



**INTERIM FINANCIAL STATEMENTS  
31 DECEMBER 2023**

The release of this ASX announcement was approved and authorised by the board of directors.

# INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2023

## CONTENTS

Corporate Directory .....	1
Directors' Report .....	2
Auditor's Independence Declaration .....	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	4
Consolidated Statement of Financial Position .....	5
Consolidated Statement of Cash Flows .....	6
Consolidated Statement of Changes in Equity .....	7
Notes to the Consolidated Financial Statements .....	8
Directors' Declaration .....	16
Independent Auditor's Review Report .....	17

## CORPORATE DIRECTORY

### DIRECTORS

Jim McKerie (Chair of the Board - Appointed as Chair on 25 September 2023)  
Peter Schubert (Non-Executive Director)  
Paul White (Non-Executive Director)  
Simon Wandke (Non-Executive Director)  
Carmen Letton (Non-Executive Director)  
Mark Eames (Non-Executive Director – Resigned as Chair on 25 September 2023 and resigned as Non-Executive Director on 23 November 2023)

### COMPANY SECRETARY

Inthu Siva  
Simon Smith (Appointed 30 October 2023)

### REGISTERED OFFICE

Suite 3, Level 3, 30 Currie Street  
Adelaide, South Australia 5000

Telephone: (+61 8) 8427 0516

Email: [info@magnetitemines.com](mailto:info@magnetitemines.com)  
Website: [www.magnetitemines.com](http://www.magnetitemines.com)

ABN: 34 108 102 432

### SHARE REGISTRY

Computershare Investor Services Pty Ltd  
Level 17, 221 St Georges Terrace  
Perth WA 6000

Telephone (within Australia): 1300 850 505  
Telephone (outside Australia): (+61 3) 9415 4000

### AUDITORS

Ernst & Young  
121 King William Street  
Adelaide, SA 5000

### STOCK EXCHANGE LISTING

The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").

ASX Code: MGT

## DIRECTORS' REPORT

The directors present their financial statements for the half year ended 31 December 2023.

### DIRECTORS

The names of the Company's directors in office during the half year and until the date of this statement are set out below. Directors were in office for this entire period unless otherwise stated.

Jim McKerlie	(Chair of the Board – Appointed as Chair on 25 September 2023)
Peter Schubert	(Non-Executive Director)
Paul White	(Non-Executive Director)
Simon Wandke	(Non-Executive Director)
Carmen Letton	(Non-Executive Director)
Mark Eames	(Non-Executive Director – Resigned as Chair on 25 September 2023 and resigned as Non-Executive Director on 23 November 2023)

### RESULT

The operating loss of the Consolidated Entity after tax for the period ended 31 December 2023 was \$2,759,290 (2022: Loss \$2,845,520).

### REVIEW OF OPERATIONS

During the period, the Consolidated Entity continued its iron ore activities in South Australia. Below is a summary of key operational announcements made during the half-year ended 31 December 2023 outlining the key milestones achieved.

Please also refer to the Company's website ([www.magnetitemines.com](http://www.magnetitemines.com)) as an additional source of information on Magnetite Mines Limited.

- ASX Announcement - 21 December 2023 – Historic Partnering agreement signed with Ngadjuri Nation
- ASX Announcement - 23 November 2023 – Chair and CEO AGM Presentation
- ASX Announcement – 22 November 2023 – Rights Issue closes over target, secures \$6.5M
- ASX Announcement – 14 November 2023 – MoU Signed with CIMIC's Pacific Partnerships
- ASX Announcement – 30 October 2023 – Appointment of Joint Company Secretary
- ASX Announcement – 30 October 2023 - Activities and Cash flow Reports for period ending 30 September 2023
- ASX Announcement – 27 September 2023 – Water Supply Exclusive Negotiation Rights Secured
- ASX Announcement – 13 September 2023 – Appointment of New Chair
- ASX Announcement – 01 September 2023 – Razorback Iron Ore Project Update
- ASX Announcement – 23 August 2023 – Agreement Reached to Extend Convertible Notes Repayment
- ASX Announcement - 05 July 2023 – Appointment of Chief Financial Officer

Below is a summary of key operational announcements made subsequent to half-year ended 31 December 2023.

- ASX Announcement - 29 February 2024 – MGT Strategy Aligned with SA Government's Green Iron Vision
- ASX Announcement - 13 February 2024 - Partnership Positions Port Pirie as Future Green Iron Hub
- ASX Announcement - 29 January 2024 - Activities and Cash flow Reports for period ending 31 December 2023

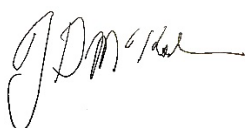
### EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements that has significantly or may significantly affect the state of affairs or operations of the reporting entity in the future financial periods.

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Magnetite Mines Limited is set out on page 3 and forms part of the Directors' Report for the period ended 31 December 2023.

This statement is signed in accordance with a resolution of the Directors:



Jim McKerlie  
Chair of the Board  
8 March 2024



**Building a better  
working world**

Ernst & Young  
121 King William Street  
Adelaide SA 5000 Australia  
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600  
Fax: +61 8 8417 1775  
ey.com/au

## **Auditor's independence declaration to the directors of Magnetite Mines Limited**

As a lead auditor for the review of the half-year financial report of Magnetite Mines Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Magnetite Mines Limited and the entities it controlled during the financial period.

Ernst & Young

L A Carr  
Partner  
8 March 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023

		Consolidated	
	Notes	31 December 2023 \$	31 December 2022 \$
<b>REVENUE FROM OPERATIONS</b>			
Net finance income	3(a)	90,532	140,647
Other income	3(b)	124,035	100,311
		214,567	240,958
<b>EXPENDITURE</b>			
Depreciation and amortisation expenses	3(e)	(146,437)	(120,414)
Employee benefits expenses	3(c)	(1,702,426)	(2,036,002)
Exploration expenses	4	(12,605)	(13,821)
Other expenses	3(d)	(1,030,843)	(851,362)
Borrowing costs	3(f)	(81,546)	(64,879)
Loss before income tax expense		(2,759,290)	(2,845,520)
Income tax expense		-	-
<b>Net loss for the period</b>		(2,759,290)	(2,845,520)
<b>Total comprehensive loss for the period</b>		(2,759,290)	(2,845,520)
<b>Net Loss attributable to:</b>			
Members of the parent entity		(2,759,290)	(2,845,520)
<b>Total comprehensive loss attributable to:</b>			
Members of the parent entity		(2,759,290)	(2,845,520)
Earnings per share attributable to the ordinary equity holders of the parent entity:		Cents per share	Cents per share
Basic (loss)/earnings for the half-year	5	(3.55)	(3.75)
Diluted (loss)/earnings for the half-year	5	(3.55)	(3.75)

The accompanying notes form part of the financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Consolidated	
	Notes	31 December 2023 \$	30 June 2023 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	4,353,868	5,134,710
Other receivables		403,046	274,634
<b>Total Current Assets</b>		<b>4,756,914</b>	<b>5,409,344</b>
<b>Non-Current Assets</b>			
Other receivables		247,293	112,588
Property, plant and equipment		119,346	107,343
Exploration and evaluation expenditure	4	34,735,591	32,863,921
Right of use of assets	9(a)	360,023	477,950
<b>Total Non-Current Assets</b>		<b>35,462,253</b>	<b>33,561,802</b>
<b>TOTAL ASSETS</b>		<b>40,219,167</b>	<b>38,971,146</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	673,948	969,114
Lease liabilities	9(b)	241,144	313,855
Convertible loan		-	1,975,000
Provisions	17	324,531	267,642
<b>Total Current Liabilities</b>		<b>1,239,623</b>	<b>3,525,611</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	9(b)	55,402	135,390
<b>Total Non-Current Liabilities</b>		<b>55,402</b>	<b>135,390</b>
<b>TOTAL LIABILITIES</b>		<b>1,295,025</b>	<b>3,661,001</b>
<b>NET ASSETS</b>		<b>38,924,142</b>	<b>35,310,145</b>
<b>EQUITY</b>			
Contributed equity	10(a)	95,370,983	89,513,282
Reserves		13,914,025	13,398,439
Accumulated losses		(70,360,866)	(67,601,576)
<b>TOTAL EQUITY</b>		<b>38,924,142</b>	<b>35,310,145</b>

The accompanying notes form part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Notes	Consolidated	
		31 December 2023 \$	31 December 2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(2,333,945)	(2,230,164)
Interest received		67,023	135,688
Other income		115,716	46,991
Interest paid		(163,837)	(98,750)
<b>Net cash flows used in operating activities</b>		<b>(2,315,043)</b>	<b>(2,146,235)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for tenements, exploration and evaluation expenditure		(2,020,583)	(7,332,652)
Payments for plant and equipment		(32,907)	(18,115)
Payment for security deposits		(134,705)	-
Proceeds from disposal of plant and equipment		-	2,844
<b>Net cash flows used in investing activities</b>		<b>(2,188,195)</b>	<b>(7,347,923)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from /(refund for) issuance of shares net of capital raising costs		5,857,702	(122,705)
Repayment of convertible loan note		(1,975,000)	-
Repayment of lease liabilities		(160,306)	(134,464)
<b>Net cash flows from financing activities</b>		<b>3,722,396</b>	<b>(257,169)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(780,842)</b>	<b>(9,751,327)</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>5,134,710</b>	<b>19,347,437</b>
<b>Cash and cash equivalents at the end of period</b>	7	<b>4,353,868</b>	<b>9,596,110</b>

The accompanying notes form part of the financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

<b>Consolidated</b>	<b>Equity</b> \$	<b>Accumulated losses</b> \$	<b>Option Reserve</b> \$	<b>Share Based Payments Reserve</b> \$	<b>Total</b> \$
<b>Balance at 1 July 2023</b>	89,513,282	(67,601,576)	1,086,935	12,311,504	35,310,145
<b>Total comprehensive income for the period</b> Loss for the period	-	(2,759,290)	-	-	(2,759,290)
<b>Total comprehensive income/(loss) for the period</b>	-	(2,759,290)	-	-	(2,759,290)
<b>Transactions with owners recorded directly in equity:</b>					
Contributions of equity, net of transaction costs	5,857,701	-	-	-	5,857,701
Recognised value of share based payments	-	-	-	515,586	515,586
<b>Balance at 31 December 2023</b>	<b>95,370,983</b>	<b>(70,360,866)</b>	<b>1,086,935</b>	<b>12,827,090</b>	<b>38,924,142</b>

<b>Consolidated</b>	<b>Equity</b> \$	<b>Accumulated losses</b> \$	<b>Option Reserve</b> \$	<b>Share Based Payments Reserve</b> \$	<b>Total</b> \$
<b>Balance at 1 July 2022</b>	89,551,446	(62,270,385)	1,086,935	10,981,409	39,349,405
<b>Total comprehensive income for the period</b> Loss for the period	-	(2,845,520)	-	-	(2,845,520)
<b>Total comprehensive income/(loss) for the period</b>	-	(2,845,520)	-	-	(2,845,520)
<b>Transactions with owners recorded directly in equity:</b>					
Contributions of equity, net of transaction costs	(36,915)	-	-	-	(36,915)
Recognised value of share based payments	-	-	-	812,273	812,273
<b>Balance at 31 December 2022</b>	<b>89,514,531</b>	<b>(65,115,905)</b>	<b>1,086,935</b>	<b>11,793,682</b>	<b>37,279,243</b>

The accompanying notes form part of the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

## 1. CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of Magnetite Mines Limited and its controlled entities ("consolidated entity or group").

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Magnetite Mines Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the following half-year.

These interim financial statements were approved and authorized for issue by the board on 8 March 2024.

### a) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

### b) New and amended Accounting Standards and Interpretations adopted by the Group

The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

### c) Mineral exploration and evaluation

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of profit and loss in the period when the new information becomes available.

Exploration and evaluation costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and valuation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision was made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they may not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

### d) Going concern

The half-year financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Group recorded a loss of \$2,759,290 (2022: loss of \$2,845,520) and had operating and investing cash outflows of \$4,503,238 (2022: \$9,494,158) for the half year ended 31 December 2023. As at 31 December 2023, the Group had cash assets of \$4,353,868 (2022: \$9,596,110). The net working capital surplus at 31 December 2023 was \$3,517,291 (2022: Net working capital surplus \$6,870,535) and minimum exploration commitments due within one year of \$3,468,262 (2022: \$300,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### Going concern *continued*

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the financial statements, have prepared a cash flow forecast through to March 2025, which indicates the current cash balance is insufficient to meet its ongoing planned expenditure for this period without one or more of the following funding activities: i) enter into an agreement with a strategic partner to fund ongoing planned expenditure on the Razorback project ii) secure debt to fund the Group's ongoing planned expenditure on the Razorback project iii) raise funds from the issue of equity, iv) undertake Razorback project sell-down or v) defer or reduce corporate and/or exploration and evaluation expenditures.

Notwithstanding the cash shortfall as per the cash flow forecast, and the material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern for the next 12 months, the Directors at the date of signing this report remain confident, based on past performance and the market conditions in relation to the recognised global demand for green iron, supported by the state and federal governments policy focus on this opportunity, that they will be successful in their ability to fund the project.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of recorded liabilities that might be necessary should the consolidated entity not continue as a going concern.

### 3. REVENUE AND EXPENSES

Revenues and expenses:

		Consolidated	
	Note	31 December 2023 \$	31 December 2022 \$
<b>a) Net finance income</b>			
Bank interest received and receivable		90,532	140,647
		<u>90,532</u>	<u>140,647</u>
<b>b) Other income</b>			
Royalty income		124,035	95,481
Fuel Tax Credit		-	4,830
		<u>124,035</u>	<u>100,311</u>
<b>c) Employee benefits expense</b>			
Share based expense <sup>1</sup>	12(a)	515,586	812,273
Salaries and wages		1,186,840	1,223,729
		<u>1,702,426</u>	<u>2,036,002</u>
<b>d) Other expenses</b>			
Contractors and consultants services		434,324	250,702
General and administrative expenses		596,519	600,676
(Profit)/loss on sale of fixed asset		-	(16)
		<u>1,030,843</u>	<u>851,362</u>
<b>e) Depreciation</b>			
Depreciation on property, plant & equipment and amortisation expenses		20,904	24,495
Amortisation expense on ROU asset	9(c)	125,533	95,919
		<u>146,437</u>	<u>120,414</u>
<b>f) Borrowing costs</b>			
Interest payable on Convertible Loan Note		68,404	49,375
Interest expense from unwinding of lease liabilities	9(d)	13,142	15,504
		<u>81,546</u>	<u>64,879</u>

Note 1: Relates to non-cash expenses in relation to CEO and employee options and performance rights issued in December 2023. Refer to note 12(a)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 4. EXPLORATION AND EVALUATION EXPENDITURE

	6 months ended 31 December 2023	12 months ended 30 June 2023
	\$	\$
Balance at the beginning of the period	32,863,921	25,228,677
Exploration and evaluation expenditure	1,884,275	7,649,821
Exploration written off	(12,605)	(14,577)
	34,735,591	32,863,921

### 5. EARNINGS PER SHARE

	31 December 2023 Cents	31 December 2022 Cents
Basic loss per share (cents per share)	(3.55)	(3.75)
Diluted loss per share (cents per share)	(3.55)	(3.75)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	77,716,449	75,838,209
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	77,716,449	75,838,209

### 6. SEGMENT INFORMATION

The consolidated entity has applied AASB 8 Operating Segments. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity, the chief operating decision maker is the Board of Directors. Operating segments represent the basis on which the Group reports its segment information to the Board.

Magnetite Mines Limited operates within the exploration industry in Australia and is viewed as a single segment by management. Therefore, no separate segment report is considered necessary.

### 7. CASH AND CASH EQUIVALENTS

For the purposes of the half year Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Cash at bank and in hand	211,475	2,009,577
Short-term deposits	4,142,393	3,125,133
	4,353,868	5,134,710

Cash and cash equivalents comprise cash balances and short-term deposits that are readily convertible to cash, are subject to an insignificant risk of changes in value, and generally have an original maturity of three months or less. The carrying amount of cash and cash equivalents represent fair value. Bank balances and short-term deposits earn interest at floating rates based upon market rates.

### 8. CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage interest held	
		2023 %	2022 %
Razorback Iron Pty Ltd	AUS	100	100
Razorback Operations Pty Ltd	AUS	100	100
Red Dragon Mining Pty Ltd	AUS	100	100
Ironback Pty Ltd	AUS	100	100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 9. LEASES

	Note	31 December 2023 \$	30 June 2023 \$
<b>a) Right-of-use assets</b>			
Rental property opening balance		477,950	236,306
Additions		7,606	445,866
Depreciation		(125,533)	(204,222)
Rental property closing balance		360,023	477,950
<b>b) Lease liabilities</b>			
Current		241,144	313,855
Non-current		55,402	135,390
		296,546	449,245
<b>c) Amortisation expense of right-of-use asset</b>			
Amortisation expense		125,533	204,222
		125,533	204,222
<b>d) Interest expense on lease liabilities</b>			
Interest expense from the unwinding of interest	3(f)	13,142	34,289
		13,142	34,289

### 10. CONTRIBUTED EQUITY

#### a) Issued and paid up capital

	31 December 2023 \$	30 June 2023 \$
Ordinary shares issued and fully paid	96,014,553	90,639,438
Shares yet to be issued	-	-
Less: issue costs	(643,570)	(1,250)
	95,370,983	89,513,282

#### b) Movement in ordinary shares on issue to 31 December 2023

	Number of shares	\$
At 1 July 2023	75,963,209	89,513,282
Renounceable rights issue	21,666,649	6,500,000
Exercise of quoted options	2,827	1,271
Conversion of performance rights	801,840	-
Capital raising cost	-	(643,570)
At 31 December 2023	98,434,525	95,370,983

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 11. SHARE OPTIONS

	Expiry Date	Exercise Price	Balance at 1 July 2023	Issued during the period	Exercised during the period	Lapsed during the period	Expired during the period	Balance at 31 Dec 2023
<b>Unquoted options</b>								
Unquoted options	11 August 2023	\$0.595	140,000	-	-	-	(140,000)	-
Unquoted options	17 March 2024	\$2.265	80,000	-	-	-	-	80,000
Unquoted options	1 December 2024	\$0.57	300,000	-	-	-	-	300,000
Unquoted options	8 December 2024	\$1.81	1,052,000	-	-	-	-	1,052,000
Unquoted options	13 December 2024	\$1.760	540,000	-	-	-	-	540,000
Unquoted options	27 June 2025	\$1.95	135,360	-	-	-	-	135,360
Unquoted options	15 December 2025	\$0.915	600,000	-	-	-	-	600,000
Unquoted options	14 October 2025	\$2.03	286,071	-	-	-	-	286,071
Unquoted options	1 December 2025	\$1.39	1,049,654	-	-	-	-	1,049,654
Unquoted options	1 December 2028	\$1.34	382,883	-	-	-	-	382,883
Unquoted options	1 February 2029	\$0.78	167,940	-	-	-	-	167,940
Unquoted options	5 December 2029	\$0.556	-	1,978,713	-	-	-	1,978,713
Quoted options	23 May 2025	\$0.45	-	10,833,188	(2,827)	-	-	10,830,361
<b>Performance Rights</b>								
Sign-On performance rights vesting on 1 July 2024			125,000	-	-	-	-	125,000
STI performance rights vesting on 30 September 2024			-	2,922,942	-	-	-	2,922,942
Total			<b>4,858,908</b>	<b>15,734,843</b>	<b>(2,827)</b>	<b>-</b>	<b>(140,000)</b>	<b>20,450,924</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 12. SHARE BASED PAYMENTS

#### a) Recognised share based expenses

The expense recognised for services received during the period is shown in the table below:

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Expense arising from performance rights and options issued to Directors, employees and consultants	515,586	812,273

Terms of valuation of performance rights is as below.

Number of performance rights	2,922,942
Grant date	23/11/2023
Share Price at grant date	\$0.3150
Vesting period (months)	10 months
Fair value of performance rights	\$0.3150
Vesting date	30/09/2024

Terms of valuation of options is as below.

Number of options	1,978,713
Grant date	23/11/2023
Share Price at grant date	\$0.3150
Option exercise price	\$0.556
Expiry date	05/12/2029
Expected life of the option (years)	6 years
Vesting period (years)	3 years
Dividend yield (%)	-
Expected volatility (%)	100%
Risk-free interest rate (%)	4.023%
Fair value of options	\$0.2348
Vesting date	05/12/2026

#### b) Issue of CEO and Employees Options and Performance Rights

The Company has an Employee Incentive Plan in place which was approved by shareholders on 23 November 2022. During the 6 months ended 31 December 2023, 1,978,713 (2022: 1,718,608) options and 2,922,942 (2022: Nil) performance rights were issued to CEO and employees.

#### c) Summary of directors and employee Options and performance rights granted

The following table illustrates the number and weighted average prices (WAEP) of and the movements in directors and employees share options and performance rights issued during the period:

	Consolidated	
	Number	WAEP \$
Outstanding at beginning of the period	4,858,908	\$1.41
Issued during the period	4,901,655	\$0.46
Options exercised during the period	-	-
Expired / lapsed during the period	(140,000)	\$0.595
Outstanding at end of the period	9,620,563	\$1.19
Exercisable at the end of the period	4,043,085	\$1.50

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 13. INTEREST IN JOINT VENTURES

The Group has not entered into any joint venture agreements with third parties.

### 14. COMMITMENTS

There are no material outstanding commitments or contingencies which are not disclosed in the interim financial statements of the Company as at 31 December 2023 other than:

#### a) Mineral tenement expenditure commitments – Australia

The Group has an annual expenditure obligation of approximately \$3,468,262 and expenditure obligations after one year but not more than five years of \$4,746,771 with respect to the exploration licenses in South Australia.

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the South Australian State Government. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

If the Group decides to relinquish certain tenements and / or does not meet these obligations, assets recognised in the Consolidated Statement of Financial Position may require review to determine the appropriateness of the carrying values. The sole transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

#### b) Bonds

As at 31 December 2023, the Group has outstanding \$112,588 (30 June 2023: \$112,588) as bonds provided by the Company's bank for mineral tenements in Australia.

#### c) Bank guarantee

As at 31 December 2023, the Group has outstanding \$134,706 (30 June 2023: \$134,706) as bank guarantee provided by the Group's bankers. The Company's remaining available bank guarantee limit of \$18,000 is not utilised by the Company.

#### d) Directors and employee commitments

The Group has entered into contracts with its directors and employees whereby minimum notice periods have been provided by the Group. This totals \$512,581 (30 June 2023: \$477,475).

### 15. CONTINGENCIES

#### Contingent asset

As at 31 December 2023, the Group has the following contingent asset:

#### Rothsay Royalty Agreement

Pursuant to a Royalty Agreement between Silverlake Resources Limited and the Company, dated June 2007 in relation to the Rothsay gold operation owned by Silver Lake, the Company has received \$505,496 royalty payment on gold extracted from the Rothsay tenements as at 31 December 2023. Under the Royalty Agreement, the Company is entitled to a royalty of A\$10 per ounce of gold extracted from Rothsay tenements commencing once Silver Lake has sold 10,000 ounces. The royalty payable to the Company will cease after the cumulative royalty payments reach an amount of A\$595,000.

#### Contingent liabilities

As at 31 December 2023, the Group has the following contingent liabilities:

#### Agreement with Mintech Resources Pty Ltd

Pursuant to a Variation Deed dated 11 August 2015, the Company finalised the acquisition of a 100% interest in EL 6353 covering the Razorback Ridge area. On 4 September 2019, the Company entered into a Heads of Agreement with the liquidators of Mintech Resources Pty Ltd. The terms of the agreement are as follows:

- 1) The amended face value of the Redeemable Convertible Notes is \$1.975 million;
- 2) Resource payments to Mintech calculated at \$0.01 per DTR tonne of measured resources (resource payment = tonne of measured resource x \$0.01 x [(Average DTR% of Resource tonnes)/100]). DTR means potentially recoverable tonnes of magnetite as determined by the Davis Tube Recovery technique;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 15. CONTINGENCIES *continued*

#### Contingent liabilities *continued*

- 3) A Production Payment of \$3,000,000 to Mintech within 20 Business Days of the Company receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the tenement; and
- 4) A 1% Royalty on the Value of the Product produced from the tenement measured at the "mine gate".

Mintech was placed in voluntary administration on 9 October 2017 and subsequently placed in the hands of liquidators on 19 April 2019.

On 6 December 2023, the Company settled the entire value of the Loan Note, including both the principal amount of \$1.975 million and accrued interest of \$51,945, to Mintech.

#### Agreement with Goldus Pty Ltd

Pursuant to a Variation Deed dated 11 August 2015, the Company has finalised the acquisition of a 100% interest in EL6126 and EL6127 which surround the Razorback Ridge area. The Company has the following obligations:

- 1) Resource payments to Goldus calculated at \$0.01 per DTR tonne of measured resources;
- 2) A Production Payment of \$3,000,000 to Goldus within 20 Business Days of the Company receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the tenements; and
- 3) A 1% Royalty on the Value of the Product produced from the tenement measured at the "mine gate".

As at 31 December 2023, no amounts have been recognised as a provision for contingent liability as it is not considered probable that a payment will be made.

### 16. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Trade and other payables (1)	477,464	401,748
Accruals	196,484	567,366
	673,948	969,114

Note 1 - Trade payables are non-interest bearing and are normally settled on 30-60 day terms

### 17. PROVISIONS

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Provision for annual and long service leave	320,531	263,642
Provision for rehabilitation	4,000	4,000
	324,531	267,642

### 18. SUBSEQUENT EVENTS

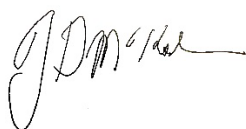
Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements that has significantly or may significantly affect the state of affairs or operations of the reporting entity in the future financial periods.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Magnetite Mines Limited ("The Company"):

- (1) the financial statements and notes, as set out in pages 4 to 16 are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
  - b) giving a true and fair view of the financial position of the Consolidated entity as at 31 December 2023 and of its performance for the half-year ended on that date of the Consolidated entity; and
- (2) 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.



Jim McKerlie  
Chair of the Board

8 March 2024



**Building a better  
working world**

Ernst & Young  
121 King William Street  
Adelaide SA 5000 Australia  
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600  
Fax: +61 8 8417 1775  
ey.com/au

## **Independent auditor's review report to the members of Magnetite Mines Limited**

### **Conclusion**

We have reviewed the accompanying half-year financial report of Magnetite Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a description of 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 half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group 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.

### **Material uncertainty related to going concern**

We draw attention to Note 2(d) of the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

### **Directors' responsibilities 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 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 responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us



believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'L A Carr'.

L A Carr  
Partner  
Adelaide  
8 March 2024