

Magmatic Resources Limited

ABN 32 615 598 322

**Interim Financial Report – For the half-year ended
31 December 2018**

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Magmatic Resources Limited
Corporate Directory

Board of directors

David Richardson – Managing Director
David Berrie – Non-executive Chairman
Malcolm Norris – Non-executive Director

Company Secretary

Ildiko Wowesny

Registered Office and Principal Place of Business

Suite 8
1297 Hay Street
West Perth WA 6005

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000
Tel: 1300 850 505

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
Perth WA 6000

Securities Exchange Listing

Shares in Magmatic Resources Limited are quoted on the Australian Securities Exchange under trading code MAG.

The directors present their report, together with the financial statements, on Magmatic Resources Limited (Magmatic or the Company) and its wholly owned subsidiaries, Modeling Resources Pty Ltd (Modeling) and Landslide Investments Pty Ltd (Landslide), together the Group, for the period ended 31 December 2018.

Directors

The following persons were directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated:

David J Richardson
David W Berrie
Malcolm Norris

Company Secretary

Ildiko Wowesny

Principal activities

The principal activity of the Group during the financial year was mineral exploration.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Operating results

The loss for the Group after providing for income tax amounted to \$760,991 (31 December 2017: \$1,015,703).

Review of operations

Magmatic continued its on-the-ground exploration activities during the period within its East Lachlan project portfolio as well as its WA portfolio. Exploration focussed on the Parkes JOGMEC JV where the company completed two drilling programs (Blackridge IP target and Buryan porphyry Copper Gold target), as well as the WA Mt Venn Project where the company completed its first field trip.

The Company completed diamond drilling at its Buryan porphyry Copper Gold prospect, with results to be released next quarter and further drilling is already being planned. The Company also progressed its newly identified coincident IP chargeability and aeromagnetic target with RC drilling completed at the Blackridge Prospect. The RC drilling was completed and results are expected next quarter.

Magmatic's latest work at Myall is demonstrating that this project contains a cluster of porphyry Copper Gold targets within Australia's largest porphyry Copper Gold belt. Previous explorer's intercepts include:

121m at 0.4% Cu, 0.09 g/t Au from 103m, including 70m at 0.54% Cu, 0.15 g/t Au at the Kingswood prospect

Magmatic believe that the Myall project has the geological features and unexplored space available to identify a Northparkes-style porphyry Copper Gold deposit. Further detailed exploration work is planned next quarter for Myall to assist with drill targeting.

Drilling program at Bodangora¹ confirmed high grade mineralisation and identified new area of near surface gold mineralisation; and results included 2m @ 5.3g/t Au from 14m and 2m @ 2.7g/t Au from 21m and complemented previous exploration results near historical 230,000oz @ 26 g/t Au gold mine.

The Company was also pleased to announce results from its first field trip to Mt Venn Copper Nickel Cobalt this quarter with data recovery identifying undrilled EM conductors and drill targets identified. Great Boulder (GBR) are using EM, and particularly down-hole EM to successfully target mineralisation. Previous drilling at Mt Venn included intercepts such as 13.1m at 0.49% Cu.

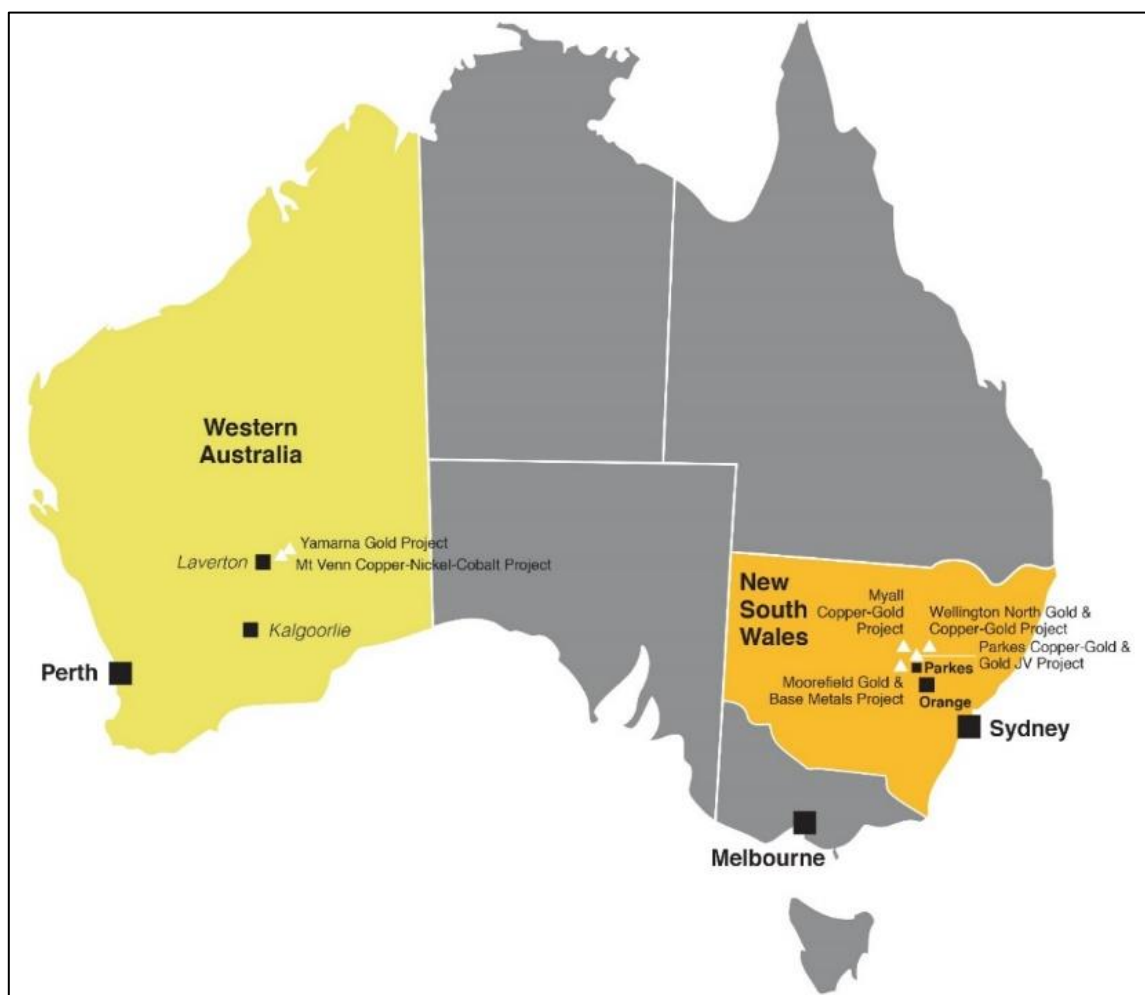


Figure 1: Magmatic Resources Project Location Plan

¹ Please refer to MAG ASX release dated 20 August 2018

Myall Gold-Copper Project (MAG 100%)

Porphyry copper-gold targets:

- Kingswood (e.g. 70m at 0.54% Cu and 0.15g/t Au²),
- SLR (e.g. 1m at 0.22% Cu (MYAC153, from 146m³)

Epithermal gold targets:

- Barina (e.g. 0.5m at 204g/t Au, from 221.9m²)

Myall porphyry Copper Gold Project is located within a large volcano-intrusive complex within Australia's largest porphyry Copper Gold belt which hosts Cadia Valley and Northparkes. The intrusive complex is interpreted to be a similar age as the Cadia Valley and Northparkes porphyry systems. Magmatic has completed a porphyry Copper Gold analysis of the project and has two drill-ready targets at Kingswood and SLR. The porphyry Copper Gold system at Kingswood has chalcopyrite-pyrite-bornite-molybdenite sulphide mineralisation hosted in potassic altered, magmatic-hydrothermal breccias, quartz stockwork vein arrays and sheeted and massive magnetite vein systems.

² Please refer to MAG Prospectus release dated 17 May 2017

³ Please refer to MAG ASX release dated 20 June 2018

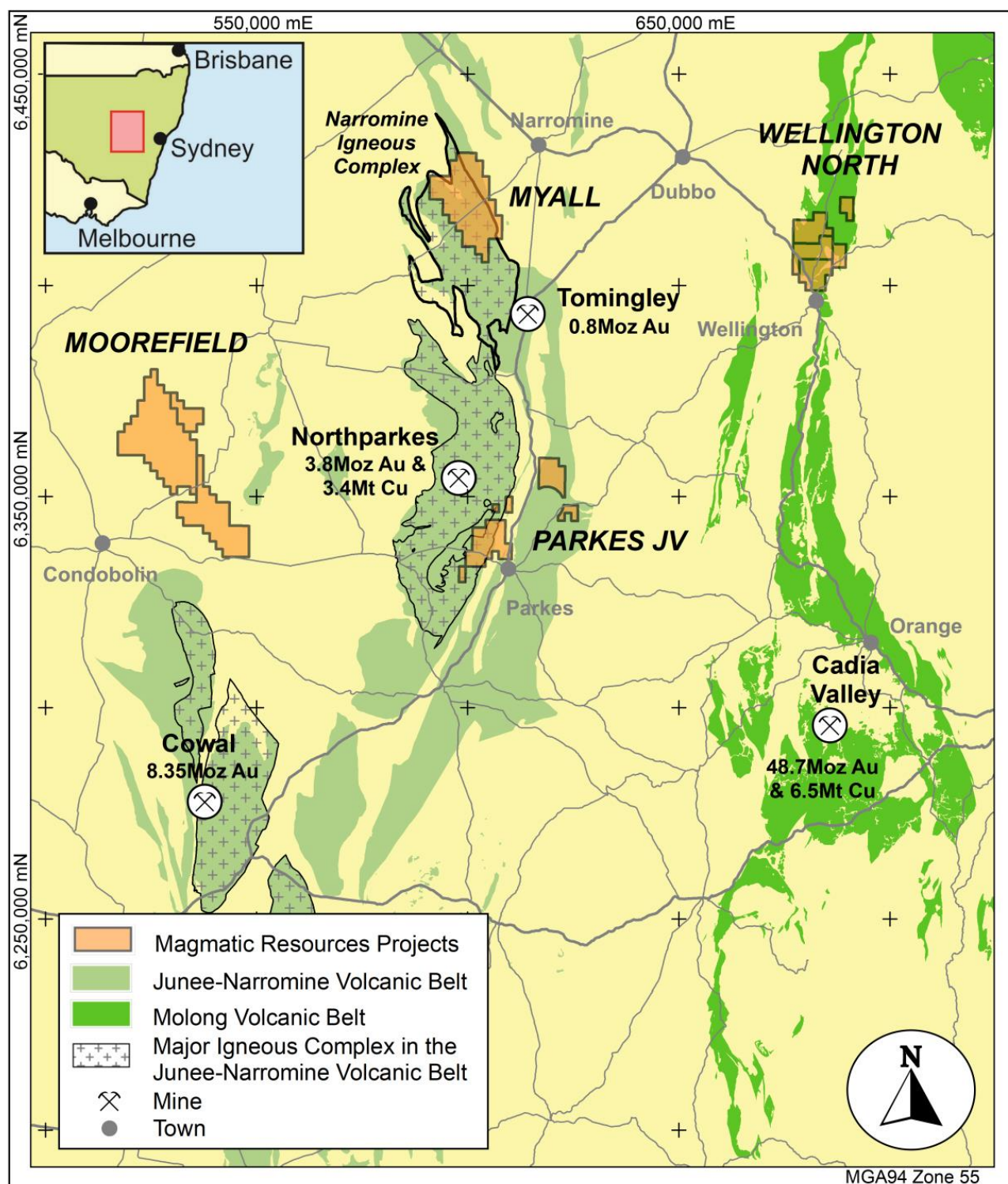


Figure 2: Location of Magmatic's projects in the East Lachlan, NSW showing mines and metal endowment⁴

⁴ Metal endowment from: Phillips, G N (Ed), 2017. Australian Ore Deposits (The Australasian Institute of Mining and Metallurgy: Melbourne)

Parkes Copper-Gold & Gold Project (MAG 100%, JOGMEC earning 51%)

Porphyry copper-gold targets

- Buryan, 135m at 0.29% Cu, 0.17g/t Au, including 28m at 0.5% Cu, 0.28g/t Au
- 9 new aeromagnetic targets

Gold targets

- MacGregors and MacGregros South (e.g. 10m at 1.25g/t Au, from 146m⁵)

Magmatic completed diamond drilling at the Buryan copper-gold porphyry target during the year and results of this drilling will be released in the March quarter. Further diamond drilling has been designed for next half.

Wellington North Gold & Copper-Gold Project (MAG 100%)

Porphyry copper-gold targets:

- Rose Hill (e.g. 71m at 0.43% Cu and 0.30g/t Au, from surface⁵),
- Lady Ilse (e.g. 22m at 0.54g/t Au, from 18m⁶)

Gold targets:

- Bodangora (historical production 230,000oz at 26g/t Au⁵)

Magmatic has continued discussions with potential joint venture partners during the period, including inviting several parties into its data room, with the joint venture path being the preferred strategy for drill testing the Rose Hill and Lady Ilse porphyry Copper Gold targets.

Moorefield Gold & Base Metals Project (MAG 100%)

Gold targets:

- Boxdale to Carlisle Reefs 15km gold trend
- Carlisle Reefs target (e.g. 30m at 1.60g/t Au, from 80m⁷)
- Boxdale target (e.g. 19m at 1.28 g/t Au⁶)

Base metal targets: Pattons, Moorefield

Magmatic has completed the interpretation of the aeromagnetic survey completed in the July quarter and is verifying targets with shallow cover.

Mt Venn Project: Copper-Nickel-Cobalt (MAG 100%)

Targets: Mt Venn-style copper-nickel-cobalt mineralisation.

Magmatic completed a reconnaissance field program at the Mt Venn Copper-Nickel-Cobalt Project, and completed initial soil and rock chip sampling, confirmed EM anomalies under shallow cover, and identified drilling targets.

⁵ Please refer to MAG Prospectus release dated 17 May 2017

⁶ Please refer to MAG ASX release dated 19 February 2018

⁷ Please refer to MAG ASX release dated 17 October 2017

Yamarna Gold Project (MAG 100%)

Target: Gruyere-style gold mineralisation

Magmatic completed the acquisition of Landslide Investments Pty Ltd⁸, holder of Exploration Licence E38/2918, which forms part of the Company's Yamarna Gold Project.

Magmatic also has the adjoining Exploration Licence E38/3312 under application, which when granted will grow the strategic Yamarna land position to 252km² within Australia's newest emerging gold production belt, where the 5.88Moz Gruyere gold mine development located just 15km to the east of Magmatic's project is due to come into production in mid-2019.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the reporting period.

Matters subsequent to the end of the period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

Environmental regulation

The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. The group is compliant with the NGER Act 2007. There have been no known breaches of these regulations and principles.

Shares issued on the exercise of options

There were no ordinary shares of the Company issued on the exercise of options during the period ended 31 December 2018 and up to the date of this report.

⁸ Please refer to MAG ASX release dated 9 October 2018

Indemnity and insurance of auditor

The Company has not, during or since the end of the period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

This report is made in accordance with a resolution of directors.

On behalf of the directors



David Richardson
Director

8 March 2019
Perth

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF MAGMATIC RESOURCES LIMITED

As lead auditor for the review of Magmatic Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Magmatic Resources Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 8 March 2019

Magmatic Resources Limited
Consolidated Statement of Profit or Loss and other comprehensive income
For the Half-year ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
Revenue			
Other income	3	47,935	97,994
Expenses			
Corporate and administrative expenses	4	(538,035)	(416,143)
Exploration and evaluation expenses	4	(270,402)	(697,554)
Finance expenses		(466)	-
Loss before income tax expense		(760,968)	(1,015,703)
 Income tax expense		 -	 -
 Loss after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		 (760,968)	 (1,015,703)
 Other comprehensive income for the period, net of tax		 -	 -
 Loss after income tax expense for the half year attributable to the owners of Magmatic Resources Limited		 (760,968)	 (1,015,703)

Magmatic Resources Limited
Consolidated Statement of financial position
31 December 2018

	Note	31 Dec 2018 \$	30 Jun 2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	507,440	553,484
Trade and other receivables	6	83,413	89,551
Total current assets		<u>590,853</u>	<u>643,035</u>
Non-current assets			
Security bonds	7	91,300	101,300
Property, plant & equipment	8	57,051	75,419
Exploration and evaluation assets	9	2,073,350	2,043,350
Total non-current assets		<u>2,221,701</u>	<u>2,220,069</u>
Total assets		<u>2,812,554</u>	<u>2,863,104</u>
Liabilities			
Current liabilities			
Trade and other payables	10	300,612	531,015
Total current liabilities		<u>300,612</u>	<u>531,015</u>
Non-current liabilities			
Trade and other payables		<u>126,527</u>	<u>126,527</u>
Total non-current liabilities		<u>126,527</u>	<u>126,527</u>
Total liabilities		<u>427,139</u>	<u>657,542</u>
Net assets		<u>2,385,415</u>	<u>2,205,562</u>
Equity			
Issued capital	11	6,779,003	5,838,182
Reserves	12	3,068,703	3,068,703
Retained losses		<u>(7,462,291)</u>	<u>(6,701,23)</u>
Total equity		<u>2,385,415</u>	<u>2,205,562</u>

Magmatic Resources Limited
Consolidated Statement of changes in equity
For the Half-year ended 31 December 2018

	Issued Capital	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2017	3,763,182	4,668,703	(4,169,952)	4,261,933
Loss after income tax expense for the period	-	-	(1,015,703)	(1,015,703)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,015,703)	(1,015,703)
Transactions with owners recorded directly in equity				
Issue of ordinary shares	50,000	-	-	50,000
Total transactions with owners recorded directly in equity	50,000	-	-	50,000
Balance at 31 December 2017	3,813,182	4,668,703	(5,185,655)	3,296,230
	Issued Capital	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2018	5,838,182	3,068,703	(6,701,323)	2,205,562
Loss after income tax expense for the period	-	-	(760,968)	(760,968)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(760,968)	(760,968)
Transactions with owners recorded directly in equity				
Issue of ordinary shares	1,004,365	-	-	1,004,365
Share issue costs	(63,544)	-	-	(63,544)
Total transactions with owners recorded directly in equity	940,821	-	-	940,821
Balance at 31 December 2018	6,779,003	3,068,703	(7,462,291)	2,385,415

Magmatic Resources Limited
Consolidated Statement of cash flows
For the period ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
Cash flows from operating activities			
Payments to suppliers and consultants		(695,213)	(427,253)
Payments for exploration expenditure		(670,402)	(1,016,173)
Interest received		456	7,093
Proceeds from earn-in partner		400,000	646,950
Other		-	(17,008)
		<u> </u>	<u> </u>
Net cash outflow from operating activities		(965,159)	(806,391)
Cash flows from investing activities			
Refund of tenement security deposits		10,000	(30,000)
Payments for property, plant and equipment		(1,707)	(66,035)
Payment for acquisition of Landslide Investments Pty Ltd		(20,000)	-
		<u> </u>	<u> </u>
Net cash (outflow) from investing activities		(11,707)	(96,035)
Cash flows from financing activities			
Proceeds from borrowings		-	98,878
Proceeds from issue of convertible notes		-	500,000
Proceeds from issue of shares		930,821	250
		<u> </u>	<u> </u>
Net cash inflow from financing activities		930,821	599,128
Net (decrease) in cash and cash equivalents		(46,045)	(902,426)
Cash and cash equivalents at the beginning of period		<u>553,484</u>	<u>3,080,365</u>
Cash and cash equivalents at the end of the period	5	<u>507,440</u>	<u>2,177,939</u>

Note 1. Corporate Information

The condensed consolidated interim financial statements of Magmatic Resources Ltd and its subsidiaries (collectively, the "Group") for the half year ended 31 December 2018 were authorised for issue in accordance with a resolution of Directors on XX March 2019.

Magmatic Resources is a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal activity is mineral exploration.

Note 2. Significant accounting policies

(a) Basis of preparation

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Magmatic Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018 except for the adoption of the new standard AASB 9: Financial Instruments, applicable from 1 July 2018.

(b) Changes in Accounting policies

AASB 9: Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has adopted AASB9 with a date of initial application of 1 July 2018 and has elected not to restate its comparatives. The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments. The new accounting policies (applicable from 1 July 2018) are set out below.

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's financial assets are, as follows:

- Debt instruments at amortised cost, for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the 'SPPI criterion'. This category includes the Group's trade and other receivables.

Impairment

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables the group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on either the 12-month or lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(c) Asset acquisition policy

The Group has determined that the acquisition of Landslide Investments Pty Ltd is not deemed a business acquisition. In assessing the requirements of IFRS 3 Business Combinations, the Group has determined that the asset acquired does not constitute a business. The asset acquired consists of a granted mineral exploration tenement in Western Australia. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired asset and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition.

(d) Going Concern

For the year ended 31 December 2018 the entity recorded a loss of \$760,968, had net cash outflows from operating activities of \$965,159 and a cash balance of \$507,440.

The ability of the entity to continue as a going concern is dependent on securing additional funding through placement of additional shares to the public or to strategic investors to continue to fund its operational and exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements and as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group is confident it will be successful in securing additional funds through debt or equity issues if the need arises;
- The Group has the ability to adjust its exploration expenditure subject to results of its exploration activities; and
- The Group has the ability to manage overhead costs in line with available funds.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(e) Impact of standards issued but not yet applied by the entity

AASB 16 Leases is effective for the reporting period commencing 1 July 2019. It will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

The Group is still in the process of fully assessing the impact on the Group's financial results and position when it is first adopted for the year ending 30 June 2022.

Note 3. Revenue

	Half-year 31 December 2018 \$	Half-year 31 December 2017 \$
<i>Other revenue</i>		
Interest	1,476	7,093
NSW government drilling grant	-	48,750
JV management fee	46,459	42,151
	<u>47,935</u>	<u>97,994</u>

Note 4. Expenses

	Half-year 31 December 2018 \$	Half-year 31 December 2017 \$
Loss before income tax includes the following specific expenses:		
<i>Salary and wages</i>	<u>194,329</u>	<u>208,555</u>
<i>Depreciation</i>		
Plant and equipment	<u>20,075</u>	<u>16,084</u>
<i>Rental expense relating to operating leases</i>		
Office lease payments	<u>33,082</u>	<u>22,251</u>
<i>Travel expenses</i>		
Flights and accommodation	<u>37,953</u>	<u>51,294</u>
<i>Exploration and evaluation expenses</i>		
Exploration expenses incurred	670,402	1,119,060
Less reimbursement from JV partner	<u>(400,000)</u>	<u>(421,506)</u>
Net exploration and evaluation expense	<u>270,402</u>	<u>697,554</u>

Note 5. Current assets - cash and cash equivalents

	31 December 2018	30 June 2018
Cash at bank	<u>507,440</u>	<u>553,484</u>
	<u><u>507,440</u></u>	<u><u>553,484</u></u>

Note 6. Current assets - trade and other receivables

	31 December 2018	30 June 2018
	\$	\$
Other receivables – GST receivable	69,400	79,518
Other	14,012	10,033
	<u>83,412</u>	<u>89,551</u>

Note 7. Non-current assets

Tenement bonds	91,300	100,000
Office bonds	1,300	1,300
	<u>92,600</u>	<u>101,300</u>

Note 8. Non-current assets - property, plant and equipment

Plant and equipment - at cost	130,873	129,166
Less: Accumulated depreciation	<u>(73,822)</u>	<u>(53,747)</u>
	<u>57,051</u>	<u>75,419</u>
Opening net book amount	75,419	44,531
Additions:	1,707	66,036
Disposals	-	-
Less: depreciation	<u>(20,075)</u>	<u>(35,148)</u>
Closing net book amount	<u>57,051</u>	<u>75,419</u>

Note 9. Non-current assets – exploration and evaluation assets

	31 December 2018	30 June 2018
	\$	\$
Movement in Exploration and Evaluation Assets		
Carrying amount at beginning of period	2,043,350	1,368,350
- Additions**	30,000	675,000
Carrying amount at end of period	<u>2,073,350</u>	<u>2,043,350</u>

Magmatic Resources Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

** Project acquisition costs of \$30,000 in the 31 December 2018 half year were in relation to the acquisition of Landslide Investments Pty Ltd, holder of E38/2918. Consideration was made up of \$20,000 in cash and \$10,000 in shares. 362,942 full paid ordinary shares were issued on 9 October 2018 at a fair value of \$10,000 based on a share price of \$0.03. The number of shares issued was calculated based on a 30-day VWAP at the date of the agreement, 23 March 2018, to the value of \$40,000. The number of shares was agreed by both Magmatic and the owners of Landslide Investments Pty Ltd.

Note 10. Current liabilities - trade and other payables

	31 December 2018	30 June 2018
	\$	\$
Trade creditors	99,438	160,301
Other creditors	52,022	75,527
GST payable	4,471	4,412
JOGMEC – Funds Received in Advance*	144,681	290,774
	<u>300,612</u>	<u>531,015</u>

*Japan Oil, Gas and Metals National Corporation (JOGMEC) can earn up to a 51% interest in two exploration tenements, EL7427 and EL7676, owned by the Company, located in East Lachlan, NSW, Australia, known as the Parkes Project (**Project**) by funding up to \$3,000,000 of exploration expenditure.

Non-Current liabilities - trade and other payables

	31 December 2018	30 June 2018
	\$	\$
Stamp Duty Payable	126,527	126,527
	<u>126,527</u>	<u>126,527</u>

Note 11. Equity - issued capital

	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	117,242,568	92,020,485	6,779,003	5,838,182

Movements in ordinary share capital during the current and prior financial periods were as follows:

	Shares	\$
Balance at the beginning of period	92,020,485	5,838,182
30 August 2018 - Rights Issue	24,859,141	994,365
Capital raising expenses		(63,544)
9 October 2018 - acquisition of Landslide Investments P/L	362,942	10,000
Balance at 31 December 2018	117,242,568	6,779,003

Note 12. Equity - reserves

	31 December 2018	30 June 2018
	\$	\$
Capital restructure reserve	250	250
Options reserve	3,068,452	3,068,452
Total reserves	<u>3,068,702</u>	<u>3,068,702</u>

Note 13. Contingent liabilities

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

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

Mt Venn project

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

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

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

Note 14. Events after the reporting period

There was no matter or circumstance arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the company's state of affairs in future financial years.

Magmatic Resources Limited
Directors' declaration
For the Half-year ended 31 December 2018

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) Complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date;
2. At the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



David Richardson
Director

8 March 2019
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Magmatic Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Magmatic Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement 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 is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 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 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 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 2017 and its financial 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 the Group, 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. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, light grey BDO logo.

Dean Just

Director

Perth, 8 March 2019