	Northing MGAz51	From metres	To metres	Width metres	Gold ppm	
MHNRC200	429569	6821925	48	50	2	1.211	*
MHNRC200			53	54	1	5.899	*
MHNRC202	429491	6821856	12	13	1	8.086	*
MHNRC202			16	17	1	1.512	*
MHNRC203	429590	6821827	45	48	3	3.558	*
MHNRC203		Including	47	48	1	9.396	*
MHNRC204	429493	6821763	11	15	4	2.991	*
MHNRC204		Including	11	12	1	2.681	*
MHNRC204		Including	13	15	2	4.387	*
MHNRC205	429611	6821735	49	51	2	2.138	*
MHNRC205		Including	49	50	1	2.431	*
MHNRC206	429556	6821719	23	24	1	6.508	*
MHNRC210	429648	6821440	45	46	1	1.061	*
MHNRC211	429690	6821344	18	19	1	1.821	*
MHNRC214	429014	6822533	35	36	1	1.012	*
MHNRC215	429048	6822553	45	50	5	1.047	*
MHNRC215		Including	45	46	1	2.006	*
MHNRC218	429316	6822215	16	17	1	1.675	*
MHNRC218			28	29	1	2.753	*
MHNRC218		Including	28	29	1	2.753	*
MHNRC219	429366	6822188	30	32	2	2.781	*
MHNRC219		Including	31	32	1	3.709	*
MHNRC220	429420	6822136	28	29	1	4.337	*
MHNRC221	429502	6822102	59	60	1	1.059	*
MHNRC222	429489	6822064	41	46	5	1.670	*
MHNRC222		Including	41	43	2	2.537	*
MHNRC223	429465	6822016	26	27	1	3.455	*
MHNRC223			33	34	1	1.167	*
MHNRC224	429428	6821959	2	3	1	1.899	*
MHNRC229	429543	6821856	29	30	1	1.487	*
MHNRC229			33	35	2	3.608	*
MHNRC229		Including	34	35	1	5.837	*
MHNRC231	429537	6821761	19	21	2	1.546	*
MHNRC231			24	25	1	2.577	*
MHNRC232	428121	6821635	32	33	1	2.949	*
MHNRC235	429648	6821343	50	51	1	1.020	*
MHNRC242	429729	6821098	18	19	1	1.121	*
MHNRC243	429757	6821097	16	17	1	1.411	*
MHNRC244	429786	6821097	35	36	1	1.300	*
MHNRC252	429017	6822400	15	16	1	1.783	*
MHNRC254	429094	6822366	1	2	1	1.439	*
MHNRC254			17	20	3	4.843	*
MHNRC254		Including	19	20	1	13.379	*
MHNRC258	429205	6822177	19	20	1	2.875	*
MHNRC261	429394	6822043	9	13	4	2.581	*
MHNRC261		Including	9	10	1	6.161	*
MHNRC261		Including	12	13	1	2.842	*
MHNRC261			15	16	1	1.641	*
MHNRC263	429403	6822018	9	10	1	2.645	*
MHNRC263			15	16	1	1.071	*





Hole_Id	Easting MGAz51	Northing MGAz51	From metres	To metres	Width metres	Gold ppm	
MHNRC268	429475	6821922	18	19	1	3.085	*
MHNRC270	429452	6821898	0	6	6	2.736	*
MHNRC270		Including	0	2	2	5.634	*
MHNRC270		Including	5	6	1	3.235	*
MHNRC270			7	8	1	3.147	*
MHNRC273	429448	6821861	0	1	1	1.004	*
MHNRC273			4	5	1	3.081	*
MHNRC275	429464	6821835	8	9	1	1.529	*
MHNRC275			11	12	1	1.176	*
MHNRC276	429432	6821838	0	1	1	1.056	*
MHNRC276			3	4	1	1.001	*
MHNRC277	429481	6821822	13	14	1	3.230	*
MHNRC278	429465	6821822	8	9	1	1.860	*
MHNRC280	429451	6821762	1	4	3	4.435	*
MHNRC282	429484	6821745	7	12	5	2.574	*
MHNRC282		Including	7	9	2	5.314	*
MHNRC284	429511	6821718	9	10	1	2.118	*
MHNRC287	429490	6821684	2	3	1	1.187	*
MHNRC287			4	8	4	5.499	*
MHNRC287		Including	6	8	2	10.280	*
MHNRC289	429524	6821647	6	7	1	1.196	*
MHNRC289			12	13	1	1.068	*
MHNRC292	429507	6821614	6	8	2	5.256	*
MHNRC292		Including	7	8	1	8.976	*
MHNRC294	429617	6821584	42	43	1	1.376	*
MHNRC294			49	50	1	1.037	*
MHNRC295	429521	6821581	8	9	1	1.001	*
MHNRC297	429538	6821541	9	10	1	1.085	*
MHNRC297			13	17	4	1.079	*
MHNRC300	429576	6821511	20	21	1	1.340	*
MHNRC302	429569	6821439	4	7	3	2.483	*
MHNRC302		Including	4	5	1	3.045	*
MHNRC302		Including	6	7	1	3.820	*
MHNRC302			11	12	1	2.710	*
MHNRC332	429649	6820901	5	8	3	1.333	*
MHNRC332		Including	5	6	1	2.258	*
MHNRC332			13	14	1	1.946	*
MHNRC333	429697	6820902	24	25	1	1.504	*
MHNRC333			28	30	2	1.204	*
MHNRC337	429597	6820801	8	10	2	1.723	*
MHNRC371	428992	6822720	34	35	1	1.349	*
MHNRC373	429039	6822642	72	73	1	2.532	*
MHNRC377	429195	6822500	46	47	1	1.374	*
MHNRC378	429240	6822524	51	52	1	4.149	*
MHNRC380	429275	6822368	30	31	1	2.176	*
MHNRC381	429339	6822371	42	44	2	4.380	*
MHNRC381		Including	43	44	1	7.038	*
MHNRC383	429369	6822277	36	37	1	1.434	*
MHNRC383			48	49	1	4.362	*
MHNRC387	429453	6822151	37	38	1	1.076	*



Hole_Id	Easting MGAz51	Northing MGAz51	From metres	To metres	Width metres	Gold ppm	
MHNRC388	429494	6822178	48	49	1	5.384	*
MHNRC389	429523	6822079	53	54	1	1.204	*
MHNRC391	429361	6822026	5	6	1	3.253	*
MHNRC392	429371	6822036	2	6	4	1.979	*
MHNRC392		Including	2	3	1	2.745	*
MHNRC392		Including	4	5	1	2.856	*
MHNRC392			9	11	2	2.342	*
MHNRC392		Including	10	11	1	3.214	*
MHNRC394	429573	6822001	62	63	1	2.864	*
MHNRC397	429441	6821960	8	9	1	1.565	*
MHNRC397			11	12	1	1.641	*
MHNRC398	429438	6821940	8	9	1	2.995	*
MHNRC400	429446	6821925	3	7	4	1.142	*
MHNRC400		Including	3	4	1	2.006	*
MHNRC400			8	9	1	1.489	*
MHNRC401	429441	6821911	3	4	1	2.555	*
MHNRC402	429449	6821909	6	7	1	4.025	*
MHNRC403	429471	6821912	6	12	6	1.883	*
MHNRC403		Including	7	8	1	3.553	*
MHNRC403		Including	11	12	1	3.246	*
MHNRC403			13	14	1	2.456	*
MHNRC404	429482	6821912	10	11	1	8.144	*
MHNRC410	429464	6821875	7	8	1	11.208	*
MHNRC411	429432	6821860	8	9	1	2.146	*
MHNRC414	429440	6821838	5	6	1	3.086	*
MHNRC415	429474	6821836	14	15	1	9.684	*
MHNRC416	429485	6821836	11	12	1	11.868	*
MHNRC417	429571	6821856	42	44	2	1.355	*
MHNRC421	429580	6821715	30	31	1	1.145	*
MHNRC421			34	35	1	2.275	*
MHNRC421			38	39	1	1.919	*
MHNRC422	429576	6821763	31	32	1	4.944	*
MHNRC433	429507	6821103	4	5	1	2.443	*
MHNRC436	429519	6821050	10	11	1	1.911	*
MHNRC441	429690	6821061	20	21	1	1.086	*
MHNRC443	429753	6821001	40	41	1	1.294	*
MHNRC444	429779	6820972	47	48	1	1.458	*
MHNRC445	429823	6821098	46	47	1	1.733	*
MHNRC455	429122	6822355	2	3	1	1.191	*
MHNRC456	429139	6822352	16	19	3	10.994	*
MHNRC456		Including	16	17	1	31.485	*
MHNRC458	429392	6822061	12	17	5	1.433	*
MHNRC458		Including	14	15	1	2.246	*
MHNRC459	429406	6822040	18	20	2	1.562	*
MHNRC461	429472	6821954	19	20	1	2.414	*
MHNRC462	429446	6821781	5	6	1	1.772	*
MHNRC464	429478	6821753	6	8	2	1.805	*
MHNRC464		Including	6	7	1	2.274	*
MHNRC465	429488	6821755	8	9	1	1.193	*
MHNRC465			14	15	1	4.762	*



Hole_Id	Easting MGaz51	Northing MGaz51	From metres	To metres	Width metres	Gold ppm	
MHNRC466	429469	6821690	1	3	2	2.728	*
MHNRC466		Including	2	3	1	4.077	*
MHNRC468	429491	6821704	6	7	1	1.507	*
MHNRC469	429496	6821661	2	3	1	1.527	*
MHNRC469			5	6	1	1.400	*
MHNRC470	429507	6821671	5	7	2	3.150	*
MHNRC470			13	17	4	2.313	*
MHNRC470		Including	16	17	1	7.850	*
MHNRC473	429510	6821634	8	12	4	1.825	*
MHNRC473		Including	8	9	1	4.447	*
MHNRC474	429507	6821603	6	7	1	1.874	*
MHNRC476	429015	6822430	8	9	1	6.522	*
MHNRC476			15	16	1	1.948	*
MHNRC479	428906	6822400	57	58	1	1.824	*
MHNRC482	429039	6822440	20	22	2	4.016	*
MHNRC482		Including	21	22	1	6.422	*
MHNRC489	429503	6821835	17	22	5	3.072	*
MHNRC489		Including	17	18	1	2.608	*
MHNRC489		Including	20	22	2	6.164	*
MHNRC490	429613	6821764	44	45	1	2.491	*
MHNRC496	429677	6821249	48	49	1	1.443	*
MHNRC497	429675	6821202	7	8	1	1.012	*
MHNRC497			18	19	1	1.439	*
MHNRC497			22	25	3	1.036	*
MHNRC500	429673	6820948	1	2	1	1.556	*
MHNRC500			8	9	1	1.787	*
MHNRC501	429722	6820945	25	26	1	1.083	*
MHNRC507	428938	6822450	11	14	3	1.210	*
MHNRC508	429647	6821926	76	77	1	3.009	*
MHNRC511	429511	6822122	53	56	3	2.235	*
MHNRC511		Including	53	55	2	2.776	*
MHNRC531	429393	6822080	12	20	8	2.094	**
MHNRC531		Including	12	16	4	3.157	**
MHNRC532	429465	6821704	0	4	4	3.582	**
MHNRC533	429475	6821709	8	12	4	1.600	**
MHNRC541	429710	6821250	24	25	1	1.320	**
MHNRC541			55	58	3	2.300	**
MHNRC541		Including	57	58	1	4.949	**
MHNRC541			62	66	4	1.078	**
MHNRC563	429758	6821179	28	32	4	1.046	**
MHNRC564	429722	6821289	60	64	4	1.778	**
<b>AC - Metex Resources Ltd 2001 A62445</b>							
RFAC357	429937	6820538	44	45	1	0.721	*
RFAC358	429937	6820618	69	70	1	0.824	*
RFAC402	429737	6820438	37	38	1	0.849	*
<b>AC - Metex Resources Ltd 2000 A74219</b>							
HNAC038	429538	6820479	65	69	4	1.840	*
HNAC050	429138	6820578	35	36	1	1.020	*





Hole_Id	Easting MGAz51	Northing MGAz51	From metres	To metres	Width metres	Gold ppm	
HNAC057	429338	6820358	18	19	1	1.680	*
HNAC061	429338	6820518	12	13	1	1.190	*
<i>RAB - Gwalia 1989 A29728</i>							
RFR-25	429535	6821406	28	32	4	0.577	*
RFR-31	429575	6821511	16	20	4	2.660	*
			24	28	4	3.110	*
RFR-32	429595	6821510	12	16	4	0.873	*
			16	20	4	0.920	*
RFR-35	429515	6821614	0	4	4	0.797	*
RFR-37	429491	6821684	0	4	4	1.120	*
			4	8	4	3.540	*
			12	16	4	0.501	*
RFR-44	429475	6821823	8	12	4	1.220	*
RFR-45	429496	6821823	12	16	4	1.530	*
			16	20	4	0.858	*
RFR-47	429436	6821925	0	4	4	0.751	*
RFR-49	429476	6821925	16	20	4	2.130	*
RFR-50	429496	6821926	12	16	4	0.686	*
			16	20	4	1.910	*
RFR-51	429416	6822031	8	12	4	0.977	*
RFR-52	429391	6822044	8	12	4	0.923	*
			12	16	4	0.753	*
RFR-53	429409	6822054	8	12	4	1.640	*
			16	20	4	0.683	*
<i>RAB - Duketon/Golconda 1987 A22722</i>							
RFR-109	429106	6822361	0	2	2	1.300	*
RFR-219	429125	6822351	5	6	1	1.310	*
RFR-220	429128	6822358	6	7	1	2.600	*
<i>RC - Julia Mines 1986 A18060</i>							
RN1	429469	6821820	8	10	2	1.930	*
			10	12	2	0.700	*
			20	22	2	0.750	*
RN2	429487	6821863	16	18	2	1.130	*
			22	24	2	0.700	*
RN3	429483	6821916	14	16	2	3.150	*
RN5	429404	6822044	12	14	2	0.950	*
			18	20	2	2.510	*
<i>RC - Placer Exploration Ltd 1991 A34935</i>							
RRC065	429588	6821441	10	15	5	0.658	*
RRC067	429531	6821543	5	10	5	0.925	*
RRC069	429495	6821642	5	10	5	0.735	*
RRC071	429537	6821643	10	15	5	0.548	*
			15	20	5	0.664	*
RRC072	429503	6821742	5	10	5	0.637	*
			10	15	5	0.695	*
RRC073	429525	6821744	15	20	5	0.978	*

Hole_Id	Easting MGaz51	Northing MGaz51	From metres	To metres	Width metres	Gold ppm	
RRC077	429222	6822180	15	20	5	0.820	*
RRC079	429137	6822275	0	5	5	1.540	*

**\* MAU and historical intercepts see ASX releases:**

4th Feb 2019 "Significant 2km Gold Target is open to the East on 83% of the 24 Lines Drilled at HN9",  
 25th March 2019 "Significant 2.1km Gold Target Still open to North, South, East and at Depth",  
 22nd May 2019 " Gold Target Enlarged by 47% to Significant 3.1km and is still open to the North, East and at Depth" and  
 27th June 2019 "200m-Wide Gold Zone Open to the Northeast and Very Extensive Surface Gold Mineralisation Confirmed at HN9 Laverton"  
 4th September 2019 "200m Wide Gold Zone open to the North and New 800m Anomalous Gold Zone defined at HN9 Laverton"  
 14th October 2019 "Highest Grades Outlined at HN9 and Being Followed Up and Lady Julie Shallow Drilling Commencing Shortly"  
 28th November 2019 "Central Part of HN9 Shows Significant Thickening of the Mineralised Zone to 28m"

**\*\* New MAU intercept from 4m and 1m assays**

**Lady Julie P38/4346, P38/4379–4384**

Magnetic has expanded its prospective land holding directly east of HN9, following an option to purchase 7.1km<sup>2</sup> of tenements at the Lady Julie Project. The prospective land position at HN9 has increased from 4.2km<sup>2</sup> to 11.4km<sup>2</sup>. The new tenements comprise 7 granted prospecting licenses P38/4346, P38/4379 to P38/4384 and covers 3 separate N–S gold mineralised shear zones totalling 6 km in strike length, which are only 1km, 1.5km and 2.5km east of HN9 (Figures 5 and 6).

At Lady Julie an initial drilling programme of 90 RC holes totaling 4,421m including 1,120 2-4m composites and 622 1m splits have been completed to date (see MAU ASX Release 23 January 2020, Lady Julie has promising shallow gold results over 1.3km). Promising results along the two western mineralised lines, which are only 1km and 1.5km east of the exciting HN9 3km long mineralised project, are being followed up over a total of 1.3km strike length with 30 RC holes totaling 1,520m (Figure 6).

The area covering Lady Julie and HN9 is well endowed and is a focus of gold mineralisation over 11.4km<sup>2</sup> and has potential for a mining centre after more drilling is completed (Figure 6). These two western shears trending NS through Lady Julie are strongly mineralised with high-grade and some thicker shallow intersections including:

**Current Drilling completed**

- MLJRC039 2m @ 5.44g/t Au from 29m
- MLJRC073 1m @ 18.18g/t Au from 15m
- MLJRC076 6m @ 1.79g/t Au from 1m
- MLJRC083 3m @ 1.78g/t from 5m

**Historical drilling**

- AJC01 13m @ 1.37g/t Au from 3m
- AJC02 6m @ 2.05g/t Au from 23m
- RFB226 10m @ 7.53g/t Au from 24m including. 3m @ 21.05g/t Au from 24m.
- RFB206 4m @ 8.36g/t Au from 18m.
- RFAC447 1m @ 20.60g/t Au from 43m.
- RFB217 1m @ 16.01g/t Au from 20m.
- RFB165 19m @ 1.57g/t Au from 43m including. 5m @ 3.87g/t Au from 43m.
- RFB276 11m @ 2.04g/t Au from 10m.
- RFAC331 11m @ 2.04g/t Au from 6m.
- RFB273 3m @ 3.68g/t Au from 3m.



The most northern mineralised area (**Figures 6 and 7**) has had most of the drilling completed. The mineralisation shows a close association with altered porphyries (**Figure 7**), similar to HN9, and has had 61 soil samples assayed.

Figures 7, 8 and 9 show a persistent dipping shallow altered porphyry which is open to the north and at depth where five separate lines of drilling are planned (**Figures 7 and 9**).

A further 684 soil samples are planned in this programme to the north and south of the most northern mineralised area (**Figure 10**) to ascertain the size of the mineralised zone.

A shallow RAB geochemical programme has been completed over most of the Lady Julie Project area with 291 samples assayed (**Figure 10**) with several anomalous areas defined.

Several of these mineralised zones are similar to HN9 and occur within altered porphyry and mafic contacts and in some case with sediment zones. The western half of the Lady Julie Project is typified by shallow-dipping and sub horizontal mineralised zones and is proximal to the contact of mafic and intruding porphyry.

The Lady Julie tenements are strongly mineralised with 198 gold intercepts greater than 0.5g/t, which includes 88 greater than 1g/t, 33 greater than 2g/t, 19 greater than 3 g/t and 12 greater than 4 g/t (**Table 4**).

Both detailed ground magnetics and the remaining soil geochemical surveys will be completed over the Lady Julie tenements followed up with further shallow RC 30-hole programme totaling 1,520m testing mainly for extensions to the N and S and at depth below promising intersections.

Under the terms of the Lady Julie option agreement Magnetic will pay a \$20,000 fee for an option till 17 March 2020 during which time it may purchase a 100% interest in the tenements for a consideration of \$50,000 and 300,000 fully paid shares in Magnetic.



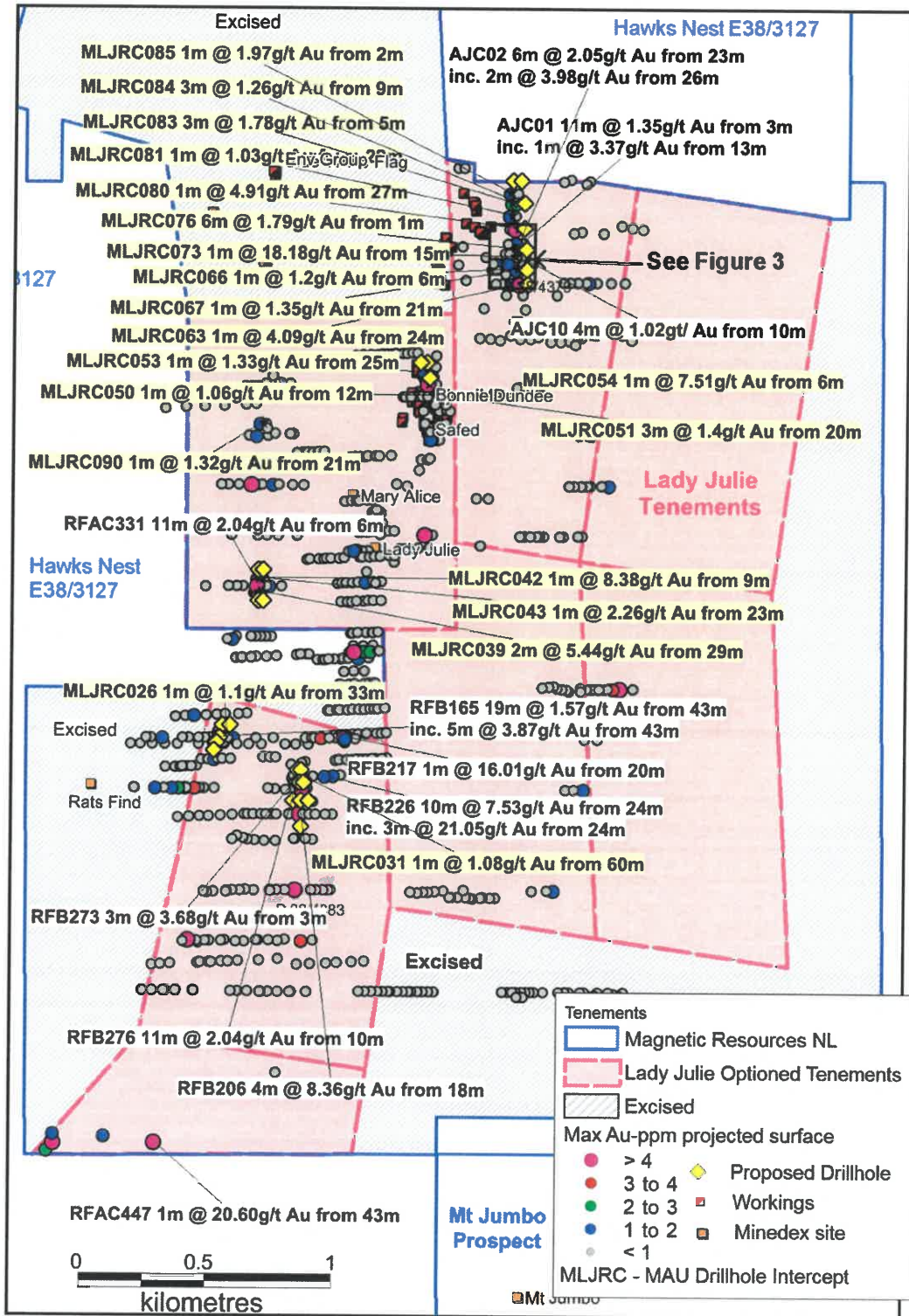


Figure 6. Showing Historical RC/RAB/AC drilling and Magnetic's 90 RC holes with significant gold intercepts and planned 30 RC holes.

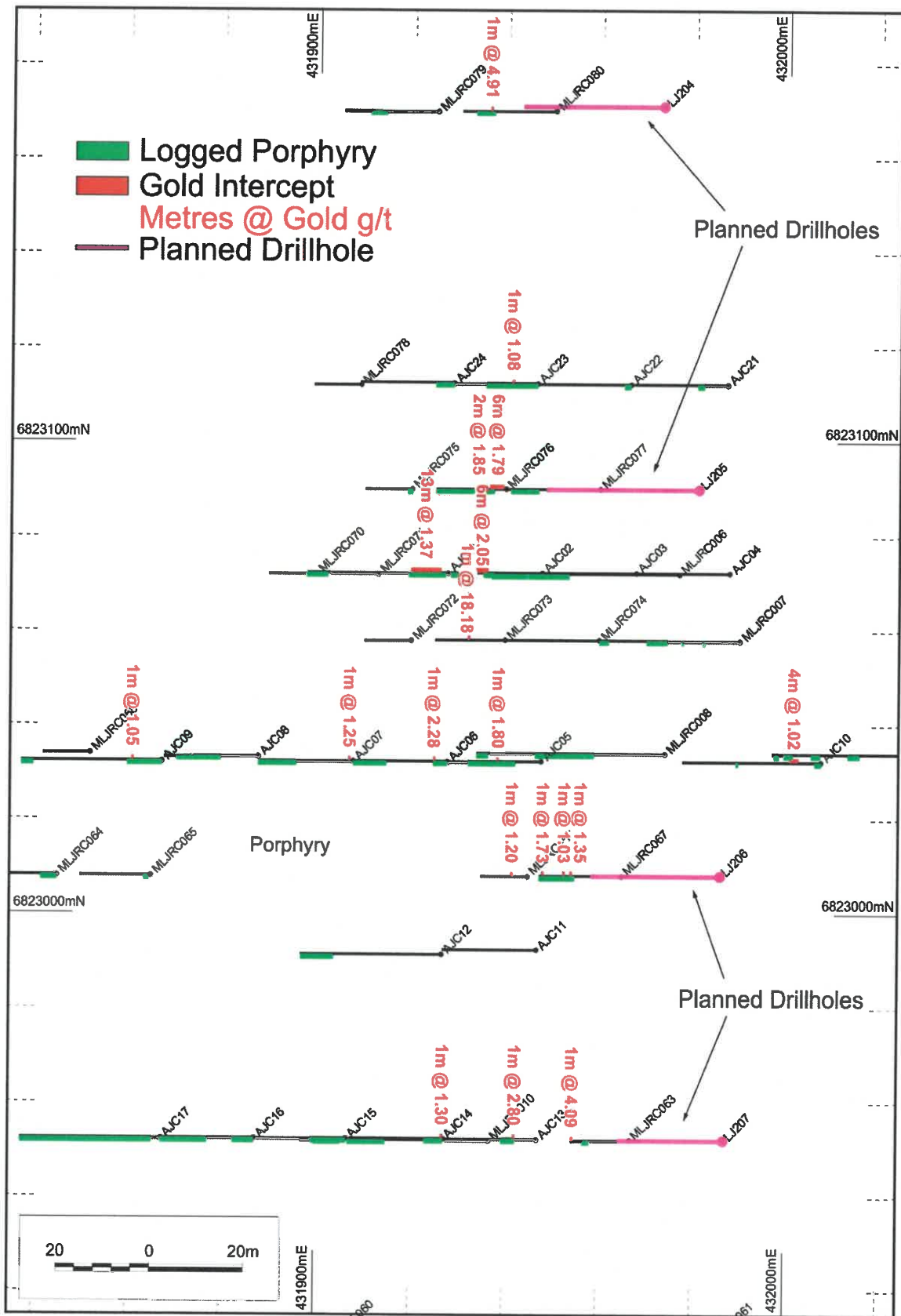


Figure 7. Northern Area showing Historical RC/RAB/AC drilling and Magnetic's RC drillholes with significant gold intercepts and planned RC holes

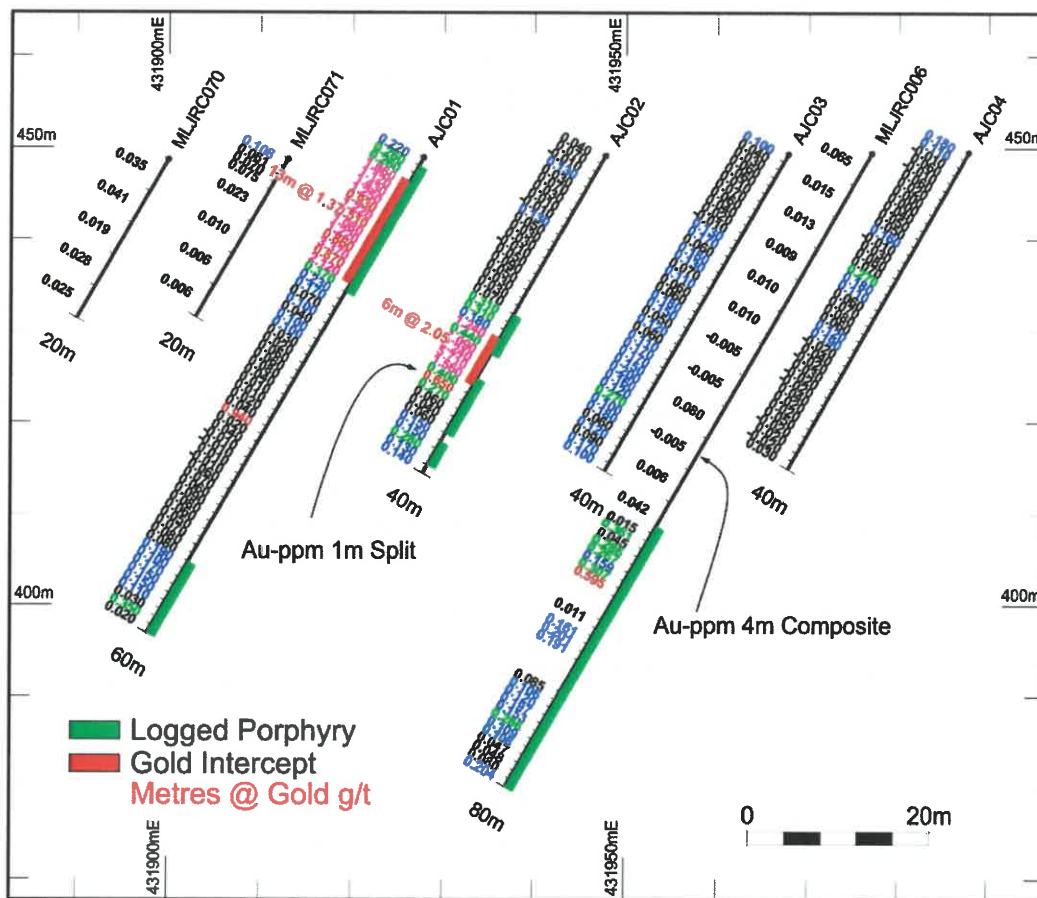


Figure 8. Cross section northern area showing gold assays and significant intercepts

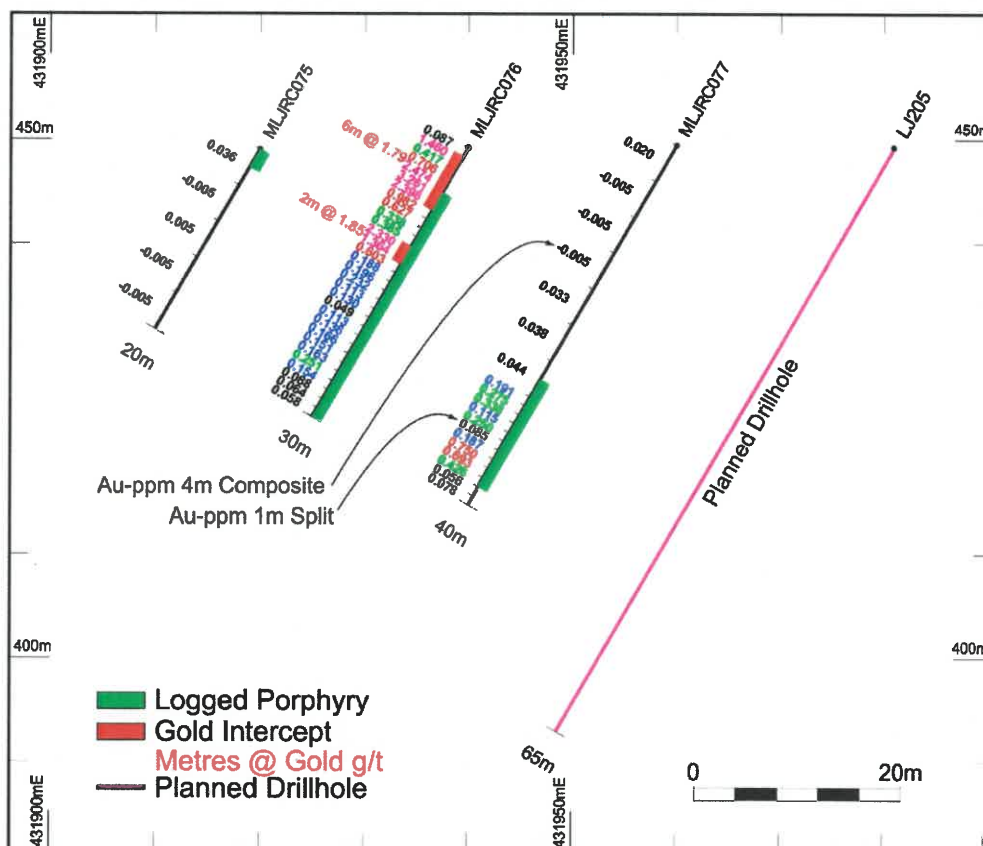




Figure 9. Cross section northern area showing gold assays and significant intercepts with planned drillhole

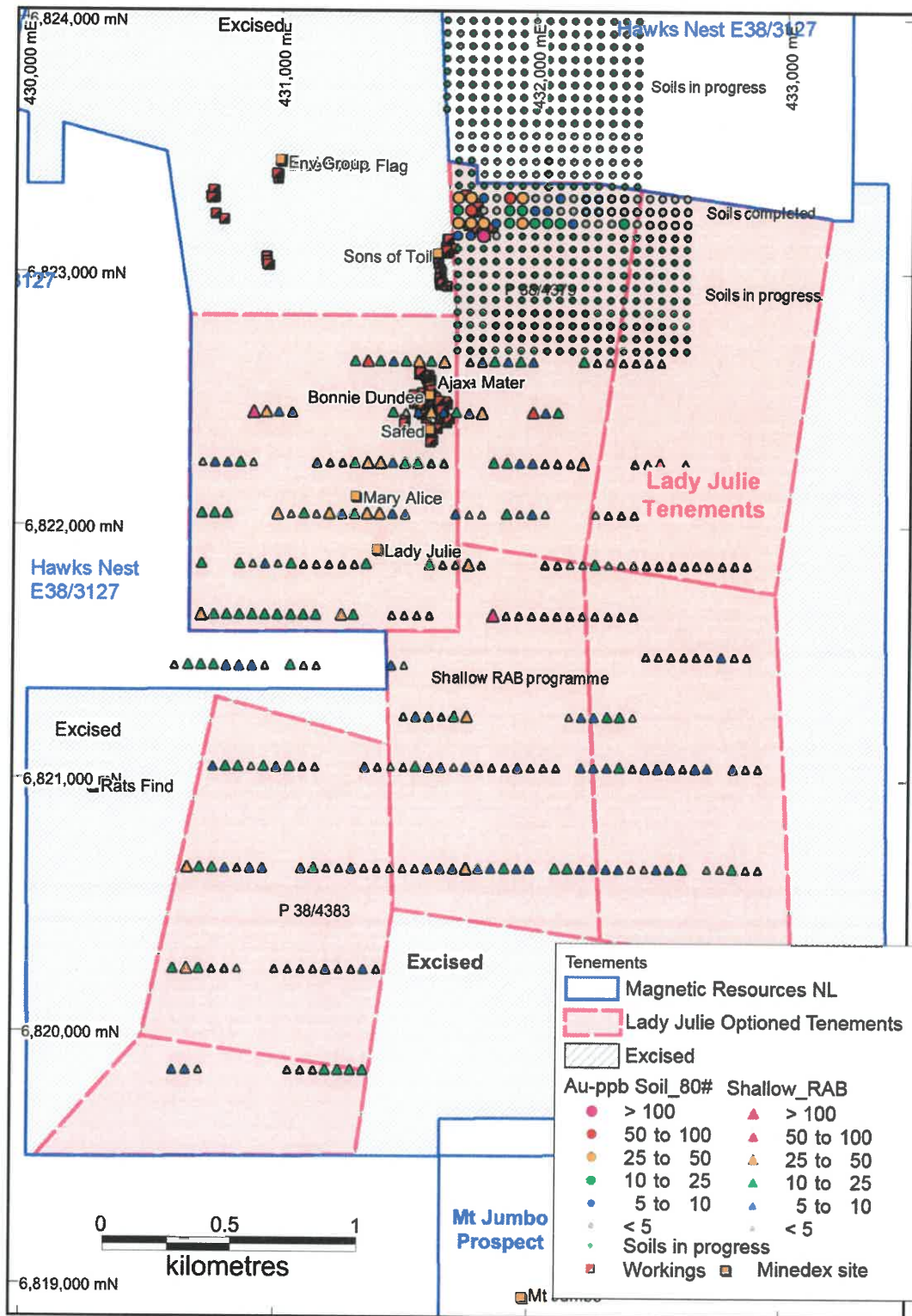


Figure 10. Soil and shallow RAB geochemical programmes



Table 4. Lady Julie Significant Drilling Intercepts (&gt; 1g/t)

Hole_Id	Easting MGaz51	Northing MGaz51	From metres	To metres	Width metres	Gold ppm
<b>RC - Magnetic Resources NL 4m composites and 1m splits 20th Jan 2020</b>						
MLJRC026	430817	6821180	33	34	1	1.10
MLJRC026			48	50	2	1.21
MLJRC026			53	54	1	4.47
MLJRC031	431124	6821002	60	61	1	1.08
MLJRC038	430938	6821730	17	19	2	1.76
MLJRC039	430953	6821730	29	31	2	5.44
MLJRC042	430938	6821785	9	10	1	8.38
MLJRC043	430953	6821785	23	24	1	2.26
MLJRC050	431620	6822510	12	13	1	1.06
MLJRC051	431640	6822510	20	23	3	1.40
MLJRC053	431600	6822600	25	26	1	1.33
MLJRC054	431600	6822556	6	7	1	7.51
MLJRC063	431967	6822952	24	25	1	4.09
MLJRC066	431945	6823008	6	7	1	1.20
MLJRC067	431965	6823008	21	22	1	1.35
MLJRC067			24	25	1	1.03
MLJRC067			33	34	1	1.73
MLJRC073	431940	6823058	15	16	1	18.18
MLJRC076	431940	6823090	1	7	6	1.79
MLJRC076			11	13	2	1.85
MLJRC080	431950	6823170	27	28	1	4.91
MLJRC081	431925	6823220	22	23	1	1.03
MLJRC083	431925	6823270	5	8	3	1.78
MLJRC084	431950	6823270	9	12	3	1.26
MLJRC085	431918	6823310	2	3	1	1.97
MLJRC090	430950	6822397	21	22	1	1.32
<b>RC - Historical drilling</b>						
AJC01	431928	6823072	3	16	13	1.37
AJC02	431948	6823072	23	29	6	2.05
AJC05	431948	6823032	18	19	1	1.80
AJC06	431928	6823032	5	6	1	2.28
AJC07	431908	6823032	1	2	1	1.25
AJC09	431867	6823032	12	13	1	1.05
AJC10	432008	6823032	10	14	4	1.02
AJC13	431947	6822952	9	10	1	2.80
AJC14	431927	6822952	0	1	1	1.30
AJC23	431947	6823112	10	11	1	1.08
AJC25	431938	6823308	12	13	1	1.24
RFRC022	430873	6821158	63	64	1	1.27
RFRC025	430673	6820958	40	41	1	2.30
RFRC025			46	50	4	1.19
RFRC027	431018	6821758	74	75	1	1.43
RFRC028	431008	6822158	31	32	1	1.64
RFRC028			77	79	2	1.09
RFRC029	430953	6821758	17	23	6	1.66
RFRC042	432263	6820958	77	78	1	1.07



Hole_Id	Easting MGaz51	Northing MGaz51	From metres	To metres	Width metres	Gold ppm
RFRC045	432158	6820558	96	97	1	1.29
RRC060	431332	6821473	10	15	5	1.42
<b>AC - Historical drilling</b>						
RFAC117	432263	6822958	66	67	1	1.91
RFAC123	432338	6822158	43	44	1	1.49
RFAC323	430598	6821158	68	69	1	1.74
RFAC331	430938	6821758	6	10	4	3.22
RFAC331			16	17	1	7.42
RFAC340	430918	6822158	27	28	1	8.79
RFAC369	430888	6821358	23	24	1	3.69
RFAC380	430858	6821548	44	45	1	1.35
RFAC382	431038	6822558	37	38	1	1.38
RFAC422	430113	6819493	62	63	1	2.35
RFAC423	430138	6819523	60	64	4	1.56
RFAC424	430138	6819568	48	50	2	1.10
RFAC434	430338	6819558	53	54	1	1.14
RFAC447	430538	6819538	43	44	1	20.60
<b>RAB - Historical drilling</b>						
RFB119	432368	6821358	10	12	2	2.60
RFB120	432348	6821358	1	3	2	1.54
RFB120			15	19	4	1.52
RFB141	431098	6820558	19	21	2	3.24
RFB165	430803	6821158	43	50	7	3.16
RFB172	430703	6820958	27	28	1	3.38
RFB174	430648	6820958	45	46	1	2.28
RFB175	430618	6820958	35	36	1	1.39
RFB175			39	40	1	1.06
RFB177	430553	6820958	37	38	1	1.31
RFB181	430948	6822348	45	46	1	1.25
RFB206	431113	6820858	18	22	4	8.36
RFB214	431213	6821158	44	45	1	3.13
RFB217	431288	6821158	20	24	4	4.87
RFB220	431299	6821156	28	29	1	1.55
RFB222	431253	6821010	30	31	1	1.27
RFB223	431218	6821007	30	31	1	1.01
RFB226	431108	6821003	6	8	2	1.87
RFB226			24	28	4	16.35
RFB226			31	32	1	6.50
RFB240	431138	6820357	43	44	1	3.97
RFB253	430693	6820359	53	54	1	12.56
RFB271	431124	6820958	20	22	2	3.95
RFB271			44	45	1	1.11
RFB272	431103	6820993	2	5	3	3.02
RFB273	431098	6820993	1	4	3	3.68
RFB276	431100	6820998	10	21	11	2.04
RFB279	431103	6820998	1	5	4	1.68
RFB286	431103	6821013	1	2	1	1.00
RFR224	431617	6821961	57	60	3	6.01





Hole_Id	Easting MGaz51	Northing MGaz51	From metres	To metres	Width metres	Gold ppm
RFR237	431629	6822336	38	40	2	1.56
RFR451	431311	6821897	0	5	5	1.06
RFR474	431330	6821499	33	34	1	25.40
RFR475	431350	6821500	19	20	1	1.99
RFR476	431370	6821501	21	22	1	2.54
RFR477	431390	6821502	20	22	2	2.38
RFR494	430772	6821073	7	8	1	1.06
RFR564	430704	6821246	30	35	5	1.84
RFR639	431378	6821775	35	40	5	1.37

**Leonora Area**

Magnetic Resources NL has 206km<sup>2</sup> of tenure in the Mertondale Region, which includes the following granted tenements: E37/1258 Mertondale, E37/1177 Mertondale East, E37/1303 Nambi, P37/8687–94 Christmas Well, P37/9204–07 Malcolm, E37/1367 Melita, P37/8905–08, P37/8905–08 Raeside East Raeside East, P37/8909–12 Braiser and P37/9144, P39/5455, P39/5928-29, P39/5931-34 Homeward Bound South as shown in Figure 11.

Most of the work to date (**Table 5**) has been at the Mertondale and Christmas Well areas, which are 20km NW of the Cardinia Gold Project (193,000oz) and only 5km west of the Mertondale Deposit (395,000oz). Recent work has been carried out at Homeward Bound South.

The numerous targets are at changes in orientation of the Mertondale Shear and parallel shears, which were identified from interpretation of 100m-spaced detailed aeromagnetic surveys.

**Table 5. Summary of work done in the Leonora region**

Tenement	Surface sampling completed	Drilling & ground magnetics completed	Proposed exploration
Mertondale E37/1258	599 soils 493 laterites 22 costeans 72 rock chips 500t (prospectors)	899 RAB holes for 5313m 26 RC holes for 1452m 233km ground magnetics	
Mertondale East E37/1177	51 rock chips 1 clay 148 laterites 144 soils		
Nambi E37/1303	1 rock chip	47km ground magnetics	Ground magnetic modelling
Christmas Well P37/8687–94	4 rock chips	492 RAB holes for 4000m 12 RC holes for 730m 25km ground magnetics	Review all drilling to date.
Raeside East P37/8905–08		85 RAB holes for 627m 26km ground magnetics	25 RC holes for 1250m
Braiser P37/8909–12		127km Ground magnetics	97 shallow RAB for 485m 25 RC holes for 1250m
Homeward Bound South (Optioned) P37/9144, P39/5455 P39/5928-29, P39/5931-34	19 rock chips 303 soils	102 RAB for 2662m	

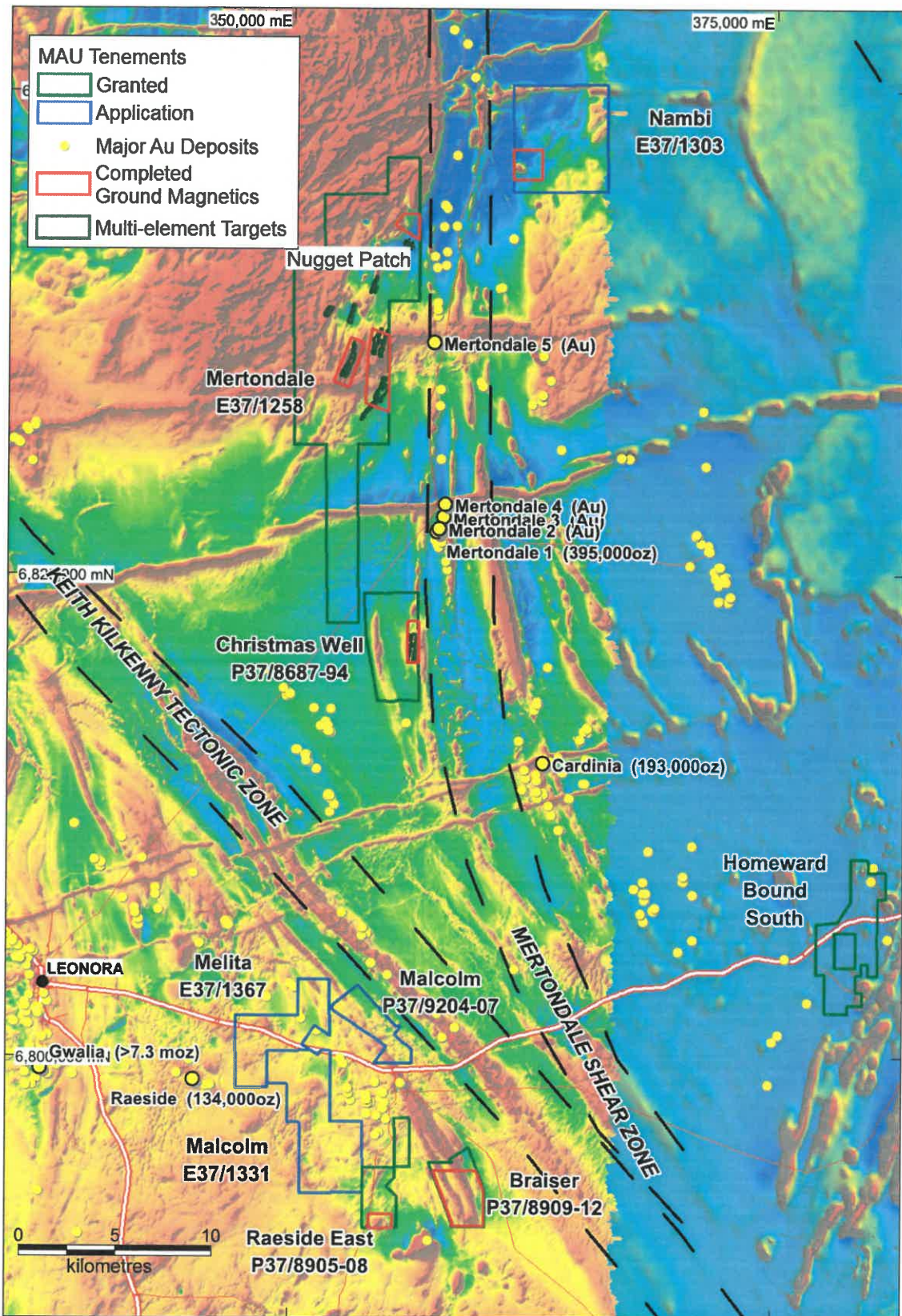


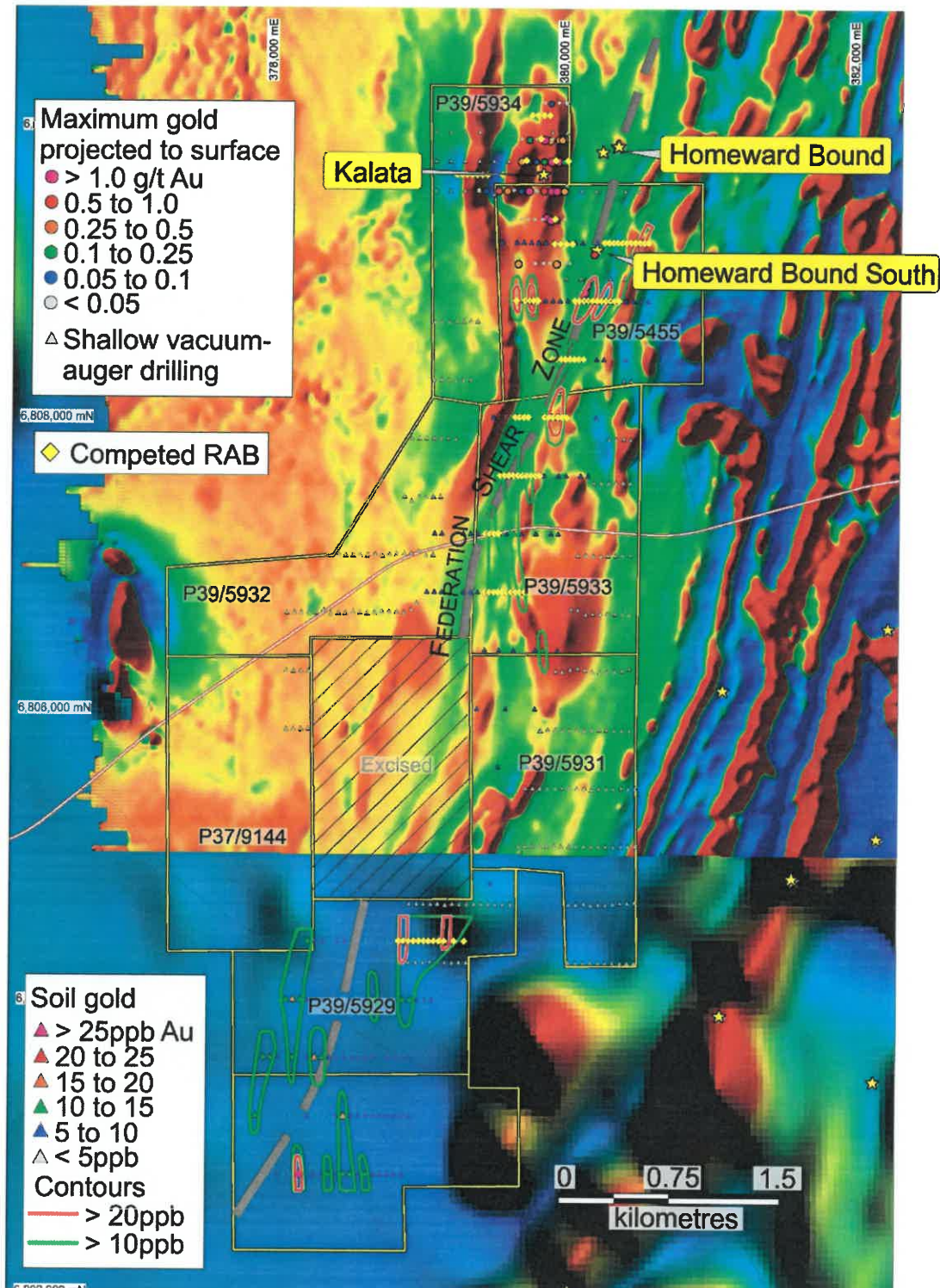
Figure 11. Mertonale, Mertonale East, Christmas Well, Malcolm, Raeside East, Braiser, Homeward Bound South and Nambi Projects, showing major shear zones, targets and gold deposits and historic workings





**Homeward Bound South P39/5455, P39/5928-5929, P39/5931-5934 & P37/9144**

At Homeward Bound South the 15.7km<sup>2</sup> of tenements comprise granted prospecting licence eight prospecting licences P39/5455, P39/5928, P39/5929, P39/5931–5934, and P37/9144 covering a 5km strike length of the Federation Shear Zone situated 40km east of Leonora (Figure 12).



**Figure 12. Homeward Bound South tenements historical drilling, soil sampling results and planned RAB programme.**





Significantly, a line of old gold diggings occurs over a 500m strike length of the Federation Shear corridor. Six shallow, wide-spaced drill holes completed by Sons of Gwalia in 1988 intersected gold mineralization including 1m @ 1.0g/t from 18m in HBC42; 2m @1.5g/t from 14m in HBC43; 1m @1.2g/t from 8m, 1m @1.9g/t from 13m and 2m @1.4g/t from 18m in HBC44 and 1m @ 3.3g/t from 17m and 1m @ 1.3g/t from 19m in HBC45.

In addition, historical exploration has identified a target west of the Federation Shear at Kalata where gold mineralization occurs over a 600m strike length in a N-trending shale unit. RAB drill intercepts include 6m @ 2.6g/t Au from 32m (including 1m @ 11.4g/t Au from 32m); 3m @ 8.0g/t Au from 13m and 2m @ 2.0g/t Au from 5m, with very limited RC drilling at depth.

In the December 2019 quarter a 102 RAB holes were drilled for 2662m. Assays are pending. The historical gold results, contoured anomalous soil geochemical zones and the RAB programme are shown in **Figure 12**.

### IRON ORE PROJECTS:

A Purchase agreement has been signed with Northam Iron Pty Ltd. Following a 3-month due diligence period, the Company received its first payment of \$500,000 on 28 November 2017. The agreement includes further payments totalling \$1,000,000 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.

### OTHER PROJECTS

The Company is also reviewing other projects and tenements for acquisition and development.

### CORPORATE:

On 21 October 2019, the Company held its Annual General Meeting with all resolutions passing unanimously on a show of hands.

This announcement has been approved for release by Managing Director, George Sakalidis.

For more information on the company visit [www.magres.com.au](http://www.magres.com.au)

### COMPETENT PERSON'S STATEMENT

Information in this report that relates to Exploration is based on information reviewed or 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. He 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.

**INDEPENDENCE DECLARATION BY AUDITOR**

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 29 for the half-year ended 31 December 2019.

This report has been signed in accordance with a resolution of directors.

For and on behalf of the Directors

Signed:



Eric Lim

Non- Executive Chairman

11 March 2020

# 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 2019, 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

Perth

11 March 2020

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**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



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	Notes	Half Year Ended 31 Dec 2019 (\$)	Half Year Ended 31 Dec 2018 (\$)
<b>Revenue:</b>			
Sundry Income	3	524	3,272
Interest income		23,839	25,203
<b>Expenses:</b>			
Depreciation expense		(20,111)	(1,692)
Exploration and tenement expenses		(1,666,096)	(1,162,548)
Share based payments expense	6	-	(203,499)
Loss on disposal of property, plant and equipment		(128)	-
Other expenses		(486,655)	(572,463)
<b>(Loss) before income tax expense</b>		<b>(2,148,627)</b>	<b>(1,911,727)</b>
Income tax expense		-	-
<b>(Loss) from continuing operations</b>		<b>(2,148,627)</b>	<b>(1,911,727)</b>
<b>Other comprehensive income:</b>			
Changes in the fair value of FVOCI financial assets	4	(21,136)	(121,815)
<b>Other comprehensive income for the period, net of tax</b>		<b>(21,136)</b>	<b>(121,815)</b>
<b>Total comprehensive income for the period attributable to members of the Company</b>		<b>(2,169,763)</b>	<b>(2,033,542)</b>
Basic (loss) per share (cents per share)		(1.0740)	(1.2205)
Diluted (loss) per share (cents per share)		(1.0740)	(1.2205)

*The accompanying notes form part of these financial statements.*

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**



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	Notes	31 Dec 2019 (\$)	30 June 2019 (\$)
<b>Current Assets</b>			
Cash and cash equivalents		2,532,254	4,761,395
Trade and other receivables		98,926	63,760
Other assets		52,977	22,696
<b>Total Current Assets</b>		<u>2,684,157</u>	<u>4,847,851</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		111,009	117,542
Right-of-use asset	7	24,654	-
Other financial assets	4	179,461	200,597
<b>Total Non-Current Assets</b>		<u>315,124</u>	<u>318,139</u>
<b>TOTAL ASSETS</b>		<u>2,999,281</u>	<u>5,165,990</u>
<b>Current Liabilities</b>			
Trade and other payables		209,197	231,377
Lease Liability	8	23,362	-
<b>Total Current Liabilities</b>		<u>232,559</u>	<u>231,377</u>
<b>Non-Current Liabilities</b>			
Lease Liability	8	1,872	-
<b>Total Non-Current Liabilities</b>		<u>1,872</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>234,431</u>	<u>231,377</u>
<b>NET ASSETS</b>		<u>2,764,850</u>	<u>4,934,613</u>
<b>Equity</b>			
Contributed equity	5	26,809,596	26,809,596
Share based payments reserve	6	822,715	822,715
Other comprehensive income	6	131,928	153,064
Accumulated losses		(24,999,389)	(22,850,762)
<b>TOTAL EQUITY</b>		<u>2,764,850</u>	<u>4,934,613</u>

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



	Contributed Equity (Net of Costs) (\$)	Share Based Payments Reserves (\$)	Other Comprehensive Income (\$)	Accumulated Losses (\$)	Total (\$)
<b>Balance at 1 July 2018</b>	19,798,557	414,000	252,787	(19,687,594)	777,750
Comprehensive Income	-	-	-	(1,911,727)	(1,911,727)
Operating loss for the period	-	-	(121,815)	-	(121,815)
Other comprehensive income	-	-	(121,815)	(1,911,727)	(2,033,542)
<b>Total Comprehensive Income for the period</b>	-	-	(121,815)	(1,911,727)	(2,033,542)
<b>Transactions with owners, in their capacity as owners and other transfers</b>					
Share Issue	4,478,344	-	-	-	4,478,344
Issue of options	(190,838)	394,337	-	-	203,499
<b>Total transactions with owners and other transfers</b>	4,287,506	394,337	-	-	4,681,843
<b>Balance at 31 December 2018</b>	<b>24,086,063</b>	<b>808,337</b>	<b>130,972</b>	<b>(21,599,321)</b>	<b>3,426,051</b>



**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



	Contributed Equity (Net of Costs) (\$)	Share Based Payments Reserves (\$)	Other Comprehensive Income (\$)	Accumulated Losses (\$)	Total (\$)
<b>Balance at 1 July 2019</b>	26,809,596	822,715	153,064	(22,850,762)	4,934,613
Comprehensive Income					
Operating loss for the period	-	-	-	(2,148,627)	(2,148,627)
Other comprehensive income	-	-	(21,136)	-	(21,136)
<b>Total Comprehensive Income for the period</b>	-	-	(21,136)	(2,148,627)	(2,169,763)
<b>Transactions with owners and other transfers</b>	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>26,809,596</b>	<b>822,715</b>	<b>131,928</b>	<b>(24,999,389)</b>	<b>2,764,850</b>

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**



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	Note	Half Year Ended 31 Dec 2019 (\$)	Half Year Ended 31 Dec 2018 (\$)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash payments to suppliers and contractors		(653,059)	(626,192)
Interest received		22,295	17,167
Other Receipts		9,720	4,561
<b>Net cash (used in) operating activities</b>		<u>(621,044)</u>	<u>(604,464)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(3,139)	(1,111)
Purchase of new tenements		(475)	(85,570)
Payments for exploration and evaluation		(1,593,521)	(1,046,491)
<b>Net cash (used in) investing activities</b>		<u>(1,597,135)</u>	<u>(1,133,172)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(10,962)	-
Proceeds from new issues of shares	5	-	4,403,343
<b>Net cash provided by financing activities</b>		<u>(10,962)</u>	<u>4,403,343</u>
Net (decrease)/ increase in cash held		(2,229,141)	2,665,707
Cash and cash equivalents at the beginning of the financial period		4,761,395	553,481
Cash and cash equivalents at the end of the financial period		<u>2,532,254</u>	<u>3,219,188</u>

*The accompanying notes form part of these financial statements.*

## **NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

### **Basis of Preparation**

These condensed interim financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

These financial statements were approved by the Board of Directors on the date of the Directors Declaration.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2019, together with any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

These financial statements have been prepared on an accruals and historical cost basis, except where indicated, and on the going concern basis that contemplates normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

#### *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:

- (a) cash on hand and receivables at the date of this report is approximately \$2,631,180.
- (b) 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
- (c) 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.

The going concern basis is dependent on the Company raising funds as required to pay its debts as and when they fall due. The directors are confident that this will be achieved.

#### **Accounting Policies**

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

#### **New Standards and Interpretations applicable for the half year ended 31 December 2019**

For the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. Those which have a material impact on the Company are set out below.



### *AASB 16 Leases*

The Company has adopted AASB 16 from 1 July 2019, using the modified retrospective approach, with no restatement of comparative information.

The impact on the accounting policies, financial performance and financial position of the Company from the adoption of AASB 16 is detailed in Note 13.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Company.

### **New Standards and Interpretations in issue not yet adopted**

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. 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.

## **NOTE 2 OPERATING SEGMENTS**

### **Segment Information**

#### **Identification of reportable 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.

**NOTES TO THE FINANCIAL STATEMENTS for  
the half year ended 31 December 2019**



<b>NOTE 3 SUNDRY INCOME</b>	<b>Half Year Ended 31 Dec 2019 (\$)</b>	<b>Half Year Ended 31 Dec 2018 (\$)</b>
Other income	524	3,272
	<u>524</u>	<u>3,272</u>

**NOTE 4 OTHER FINANCIAL ASSETS**

	(\$)
<b>Financial assets at fair value through other comprehensive income</b>	
Balance at beginning of period	200,597
Changes in the fair value during the period	(21,136)
Closing balance	<u>179,461</u>

**NOTE 5 EQUITY**

**Contributed Equity - Ordinary Shares**

	Number	\$
At the beginning of the period	202,026,870	26,809,596
Shares issued during period	-	-
<b>Closing balance</b>	<u>202,026,870</u>	<u>26,809,596</u>

**Contributed Equity - Contributing Shares – Partly-paid**

At the beginning of the period	20,418,862	-
Contributing shares issued during period	-	-
<b>Closing balance</b>	<u>20,418,862</u>	<u>-</u>

**Total Contributing Equity**

	<u>222,445,732</u>	<u>26,809,596</u>
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**NOTES TO THE FINANCIAL STATEMENTS for  
the half year ended 31 December 2019**



**NOTE 6 RESERVES**

	<b>Number</b>	<b>\$</b>
<b>Share Based Payments Reserve</b>		
Balance at beginning of the period		822,715
Issue of options		-
Closing balance		<u>822,715</u>
<b>FVOCI Reserve</b>		<u>131,928</u>
<b>Total Reserves</b>		<u>954,643</u>
Options exercisable at \$0.377 each on or before 31 December 2021	3,000,000	
Options exercisable at \$0.218 each on or before 31 December 2021	3,000,000	
Series A Options exercisable at \$0.138 expiring 11 October 2020	<u>2,986,667</u>	
<b>Total Options at 31 December 2019</b>	<u>8,986,667</u>	

	<b>31 Dec 2019 (\$)</b>	<b>30 June 2019 (\$)</b>
<b>NOTE 7 RIGHT-OF-USE ASSETS</b>		
<b>Carrying Value</b>		
Cost	35,220	35,220
Accumulated depreciation	<u>(10,566)</u>	<u>(10,566)</u>
Carrying value	<u>24,654</u>	<u>24,654</u>
<b>Reconciliation</b>	<b>Premises (\$)</b>	<b>Total (\$)</b>
Recognised on 1 July 2019 on adoption of AASB16	35,220	35,220
Depreciation expense	<u>(10,566)</u>	<u>(10,566)</u>
Closing balance	<u>24,654</u>	<u>24,654</u>

AASB 16 has been adopted during the period, refer note 13 for details.



<b>NOTE 8 LEASE LIABILITIES</b>	<b>Premises (\$)</b>	<b>Total (\$)</b>
Current liabilities	23,362	23,362
Non-current liabilities	1,872	1,872
	25,234	25,234

<b>Reconciliation</b>	<b>Premises (\$)</b>	<b>Total (\$)</b>
Recognised on 1 July 2019 on adoption of AASB16	35,220	35,220
Principal repayments	(9,986)	(9,986)
Closing balance	25,234	25,234

AASB 16 has been adopted during the period, refer note 13 for details.

The Company leases its premises. The average lease term is 2 years.

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

	<b>Lease payments due</b>						<b>Total</b>
	<b>&lt;1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>&gt;5 years</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Lease payments	22,386	1,842	-	-	-	-	24,228
Interest	976	30	-	-	-	-	1,006
Net present values	23,362	1,872	-	-	-	-	25,234

#### **NOTE 9 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 10 EVENTS SUBSEQUENT TO REPORTING DATE**

Other than outlined below, there have been no matters or circumstances that have arisen since 31 December 2019 which have significantly affected or may significantly affect:

- (a) the Company's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the Company's state of affairs in future years.

On 7 February 2020, the Company exercised an option over the Nicholson Well project by paying \$30,000 and issuing 200,000 shares.

On 27 February 2020, the Company exercised an option over the Lady Julie project by paying \$50,000 and issuing 300,000 shares.

On 27 February 2020, the Company announced the completion of a placement to raise approx. \$3m via the issue of 4,864,181 shares at \$0.62. The capital raised will be used for working capital purposes.

#### **NOTE 11 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) identifying all and only the 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.

### **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 12 CONTINGENT ASSETS**

### **Tenement Sales Agreement**

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

- (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.

### **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.

## **NOTE 13 NEW STANDARDS ADOPTED**

### **AASB 16 Leases**

#### ***Change in accounting policy***

AASB 16 Leases supersedes AASB 117 Leases. The Company has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial Impact on retained earnings under this approach, and comparatives have not been restated.

The Company leases premises. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Company recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Company uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of purchase options, if the Company is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Company. In determining the lease term, management considers all facts and circumstances that create an economic

incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Company to restore the underlying asset, or the Company has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Company has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

#### ***Impact on adoption of AASB 16***

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 6.47%.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

In the Condensed Statement of Cash Flows, the Company has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of \$35,220 and lease liabilities of \$35,220 in respect of all operating leases, other than short-term leases and leases of low-value assets.

The net impact on retained earnings on 1 July 2019 was \$nil.

#### ***Practical expedients applied***

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:



- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

## DIRECTORS' DECLARATION



The directors of the Company declare that:

1. the accompanying financial statements and notes:
  - (a) comply with Accounting Standard AASB 134 : *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the financial position of the Company as at 31 December 2019 and its performance for the half-year ended on that date.
2. in the directors' opinion 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:

Signed at Perth:

A handwritten signature in black ink, appearing to read 'Eric Lim', with a horizontal line underneath.

**Eric Lim**  
**Non-Executive Chairman**

Dated this 11 March 2020

# ELDERTON

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## AUDIT PTY LTD

### Independent Auditor's Review Report

To the members of Magnetic Resources NL

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Magnetic Resources NL ("the Company"), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year 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 (including Australian Accounting Interpretation) 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*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2019 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*. As the auditor of Magnetic Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Magnetic Resources NL is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Magnetic Resources NL financial position as at 31 December 2019 and of its 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*

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**



**Rafay Nabeel**  
Audit Director

11 March 2020