For personal use only

MAGNETITE MINES

INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2024

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

CONTENTS

Corporate Directory 1

Directors' Report 2

Auditor's Independence Declaration 4

Consolidated Statement of Profit or Loss and Other Comprehensive Income 5

Consolidated Statement of Financial Position 6

Consolidated Statement of Cash Flows 7

Consolidated Statement of Changes in Equity 8

Notes to the Consolidated Financial Statements 9

Directors' Declaration 17

Independent Auditor's Review Report 18

For personal use only

CORPORATE DIRECTORY

DIRECTORS	Paul White	(Chair of the Board - Appointed as Chair on 23 September 2024)
	Simon Wandke	(Non-Executive Director)
	Tim Dobson	(Managing Director – Appointed on 23 September 2024)
	Carmen Letton	(Non-Executive Director – Resigned on 27 November 2024)
	Jim McKerlie	(Non-Executive Director – Resigned as Chair on 23 September 2024 and resigned as Non-Executive Director on 27 November 2024)
	Peter Schubert	(Non-Executive Director – Resigned on 27 November 2024)
COMPANY SECRETARY	Inthu Siva	
	Simon Smith	(Resigned on 7 March 2025)

REGISTERED OFFICE

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

Telephone: (+61 8) 8427 0516

Email: info@magnetitemines.com
Website: 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

For personal use only

DIRECTORS' REPORT

The directors present their financial statements for the half year ended 31 December 2024.

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.

Paul White	(Chair of the Board - Appointed as Chair on 23 September 2024)
Simon Wandke	(Non-Executive Director)
Tim Dobson	(Managing Director – Appointed on 23 September 2024)
Carmen Letton	(Non-Executive Director – Resigned on 27 November 2024)
Jim McKerlie	(Non-Executive Director – Resigned as Chair on 23 September 2024 and resigned as Non-Executive Director on 27 November 2024)
Peter Schubert	(Non-Executive Director – Resigned on 27 November 2024)

RESULT

The operating loss of the Consolidated Entity after tax for the period ended 31 December 2024 was $2,194,163 (2023: Loss $2,759,290).

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 2024 outlining the key milestones achieved.

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

- ASX Announcement – 27 November 2024 – Results of 2024 AGM
- ASX Announcement – 30 October 2024 – Activities and Cash flow Reports for period ending 30 September 2024
- ASX Announcement – 29 October 2024 – Notice of General Meeting
- ASX Announcement – 29 October 2024 – IMARC Conference Presentation
- ASX Announcement – 29 October 2024 – Resignation of Director – Jim McKerlie
- ASX Announcement – 22 October 2024 – Green Iron SA alliance launched for Green Iron revolution
- ASX Announcement – 02 October 2024 – Rights Issue closes securing $2.4M
- ASX Announcement – 30 September 2024 – Annual Report to shareholders
- ASX Announcement – 23 September 2024 – Corporate and Board update
- ASX Announcement – 03 September 2024 – Renounceable Rights Issue to Raise up to $4.1M
- ASX Announcement – 30 July 2024 – Activities and Cash flow Reports for period ending 30 June 2024
- ASX Announcement – 24 July 2024 – Entitlement Offer closes raising $1.17M
- ASX Announcement – 22 July 2024 – Green Iron grade concentrates produced using saline water
- ASX Announcement – 18 July 2024 – Memorandum of Understanding with Zen Energy
- ASX Announcement – 15 July 2024 – Progress Update Webinar with CEO Tim Dobson
- ASX Announcement – 08 July 2024 – Agreement signed with JFE Shoji to fund DFS

Below is a summary of key operational announcements made subsequent to half-year ended 31 December 2024.

- ASX Announcement – 7 March 2025 – Notification regarding unquoted securities
- ASX Announcement – 5 March 2025 – Results of the Extraordinary General Meeting
- ASX Announcement – 7 February 2025 – Resignation of Chief Financial Officer and co-Company Secretary
- ASX Announcement – 24 January 2025 – Application for quotation of securities
- ASX Announcement – 31 January 2025 – Notice of Extraordinary General Meeting
- ASX Announcement – 30 January 2025 - Activities and Cash flow Reports for period ending 31 December 2024
- ASX Announcement – 13 January 2025 – Magnetite Mines secures up to $7M funding

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half year, other than the matters disclosed below, 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.

Magnetite Mines secures up to $7M funding

As announced on 13 January 2025, the Company secured up to $7.0 million funding in the form of unsecured Convertible Notes, from two investment funds managed by US-based C/M Capital Partners, LP (C/M Capital). C/M Capital have provided $1.2 million of funding to the Company by way of Convertible Notes with a face value of $1.296 million. The $1.2 million was received in cash on 24 January 2025.

C/M Capital provided a further $1.3 million of funding to the Company by way of Convertible Notes with a face value of $1.404 million. In accordance with the ASX Listing Rules, the provision of these funds was subject to MGT shareholder approval, as

For personal use only

they exceeded the Company's existing ASX LR7.1 placement capacity limit. Shareholder approval was received at the EGM held on 5 March 2025, and the funds were received on 7 March 2025.

If required by the Company, and subject to agreement by C/M Capital and the Company's compliance with all necessary approvals, C/M Capital will provide up to a further $4.5 million by way of Convertible Notes (with a face value of 108% of the relevant investment amount) from the $7.0 million facility, in tranches to be mutually agreed between C/M Capital and the Company.

Resignation of Chief Financial Officer and co-Company Secretary

As announced on 7 February 2025, Mr Simon Smith resigned as Chief Financial Officer and co-Company Secretary effective 7 March 2025.

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 2024.

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

Paul White
Chair of the Board

12 March 2025

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

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

Shape the future with confidence

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 2024, 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

Ernst & Young

L A Carr
Partner
12 March 2025

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Notes	Consolidated 31 December 2024 $	31 December 2023 $
REVENUE FROM OPERATIONS			
Net finance income	3(a)	28,128	90,532
Other income	3(b)	170,830	124,035
		198,958	214,567
EXPENDITURE			
Depreciation and amortisation expenses	3(e)	(139,036)	(146,437)
Employee benefits expenses	3(c)	(1,581,801)	(1,702,426)
Exploration expenses	4	(750)	(12,605)
Other expenses	3(d)	(659,384)	(1,030,843)
Borrowing costs	3(f)	(12,150)	(81,546)
Loss before income tax expense		(2,194,163)	(2,759,290)
Income tax expense		-	-
Net loss for the period		(2,194,163)	(2,759,290)
Total comprehensive loss for the period		(2,194,163)	(2,759,290)
Net Loss attributable to:			
Members of the parent entity		(2,194,163)	(2,759,290)
Total comprehensive loss attributable to:			
Members of the parent entity		(2,194,163)	(2,759,290)
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	(2.03)	(3.55)
Diluted (loss)/earnings for the half-year	5	(2.03)	(3.55)

The accompanying notes form part of the financial statements.

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	Consolidated 31 December 2024 $	30 June 2024 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,029,206	1,212,955
Other receivables		353,832	156,697
Total Current Assets		1,383,038	1,369,652
Non-Current Assets			
Other receivables		195,726	299,253
Property, plant and equipment		104,065	112,604
Exploration and evaluation expenditure	4	37,627,288	36,311,546
Right of use of assets	9(a)	517,904	133,088
Total Non-Current Assets		38,444,983	36,856,491
TOTAL ASSETS		39,828,021	38,226,143
LIABILITIES			
Current Liabilities			
Trade and other payables	16	898,908	879,873
Lease liabilities	9(b)	238,047	73,437
Convertible loan		-	-
Provisions	17	440,737	385,061
Total Current Liabilities		1,577,692	1,338,371
Non-Current Liabilities			
Lease liabilities	9(b)	267,376	43,897
Total Non-Current Liabilities		267,376	43,897
TOTAL LIABILITIES		1,845,068	1,382,269
NET ASSETS		37,982,953	36,843,875
EQUITY			
Contributed equity	10(a)	98,268,200	95,346,228
Reserves		14,358,347	13,947,078
Accumulated losses		(74,643,594)	(72,449,431)
TOTAL EQUITY		37,982,953	36,843,875

The accompanying notes form part of the financial statements.

For personal use only

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Notes	Consolidated 31 December 2024 $	Consolidated 31 December 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,709,271)	(2,333,945)
Interest received		13,341	67,023
Other income		6,713	115,716
Interest paid		(12,150)	(163,837)
Net cash flows used in operating activities		(1,701,367)	(2,315,043)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for tenements, exploration and evaluation expenditure		(1,582,355)	(2,020,583)
Payments for plant and equipment		(13,568)	(32,907)
Redemption of / (payment for) security deposits		102,445	(134,705)
Net cash flows used in investing activities		(1,493,478)	(2,188,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (refund for) issuance of shares net of capital raising costs		3,124,750	5,857,702
Repayment of convertible loan note		-	(1,975,000)
Repayment of lease liabilities		(113,654)	(160,306)
Net cash flows from financing activities		3,011,096	3,722,396
Net decrease in cash and cash equivalents		(183,749)	(780,842)
Cash and cash equivalents at the beginning of period		1,212,955	5,134,710
Cash and cash equivalents at the end of period	7	1,029,206	4,353,868

The accompanying notes form part of the financial statements.

For personal use only

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

Consolidated	Equity $	Accumulated losses $	Option Reserve $	Share Based Payments Reserve $	Total $
Balance at 1 July 2024	95,346,228	(72,449,431)	1,086,935	12,860,143	36,843,875
Total comprehensive income for the period					
Loss for the period	-	(2,194,163)	-	-	(2,194,163)
Total comprehensive income/(loss) for the period	-	(2,194,163)	-	-	(2,194,163)
Transactions with owners recorded directly in equity:					
Contributions of equity, net of transaction costs	2,921,972	-	-	-	2,921,972
Recognised value of share based payments	-	-	-	411,269	411,269
Balance at 31 December 2024	98,268,200	(74,643,594)	1,086,935	13,271,412	37,982,953

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

The accompanying notes form part of the financial statements.

For personal use only

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 2024 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 2024, 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 12 March 2025.

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 the 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 $2,194,163 (2023: loss of $2,759,290) and had operating and investing cash outflows of $3,194,845 (2023: $4,503,238) for the half year ended 31 December 2024. As at 31 December 2024, the Group had cash assets of $1,029,206 (30 June 2024: $1,212,955). The net working capital deficit at 31 December 2024 was $194,654 (30 June 2024: Net working capital surplus $31,281) and minimum exploration commitments due within one year of $96,089 (2023: $3,468,262).

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 2026. The cash flow forecast includes the anticipated cash injection from C/M Capital. As announced on 13 January 2025, the Company secured up to $7.0 million funding in the form of unsecured Convertible Notes, from two investment funds managed by US-based C/M Capital Partners, LP (C/M Capital). C/M Capital have provided $1.2 million of funding to the Company by way of Convertible Notes with a face value of $1.296 million. $1.2 million was received in cash on 24 January 2025 as disclosed in Note 18.

Going concern ***continued***

C/M Capital provided a further $1.3 million of funding to the Company by way of Convertible Notes with a face value of $1.404 million. In accordance with the ASX Listing Rules, the provision of these funds was subject to MGT shareholder approval, as they exceeded the Company's existing ASX LR7.1 placement capacity limit. Shareholder approval was received at the EGM held on 5 March 2025, and the funds were received on 7 March 2025 as disclosed in Note 18. As at 11 March 2025, the Group had cash assets of $2.407 million. The cash flow forecast indicates the current cash balance is insufficient to meet its ongoing planned expenditure for the next 12 months from the date of this report without one or more of the following funding activities occurring:

Within the next 6 months from the date of this half year financial report i) C/M Capital to provide further funding to the Company by way of Convertible Notes (amount to be determined with up to $4.5 million remaining available subject to placement capacity), ii) entering into an agreement with one or more strategic partners to fund ongoing planned expenditure on the Razorback project, iii) further reduction in corporate overheads beyond recently announced Board changes, and/or iv) responsible phasing of key project expenditure; and

Within the next 12 months from the date of this half year financial report i) C/M Capital to provide the remaining available funding amounts to the Company by way of Convertible Notes (up to the balance of $4.5 million not previously drawn, subject to placement capacity), ii) raising additional equity subject to prevailing market conditions, iii) entering into an agreement with one or more strategic partners to fund ongoing planned expenditure on the Razorback project, iv) receipting refunds from research and development incentives, and/or v) undertaking a Razorback project sell-down.

Notwithstanding the cash shortfall as per the cash flow forecast, a material uncertainty would exist 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 are 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 and continue as a going concern.

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:

		Note	Consolidated 31 December 2024 $	31 December 2023 $
a)	**Net finance income**			
	Bank interest received and receivable		28,128	90,532
			28,128	90,532
b)	**Other income**			
	Royalty income		-	124,035
	R&D Tax Benefit		169,908	-
	Fuel Tax Credit		922	-
			170,830	124,035
c)	**Employee benefits expense**			
	Share based expense[1]	12(a)	411,269	515,586
	Salaries and wages		1,170,532	1,186,840
			1,581,801	1,702,426

Note 1: Relates to non-cash expenses in relation to MD and employee options and performance rights issued in December 2024. Refer to note 12(a)

d)	**Other expenses**			
	Contractors and consultants services		215,812	434,324
	General and administrative expenses		443,572	596,519
	(Profit)/loss on sale of fixed asset		-	-
			659,384	1,030,843
e)	**Depreciation**			
	Depreciation on property, plant & equipment and amortisation expenses		22,108	20,904
	Amortisation expense on ROU asset	9(c)	116,928	125,533
			139,036	146,437

For personal use only

3. REVENUE AND EXPENSES *continued*

	Note	Consolidated 31 December 2024 $	31 December 2023 $
f) Borrowing costs			
Interest payable on Convertible Loan Note		-	68,404
Interest expense from unwinding of lease liabilities	9(d)	12,150	13,142
		12,150	81,546

4. EXPLORATION AND EVALUATION EXPENDITURE

	6 months ended 31 December 2024 $	12 months ended 30 June 2024 $
Balance at the beginning of the period	36,311,546	32,863,921
Exploration and evaluation expenditure	1,316,492	3,462,913
Exploration written off	(750)	(15,288)
	37,627,288	36,311,546

5. EARNINGS PER SHARE

	31 December 2024 Cents	31 December 2023 Cents
Basic loss per share (cents per share)	(2.03)	(3.55)
Diluted loss per share (cents per share)	(2.03)	(3.55)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	108,227,419	77,716,449
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	108,227,419	77,716,449

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 2024 $	30 June 2024 $
Cash at bank and in hand	24,346	607,086
Short-term deposits	1,004,860	605,869
	1,029,206	1,212,955

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 2024 %	2023 %
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

For personal use only

9. LEASES

	Note	31 December 2024 $	30 June 2024 $
a) Right-of-use assets			
Rental property opening balance		133,088	477,950
Additions		501,744	6,939
Depreciation		(116,928)	(351,801)
Rental property closing balance		517,904	133,088
b) Lease liabilities			
Current		238,047	73,437
Non-current		267,376	43,897
		505,423	117,334
c) Amortisation expense of right-of-use asset			
Amortisation expense		116,928	351,801
		116,928	351,801
d) Interest expense on lease liabilities			
Interest expense from the unwinding of interest	3(f)	12,150	24,637
		12,150	24,637

10. CONTRIBUTED EQUITY

a) Issued and paid up capital

	31 December 2024 $	30 June 2024 $
Ordinary shares issued and fully paid	98,914,826	96,014,628
Less: issue costs	(646,626)	(668,400)
	98,268,200	95,346,228

b) Movement in ordinary shares on issue to 31 December 2024

	Number of shares	$
At 1 July 2024	98,434,688	95,346,228
Entitlement offer	3,769,666	1,168,598
Renounceable rights issue	12,000,000	2,400,000
Exercise of quoted options	-	-
Conversion of performance rights	1,146,819	-
Capital raising cost	-	(646,626)
At 31 December 2024	115,351,173	98,268,200

For personal use only

For personal use only

11. SHARE OPTIONS

	Expiry Date	Exercise Price	Balance at 1 July 2024	Issued during the period	Exercised during the period	Lapsed during the period	Expired during the period	Balance at 31 Dec 2024
Unquoted options								
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
Unquoted options	6 December 2030	$0.229	-	5,227,160	-	-	-	5,227,160
Quoted options	23 May 2025	$0.45	10,830,198	-	-	-	-	10,830,198
Quoted options	2 October 2024	$0.30	-	16,639,408	-	-	-	16,639,408
Performance Rights								
Sign-On performance rights vesting on 1 July 2024			125,000	-	(125,000)	-	-	-
STI performance rights vesting on 30 September 2025			-	3,975,790	-	-	-	3,975,790
Total			**17,447,819**	**25,842,358**	**(125,000)**	**-**	**(1,892,000)**	**41,273,177**

For personal use only

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 2024 $	31 December 2023 $
Expense arising from performance rights and options issued to Directors, employees and consultants	411,269	515,586

Terms of valuation of performance rights is as below.

Managing Director performance rights		Employee performance rights	
Number of performance rights	1,258,812	Number of performance rights	2,716,978
Grant date	27/11/2024	Grant date	5/12/2024
Share Price at grant date	$0.14	Share Price at grant date	$0.14
Vesting period (months)	10 months	Vesting period (months)	10 months
Fair value of performance rights	$0.14	Fair value of performance rights	$0.14
Vesting date	30/09/2025	Vesting date	30/09/2025

Terms of valuation of options is as below.

Managing Director options		Employee options	
Number of options	2,256,318	Number of options	2,970,842
Grant date	27/11/2024	Grant date	5/12/2024
Share Price at grant date	$0.14	Share Price at grant date	$0.14
Option exercise price	$0.229	Option exercise price	$0.229
Expiry date	06/12/2030	Expiry date	06/12/2030
Expected life of the option (years)	6 years	Expected life of the option (years)	6 years
Vesting period (years)	3 years	Vesting period (years)	3 years
Dividend yield (%)	-	Dividend yield (%)	-
Expected volatility (%)	100%	Expected volatility (%)	100%
Risk-free interest rate (%)	3.903%	Risk-free interest rate (%)	3.903%
Fair value of options	$0.1108	Fair value of options	$0.1108
Vesting date	06/12/2027	Vesting date	06/12/2027

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 2024, 5,227,160 (2023: 1,978,713) options and 3,975,790 (2023: 2,922,942) performance rights were issued to MD 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	6,617,621	$1.17
Issued during the period	9,202,950	$0.259
Options exercised during the period	(125,000)	$0.80
Expired / lapsed during the period	(1,892,000)	$1.60
Outstanding at end of the period	13,803,571	$0.51
Exercisable at the end of the period	2,071,085	$1.38

For personal use only

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 2024 other than:

a) Mineral tenement expenditure commitments – Australia

The Group has an annual expenditure obligation of approximately $96,089 and expenditure obligations after one year but not more than five years of $1,700,000 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 2024, the Group has outstanding $100,000 (30 June 2024: $112,588) as bonds provided by the Company's bank for mineral tenements in Australia.

c) Bank guarantee

As at 31 December 2024, the Group has outstanding $95,726 (30 June 2024: $186,665) as bank guarantee provided by the Group's bankers. The Company's remaining available bank guarantee limit of $192,764 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 $496,919 (30 June 2024: $530,292).

15. CONTINGENCIES

Contingent asset

As at 31 December 2024, the Group does not have any contingent asset (31 December 2023: $Nil).

Contingent liabilities

As at 31 December 2024, 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) 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;

2) 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

3) A 1% Royalty on the Value of the Product produced from the tenement measured at the "mine gate".

No amounts have been recognised in the statement of financial position in respect of this as it is not considered probable that payment will occur, and crystallisation of any payment with respect to the production payment or royalty value are dependent on the Company's future actions.

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

15. CONTINGENCIES *continued*

Contingent liabilities ***continued***

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".

No amounts have been recognised in the statement of financial position in respect of this as it is not considered probable that payment will occur, and crystallisation of any payment with respect to the production payment or royalty value are dependent on the Company's future actions.

16. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2024	**30 June 2024**
	$	**$**
Trade and other payables (1)	501,778	419,869
Accruals	397,130	460,004
	898,908	879,873

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

17. PROVISIONS

	Consolidated	
	31 December 2024	**30 June 2024**
	$	**$**
Provision for annual and long service leave	415,737	381,061
Provision for rehabilitation	25,000	4,000
	440,737	385,061

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.

Magnetite Mines secures up to $7M funding

As announced on 13 January 2025, the Company secured up to $7.0 million funding in the form of unsecured Convertible Notes, from two investment funds managed by US-based C/M Capital Partners, LP (C/M Capital). C/M Capital have provided $1.2 million of funding to the Company by way of Convertible Notes with a face value of $1.296 million. The $1.2 million was received in cash on 24 January 2025.

C/M Capital provided a further $1.3 million of funding to the Company by way of Convertible Notes with a face value of $1.404 million. In accordance with the ASX Listing Rules, the provision of these funds was subject to MGT shareholder approval, as they exceeded the Company's existing ASX LR7.1 placement capacity limit. Shareholder approval was received at the EGM held on 5 March 2025, and the funds were received on 7 March 2025.

If required by the Company, and subject to agreement by C/M Capital and the Company's compliance with all necessary approvals, C/M Capital will provide up to a further $4.5 million by way of Convertible Notes (with a face value of 108% of the relevant investment amount) from the $7.0 million facility, in tranches to be mutually agreed between C/M Capital and the Company.

Resignation of Chief Financial Officer and co-Company Secretary

As announced on 7 February 2025, Mr Simon Smith resigned as Chief Financial Officer and co-Company Secretary effective 7 March 2025.

For personal use only

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 2024 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.

Paul White
Chair of the Board

12 March 2025

For personal use only

Shape the future
with confidence

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

For personal use only

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 2024, 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, explanatory notes 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 2024 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*

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REVIEW REPORT

including giving a true and fair view of the Group's financial position as at 31 December 2024 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.

Ernst & Young

Ernst & Young

L A Carr
Partner
Adelaide
12 March 2025

For personal use only

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation